

# **Pencils Equal Profits**

Why entering AWARD makes sound financial sense



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## **Introduction: An open letter to agency Finance Directors**

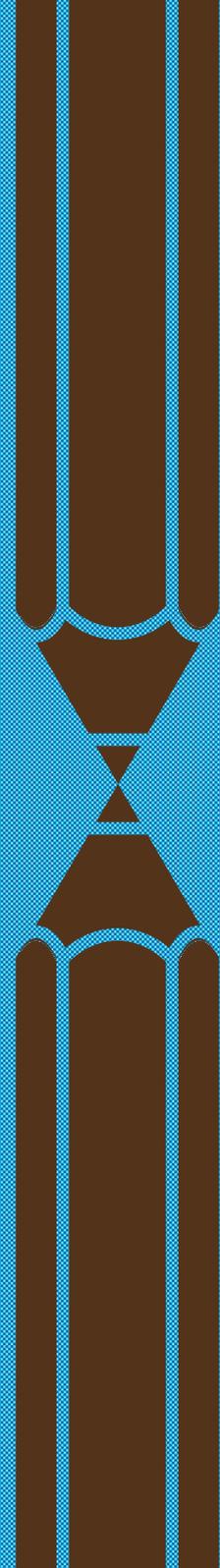
Since the dawn of advertising, awards have been the realm of The Creative. The champagne has flowed into their flutes, the congratulatory slaps have landed on their buttocks and the Pencils have adorned their shelves. The celebrations have been theirs and theirs alone. And like a creepy, secret brethren, this exclusive tradition has continued on, unchallenged.

But what do awards really mean? Should they belong to creators alone? Do they yield any benefit for the agency at large? These are the questions that prompted this breakthrough study. And in times of economic uncertainty, where expenditure is being reined in like a bitch on a CEO's short leash, these questions deserve to be answered.

The results of the study were astonishingly simple and conclusive. Awards serve a greater purpose than we've previously understood. *Pencils Equal Profits*. Furthermore, *AWARD pencils equal heaps more profit than other awards*. The findings, summarised in the following units, will prove beyond a doubt that entering AWARD is a profitable venture. The data will literally blow your bean counting minds.

For the first time in history, it should be recognised that awards are not just for Creatives. They are for you too – Soldiers of the bottom line, masters of margins, Swiss cheese of Adland. For you, Finance Directors.

**Unit 1:**  
Absolute  
& Relative  
Expenditure



### 1.1 – Absolute Expenditure.

Imagine that an agency has a \$100 note. They could spend this \$100 in any number of ways. Account Service could use it to take a client out for 3 hat hamburgers. Studio could commission a graffiti mural for the reception wall. Or a copywriter could buy himself a slogan t-shirt. The one constant is that agencies love blowing money and it is an absolute economic certainty that they will spend *all of their money on something*. This law is called *Absolute Expenditure*, and it is a powerful reason for allocating your money to AWARD entries before it is squandered by the agency on something else.

#### ✓ FACT

The principle of *Absolute Expenditure* was coined during the early '80s by Edward Meddlettitt, the CFO of O&M New York. Meddlettitt, like many CFOs of the time, believed that the wave of industry prosperity they were riding would never end. He was notorious for his excessive spending, his maverick accounting practices and his chain of hundred dollar bill bow ties. He wrote prolifically on the subject of expenditure and was published frequently. His first paper, *The Cinderella Budget*, decreed that every day's profits should be spent by midnight of that very same night, before the next business day could begin.<sup>1</sup> Boats, whiskey, monkeys – it didn't matter what the agency spent their money on, as long as they were at rock bottom when the clock struck 12.

He refined his ideas over time and settled on the principle we now know as *Absolute Expenditure*. Even though the boom of the '80s eventually went bust, the spending habits of agencies, popularised by Meddlettitt, never changed.

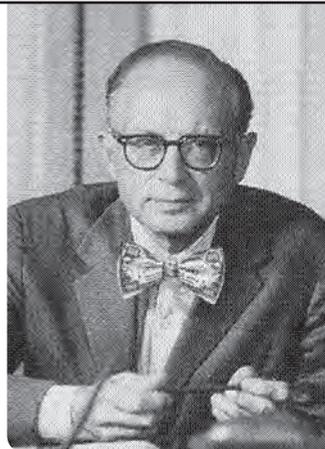


Fig 1. Meddlettitt.

1. Falling short of their midnight spending on one particularly profitable day, Meddlettitt is said to have locked himself in his office at 11.55pm and burnt \$120,000 cash in his wastepaper basket.

### 1.2 – Relative Expenditure.

Accepting the theory of *Absolute Expenditure* and that your agency will spend every last cent of their money no matter what, *Relative Expenditure* is a comparative study of how that money can be spent. So in weighing up the worth of an AWARD entry, we have to factor in what else the money might be wasted on. Every potential AWARD entry becomes a choice for the *Finance Director*:

1. SHOULD YOU ENTER THE TV CATEGORY, 30 – 60 SECONDS?

*Or should you let an Account Executive expense a leather iPad case?*

2. SHOULD YOU ENTER THE RADIO CAMPAIGN CATEGORY?

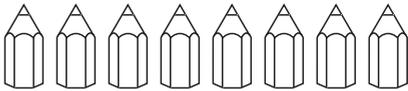
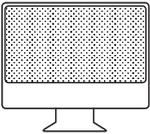
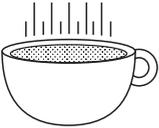
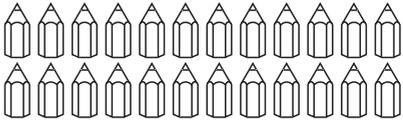
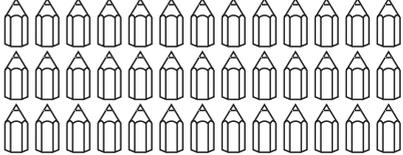
*Or should you sponsor the Despatch guy for his charity fun run?*

3. SHOULD YOU GIVE YOUR AGENCY A CHANCE TO WIN BEST OF SHOW?

*Or should you buy your staff desk ferns?*

There are several ways to preempt and avoid the misdirection of funds that *Absolute and Relative Expenditure* will inevitably cause. The first is to spend all the money on AWARD entries as quickly as possible, before other departments spend it. Another tactic is to keep some money out of the bank, and ‘under the agency’s mattress’ where it can’t be found. Encouraging staff to use their own credit cards and infinitely stalling their expense reimbursements is also found to be a highly effective way of managing cash flow for AWARD entries.

RELATIVE EXPENDITURE

OPTION A	OPTION B
 <p>DESIGNER FURNITURE FOR RECEPTION, DESTINED TO END UP IN THE ECD'S HOME</p>	
 <p>OVERSIZED MONITOR FOR COPYWRITER WHO IS JEALOUS OF HIS ART DIRECTOR'S 42 INCHES</p>	
 <p>FAIR TRADE COFFEE BEANS AND OTHER HOCUS POCUS STIMULANTS</p>	
 <p>CABCHARGES FOR SATURDAY 3AM CLIENT MEETINGS</p>	

**? DID YOU KNOW?**

In 1989, BBDO opened an office in Las Vegas. Despite producing game-changing work from day one, they fell victim to Relative Expenditure when they chose to put their One Show entry budget on red. The ball landed on black and they were forced to close up shop in their second financial quarter.



Fig 2. The short-lived BBDO Las Vegas, during happier times.

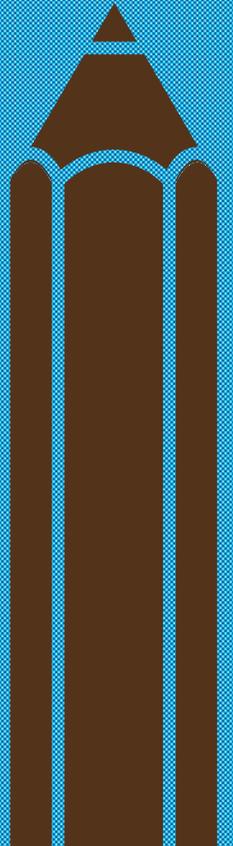
**Summary:**

In every decision path posed by Relative Expenditure, entering AWARD will be the most financially viable option.

**? DID YOU KNOW?**

Only 2% of staff Cab charges are actually used for agency work. 15% of them are used between the hours of 2am and 7am, and the remaining 83% are exchanged for cash, crack and prostitutes via an underground black market run by a network of agency dispatches.

# Unit 2: Love Stimulus



### 2.1 – Cupid’s Pencil Theory

Inter-agency relationships are so commonplace that their role in AWARD success and agency finances was initially overlooked by this study. However, a closer examination of staff sexual data revealed an interesting trend<sup>2</sup>. Year after year, there was a noticeable spike in sexual activity between agency staff *immediately after* AWARD. This effect was termed *Cupid’s Pencil*<sup>3</sup> and the chain of cause and effect is pictured opposite.

So our equation:

PENCILS = PROFITS

becomes:

PENCILS = LOVE = PROFITS

#### ❓ DID YOU KNOW?

Most large network buyouts of independent agencies occur shortly after AWARD, with Pencil Love Stimulus occurring at a boardroom level.

#### ⚠️ WATCH OUT

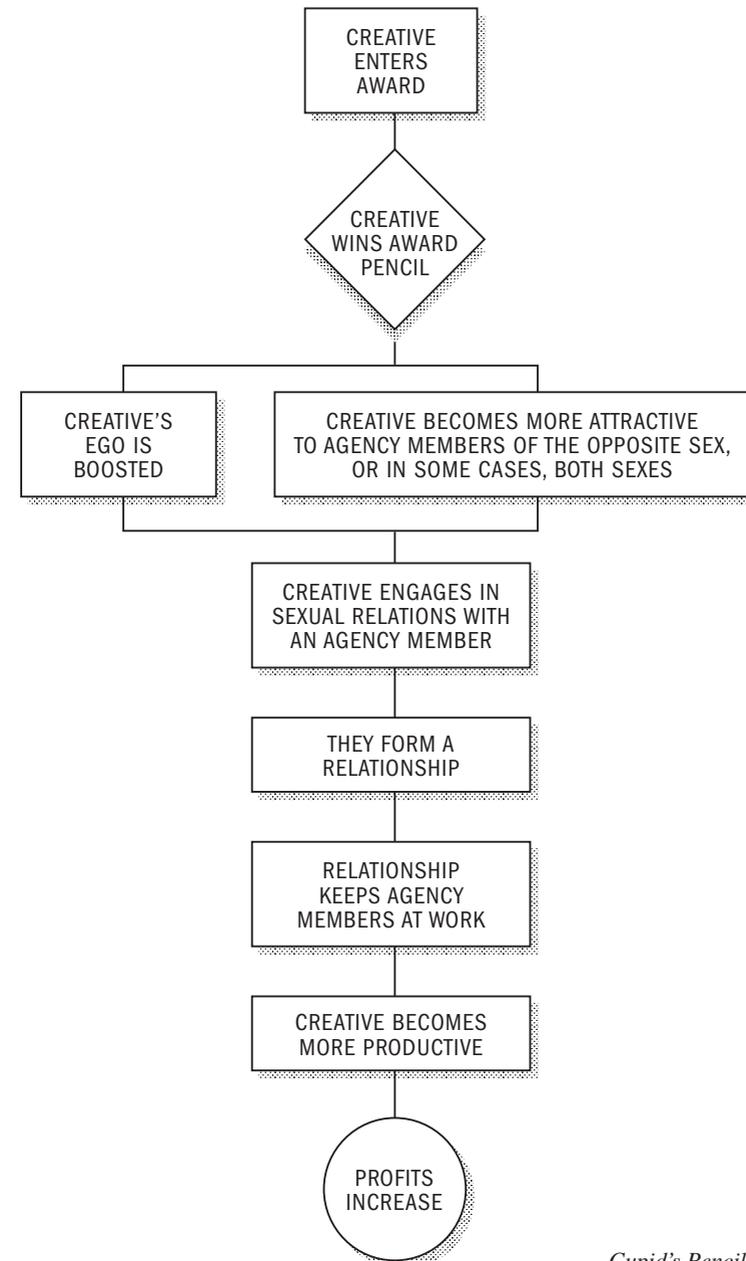
A common danger is an AWARD pencil stimulation of Love Interest between Creative and reception staff. This situation is cancerous for productivity.



2. Sexual data gathered from staff to staff emails, thanks to the monitoring efforts of the IT departments in 20 Australasian agencies.

3. The authors would like to acknowledge that ‘Cupid’s Pencil Theory’, whilst unimaginative as a title, was the better than ‘Pencil Glory’ or ‘Pencil Phallacy Principle’ – and all of the other ideas that came out of a senior copywriter workshop.

2



Cupid’s Pencil Theory

Here we have concrete evidence that entering AWARD and the love stimulated by a Pencil win has a positive effect on agency productivity and revenue potential. However, the level and nature of a creative’s love-pumped productivity depends largely on the role of their chosen agency lover. The following relationships were qualitatively modelled:

**Creative / Producer**

This coupling is most common. The producer, by their very nature, keeps their Creative lover on track, on time and on-budget in all matters, penalising them for non-delivery.

**Creative / Suit**

When a creative loves a GAD, they become more intimate with the needs of that GAD’s clients. However, Account Executive relationships have little to no effect on your Creative’s productivity levels.

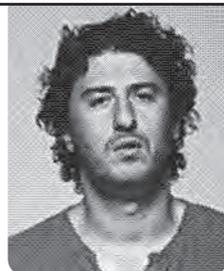
**Creative / Creative**

This is the ultimate outcome of AWARD Love Stimulus. Your creative couple will continue to concept on the way to work, at the dinner table and even in the bedroom. Furthermore, they will develop a unique brand of competitiveness that will eventually destroy their relationship, but provide high levels of short-term productivity.

**FACT**

*AWARD pencils stimulate Love Interest almost immediately after being presented.*

*Support: Clear behavioural change can be observed in pencil winners during the AWARD after party. This peacock-like behaviour is termed Pencil Flashing.*



BEFORE PENCIL



AFTER PENCIL

STIMULATED LOVE INTEREST PROFIT INCREASE MATRIX (%)

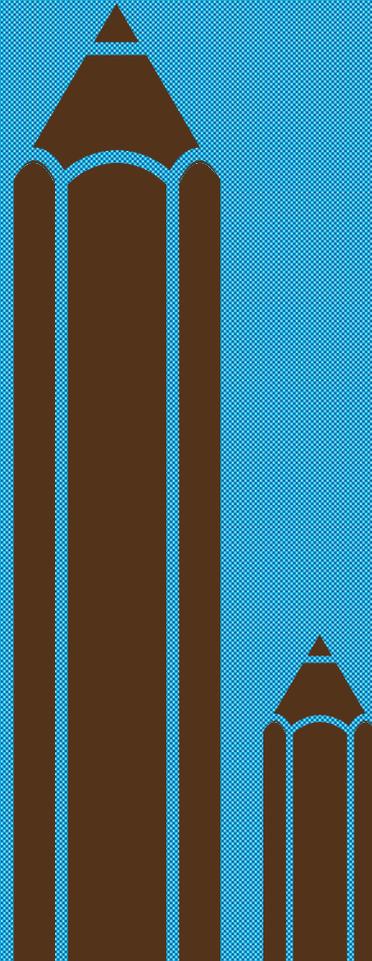
	CREATIVE	SUIT	PRODUCER	CD	ECD	GAD	TRAFFIC	DESPATCH	CLEANER
CREATIVE	<b>204</b>	31	79	<b>157</b>	<b>179</b>	55.2	30.3	5.2	-31
SUIT	31	30	22	28	24	17.1	53.1	8.6	N/A
PRODUCER	79	22	65	82	81	45	32.4	2.3	N/A
CD	<b>157</b>	28	82	<b>183</b>	<b>191</b>	41	17	5	N/A
ECD	<b>179</b>	24	81	<b>191</b>	<b>193</b>	35	12	12.8	N/A
GAD	55.2	17.1	45	41	35	63	26.3	15.9	N/A
TRAFFIC	30.3	53.1	32.4	17	12	26.3	63	11	N/A
DESPATCH	5.2	8.6	2.3	5	12.8	15.9	11	52.5	N/A
CLEANER	-31	N/A	N/A	N/A	N/A	N/A	N/A	N/A	?

Source: Advanced Principles of Pencilnomics, 2012, pp. 27-29.

**TIP**

*The ideal creative department is one with 100% of the creative teams in AWARD stimulated relationships. This is the Nirvana of productivity.*

# Unit 3: Junior Investment



### 3.1 Junior portfolio management.

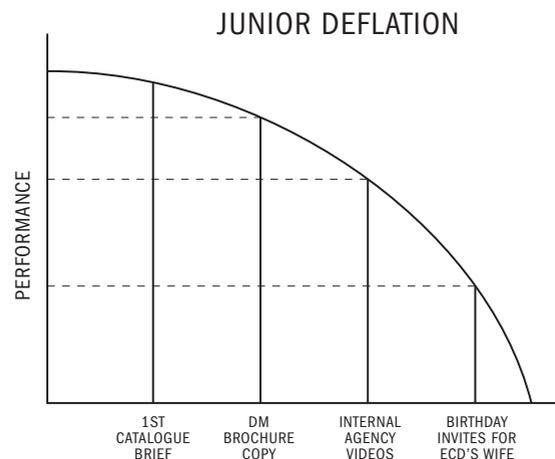
Junior creatives are like shares. Agencies purchase them at a low price and hope to see a return on their investment as the juniors reach maturity. In order to become profitable, juniors must be carefully invested in or else, like shares, they will become stagnant and offer little growth potential.

### 3.2 Junior deflation / inflation

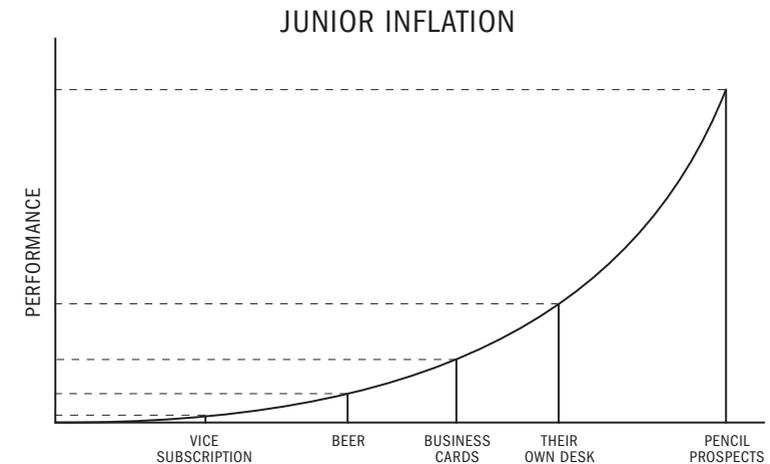
An unproductive junior is problematic, but if the situation worsens, you risk rapid *Junior Deflation*. In this situation the junior, burdened by their catalogue briefs, with no sign of reprieve will experience a destructive drop in creative productivity.

#### Key Junior Deflationary Indicators are:

- Gross amounts of YouTube viewing
- Bit Torrent downloading of HBO programs
- Incessant tweeting
- File names such as *stupidshit\_final.doc*



The best way to avoid or offset Junior Deflation and bolster their productivity is to employ *Junior Inflationary Measures*. For years, there has been little innovation in *Junior Inflation* methodology. Feeding juniors subscriptions to Vice Magazine, beer at work and business cards can stem *Junior Deflation*, but only temporarily. What this study now reveals is that offering Juniors the prospect of winning AWARD pencils is a much more effective method of stimulating *Junior Inflation*.



This method is effective in its trickle-up effect. A highly motivated, AWARD winning junior is a threat to senior creatives, many of whom are going through *Creative Menopause*, an agency process whereby their ideas begin to stink. With a junior maturing in value and snapping at their heels, these senior creatives will become defensively productive.

AWARD pencils also create Love Stimulus (refer to Unit 2) between agency staff and juniors, who are ordinarily overlooked for creatives with more pull.

### 3.3 Incoming juniors

This Pencil Prospect is also a carrot to dangle for the job-seeking junior. Any agency that is known to enter work into AWARD becomes highly attractive to them. So attractive in fact, that many will offer to work for your agency *pro bono*. On the surface, this may appear somewhat amoral. Although the economics of *pro bono* creative are complicated, according to the *Delayed Cheddar Theory* these juniors often end up accumulating massive levels of personal wealth.<sup>4</sup> More so than if they had worked for a wage, or even food vouchers.

#### ❓ DID YOU KNOW?

*The age of juniors is becoming lower and lower with every generation. It is predicted that by 2018, children as young as 3 will be seeking employment in advertising.*

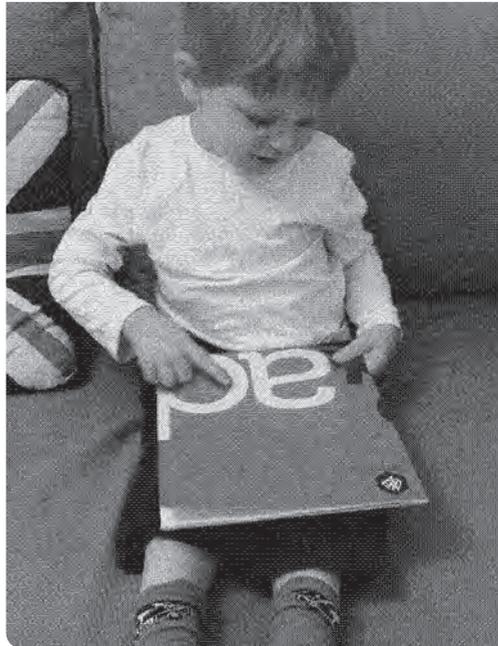


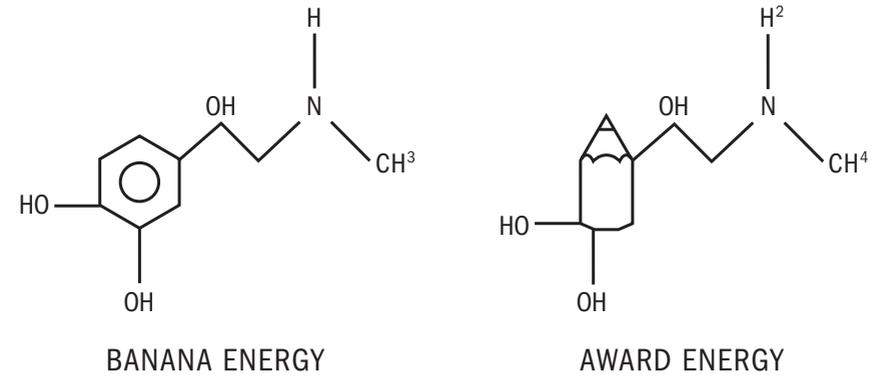
Fig 3. A child studying 'My First D&AD.'

4. Refer to Unit 7 for full formula.

#### ✔ FACT

*The prospect of winning AWARD pencils provides juniors with more natural energy than eating a banana.*

**Support:** *In a radical experiment, key nutritionists were paired with Agency Finance Departments and compared AWARD opportunities to various naturally occurring nutrients. AWARD ambition was found to have a stimulant effect equivalent to drinking fourteen Red Bulls every hour.*

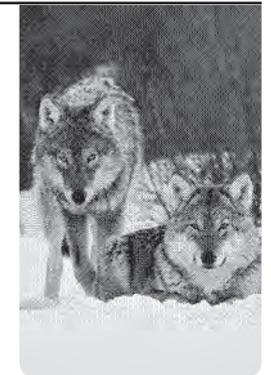


#### ! WATCH OUT

*The AWARD pencil is a double-edged carrot. If your hardworking junior wins too many AWARD pencils, they are liable to be aggressively taken over by competitive agencies. This is known as Junior Hyper-Inflation and in this case, deflationary techniques such as loading the junior with pitch work should be implemented immediately.*

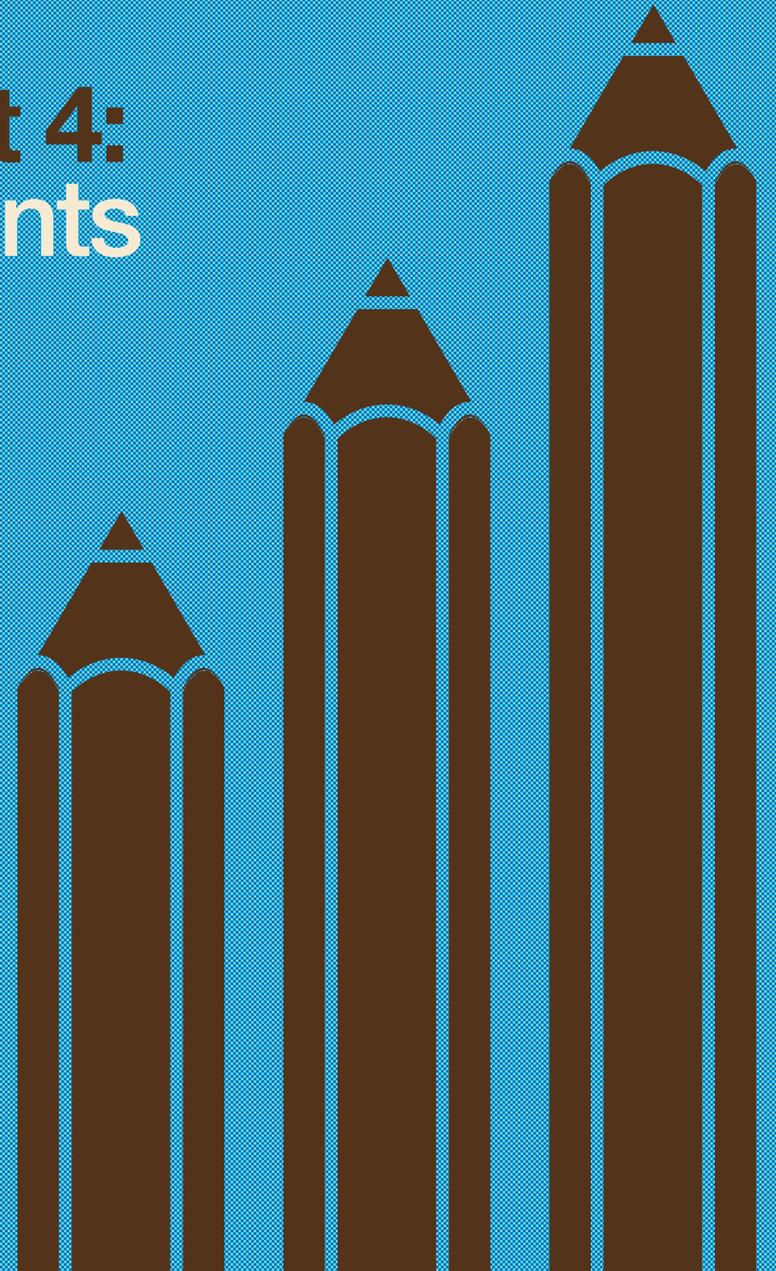


YOUR JUNIOR



OTHER AGENCIES

# Unit 4: Clients



### 4.1 – Client Award Awareness

Finance, Suits and Producers are not the only marketing types jostling creatives for space in the arena of awards. Clients themselves are becoming ever more present like virulent fungus. Once ignorant and easily coerced into unknowingly approving scam work, they are now hyper-aware of the creative award process. They know the entry deadlines. Their names have crept onto credit lists and in their boldest move yet, they are now attending award ceremonies.

Before you bemoan the presence of these gatecrashers, let us consider the financial opportunity this presents us with. AWARD pencils equal more credibility with your clients and in turn, greater spend.

### 4.2 – Email Signatures

Nowhere is this credibility more aptly demonstrated than in the email signature. Studies have proved that every extra AWARD pencil you list on your email signature buys you 5% more credibility with your existing clientele. And in the case of prospective clients, every pencil increases their propensity to move their business to your agency by 10%. So if you had 6 pencils listed, they would be 60% more likely to award you their account. If you had 22 pencils listed, they would be 220% more engaged to make this transaction. And so on.

### THE PROFITABILITY OF AN EMAIL SIGNATURE

The screenshot shows an email window titled 'Untitled Message'. The email body contains the following text:

Dear Michael,

Everything regarding your account is going great.

Cheers,

—

**John Smith**  
Chief Financial Officer  
**AGENCY NAME MADE OF SURNAME INITIALS**  
Floor Number/Street Address  
Ph: 555 5555  
Mob: 0424 555 5555

**MINIMAL PROFIT**

**MEDIUM PROFIT**

- AWARD Agency of the Year 2012.
- AWARD Best of Show 2012.
- AWARD Network of the Year 2012.

**SUPER YACHT PROFIT**

- Winner of 2 Gold Pencils at AWARD 2012.
- Only Direct Marketing (Business – Business) pencil winner at AWARD 2012
- One of only 7 finalists in the Outdoor (Large scale) category at AWARD 2012.
- One of only 114 agencies to enter AWARD 2012.
- A line that doesn't even say anything, but makes this list seem longer.

4

### ❓ DID YOU KNOW?

A Coca-Cola client in Singapore has been credited as Creative Director on more awards than David Droga and Dan Weiden's combined tally. This client spends \$22,000,000 with the agency every year.

### 4.3 – Credits Equal Profits

The greatest opportunity to capitalise on AWARD pencils lies in making your client feel as integral as possible to the win. So if their names aren't already on the credit list, add them now. If their names are on the credits as 'Client' upgrade them to 'Copywriter'. If they already have a copywriter credit, promote their credit to 'Creative Director'.

The key move in this financial parry is let the client accept and keep the awarded pencil. "It's yours," you tell them. "You earned it. Those other guys were just hanging around in your room." The potency and financial efficacy of this manoeuvre should not be underestimated. A gesture as small as giving your client a Bronze Pencil for best use of Point of Sale could triple their spend with your agency.

**TIP** *Crediting clients with a suit or producer role has proven to have no effect. The golden rule is that all clients consider themselves creatives, and great ones at that.*

### ! WATCH OUT

*The sycophantic crediting of clients on awards can sometimes result in an aggressive takeover of creative control. Employ this technique with care.*

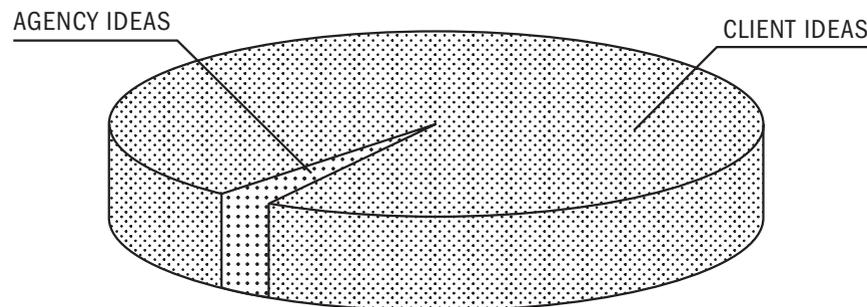
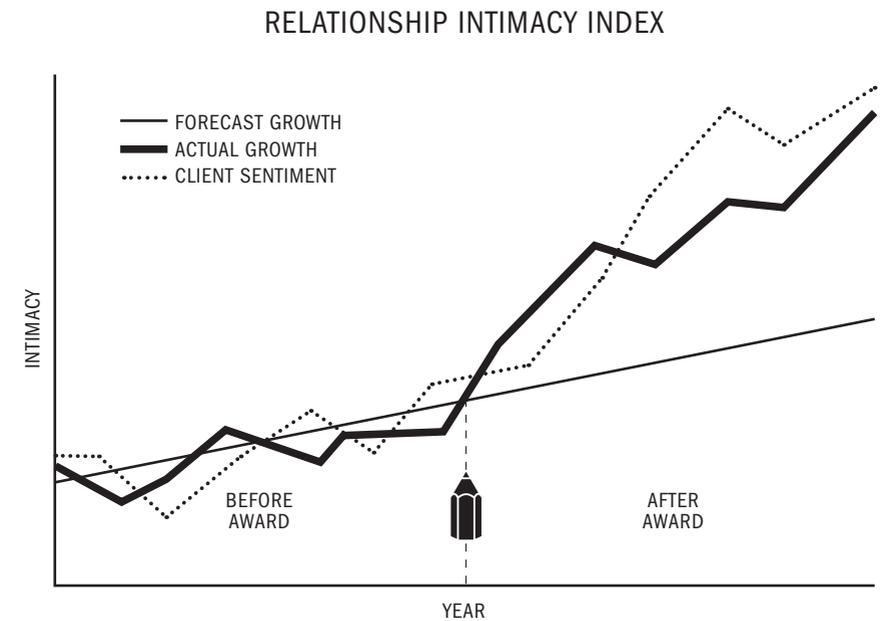


Fig 4. Creative control.

### 4.4 – Client of the Year

Should your client happen to win the AWARD Pencil for Client of the Year, your relationship with them will advance to a new level of closeness. This client is now family. She is your sister, rather than the woman you were trying to seduce, so to speak. Her propensity to spend with you is as unquestioning as her love for your agency. Expect to see figures reach triple-digit growth.

4



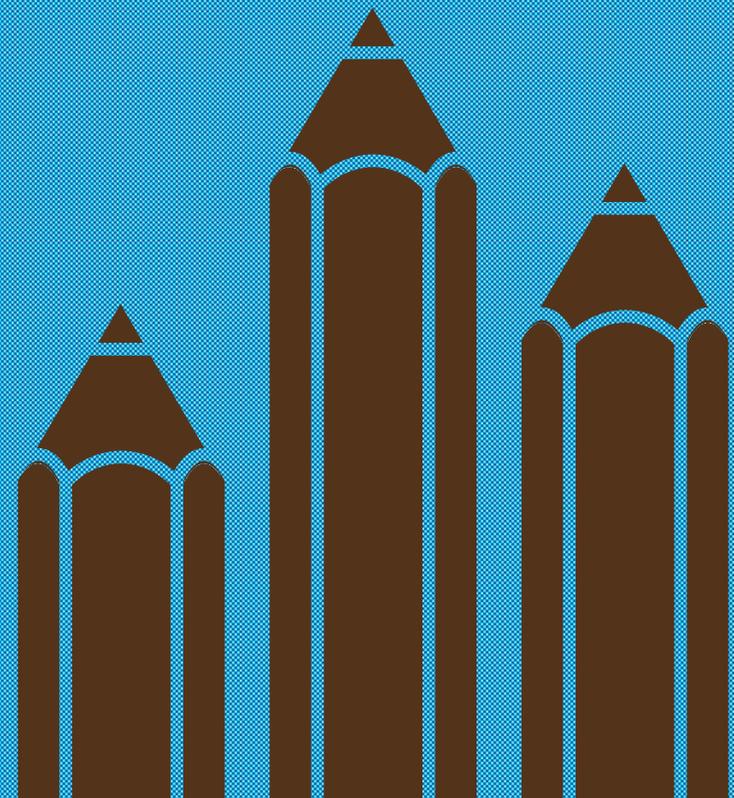
Source: Awards Through History, 2009, pp. 144-145.

### ✓ FACT

*All clients privately dream of being advertising Creatives.*

**Support:** *A study of university administration records revealed that 87% of advertising clients either failed to enter or graduate from advertising degrees.*

# Unit 5: Reward Management



**5.1 – The Celebration Coefficient**

With all award success, comes award celebration. And with award celebration, comes expense.

It is impossible for any agency to avoid these expenses altogether, as it is in agencies DNA to consume alcohol, dance badly and *Pencil Flash* (Refer to unit 2). This inevitable behaviour is called the *Celebration Coefficient*.

THE CELEBRATION COEFFICIENT (ADJUSTED)

$$C^2 = 1 - (1-R^z) \left( \frac{n-1}{n-k} \right)$$

where  $R^2 = r^2_{yx} = \frac{v(y) - v(e)}{v(e)}$

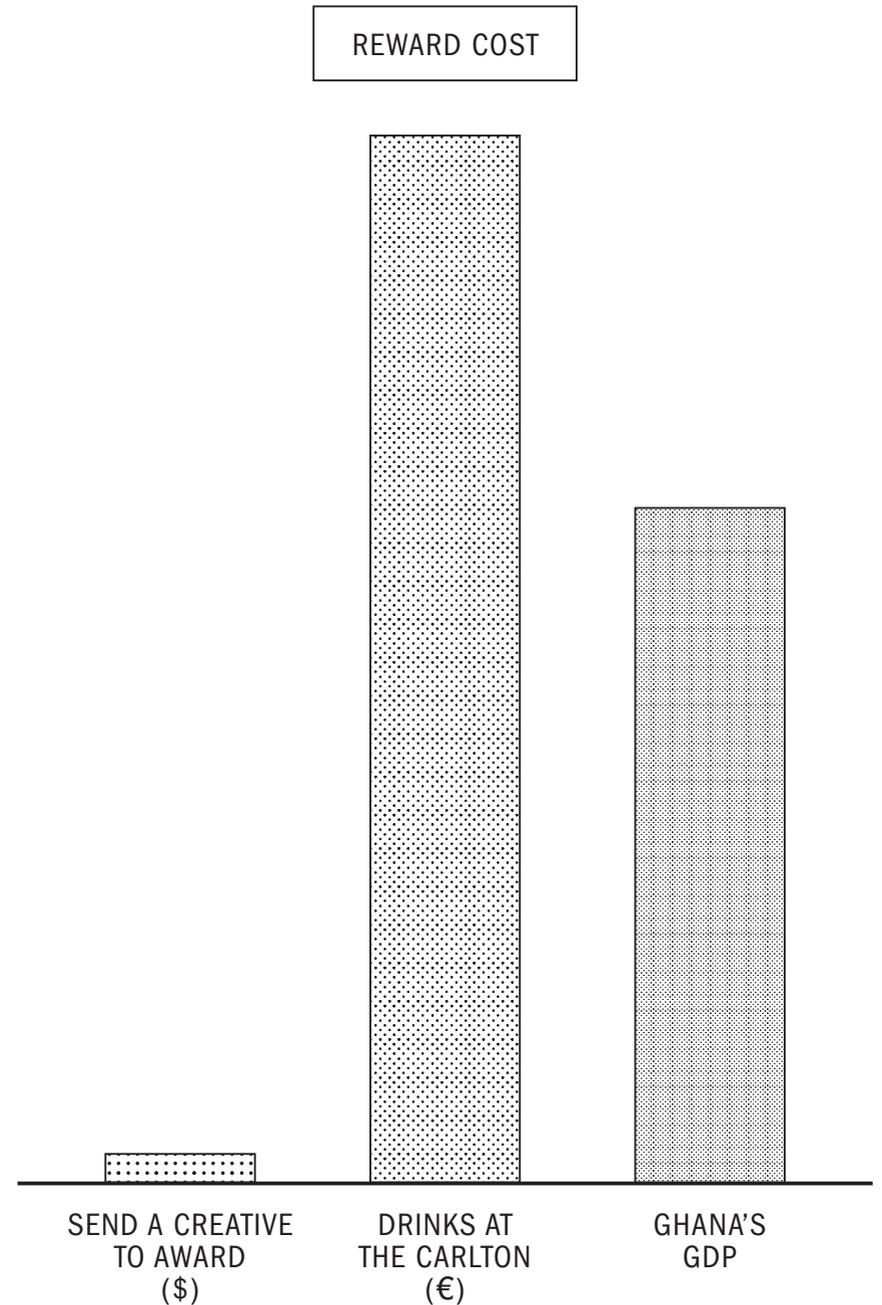
and where n stands for the number of pencils won and k represents tequila slammers.

However, the costs associated with it can be greatly mitigated. If a sophisticated Reward Management program is in place, a major financial barrier to entering AWARD can be removed.

**5.2 – Celebration Coefficient Mitigation (or the Nineteen Syllable Theorem)**

**Award Travel**

Sending staff to the AWARD ceremony, whilst seemingly expensive, is spare change compared to a European junket to Cannes (see opposite). Not to mention that as a general rule, the further your creatives travel, the more likely they are to defect.



### Award Night

Hire a bus for your staff, to save on Cab charges. Or organise a ‘walk to AWARD for charity’ event. Schedule client meetings for 7am the following morning. In saving here, it’s the little things that count.

### ❓ DID YOU KNOW?

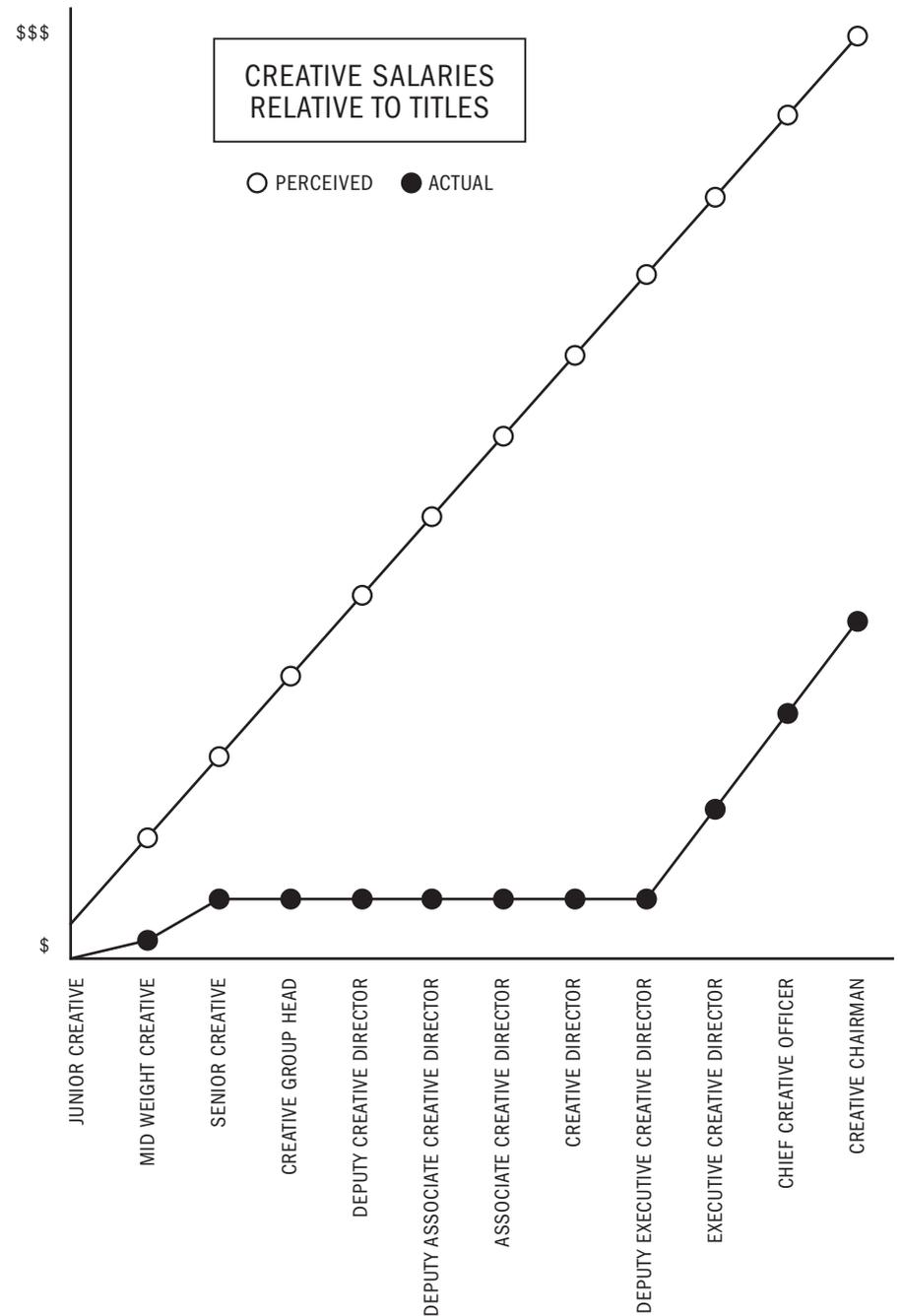
The most expensive cab charge expense claimed in recent advertising history was by Sukh Odval, a junior creative who took a cab from Cannes back to his home town in Mongolia on an award ceremony night. It cost the agency 178,000,000 Tugrik, or roughly 100,000 Euro. Over the journey, he vomited in the cab 37 times, which incurred additional cleaning costs.



Fig 5. Odval's journey.

### Intangible Promotions

Back at university, creatives were taught to demand immediate pay rises upon winning awards. These costly little speed bumps can be avoided with the administration of intangible promotions. Create new titles for your AWARD winners (see opposite) and reward them with better briefs.



### 5.3 – Recruiter Firewalling

With every AWARD Pencil, the asset value of a creative increases. These creatives will inevitably be contacted by recruiters who will lure them away from your agency with the promise of seniority at award-hungry-up-and-coming-agencies-under-new-management-who-are-really-shaking-things-up. You can't stop your staff from talking to these hunters, but you can employ diversionary techniques. Sacrifice your weaker staff members by offering them up to recruiters as real award potential, whilst protecting your real AWARD pencil winners. These weaker staff members are called *Creative Chaff*.

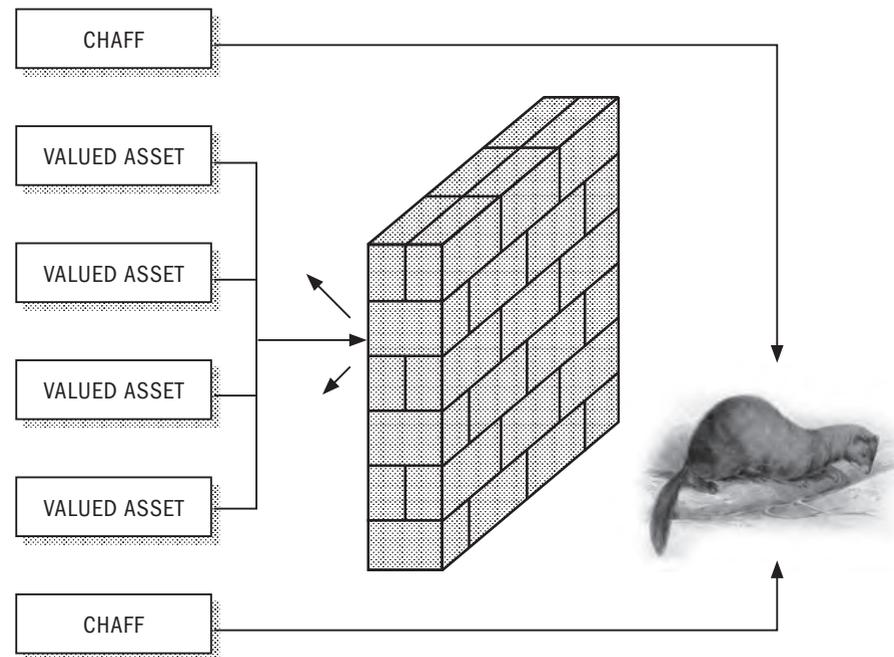


Fig 6. Weaselus Recruitus and an effective firewall.

### 5.4 – Cluster Contracting

Creatives, by their nature, are incapable of dealing with mathematics or numbers in general, as is evidenced by the low levels of accuracy seen in their expense calculations. The savvy CFO will strike this numerical Achilles heel, by *Cluster Contracting* the AWARD winning creative.

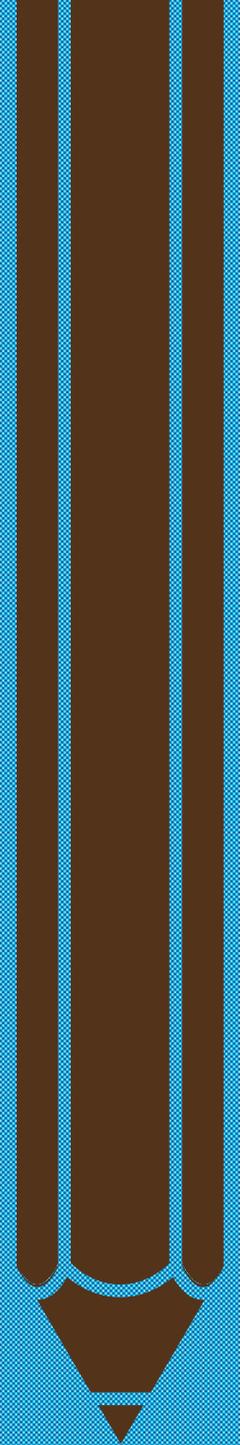
*Cluster Contracting* is an accounting technique for altering a creative's remuneration package in a way that has a perceived high value, where no actual change has been brought into effect. Effective Cluster Contracting techniques are as follows:

- Release one billion more company shares. Redistribute these to existing shareholders, protecting their holdings. Then, reward your AWARD winning creative one million company shares. The creative will feel like a millionaire, but with a per share value of \$0.0005, this equates to just \$500.
- Increase their superannuation rate, whilst keeping them on a self-contribution scheme.
- Baffle them with various other self-cancelling bonus schemes.

#### TIP

*Allowing a creative to keep their pencil is a highly effective way to sidestep granting them a pay rise. The gold transfixes them in their current employment situation, and is also an effective source of Love Stimulus (see Unit 2).*

**Unit 6:**  
The  
Competitive  
Set



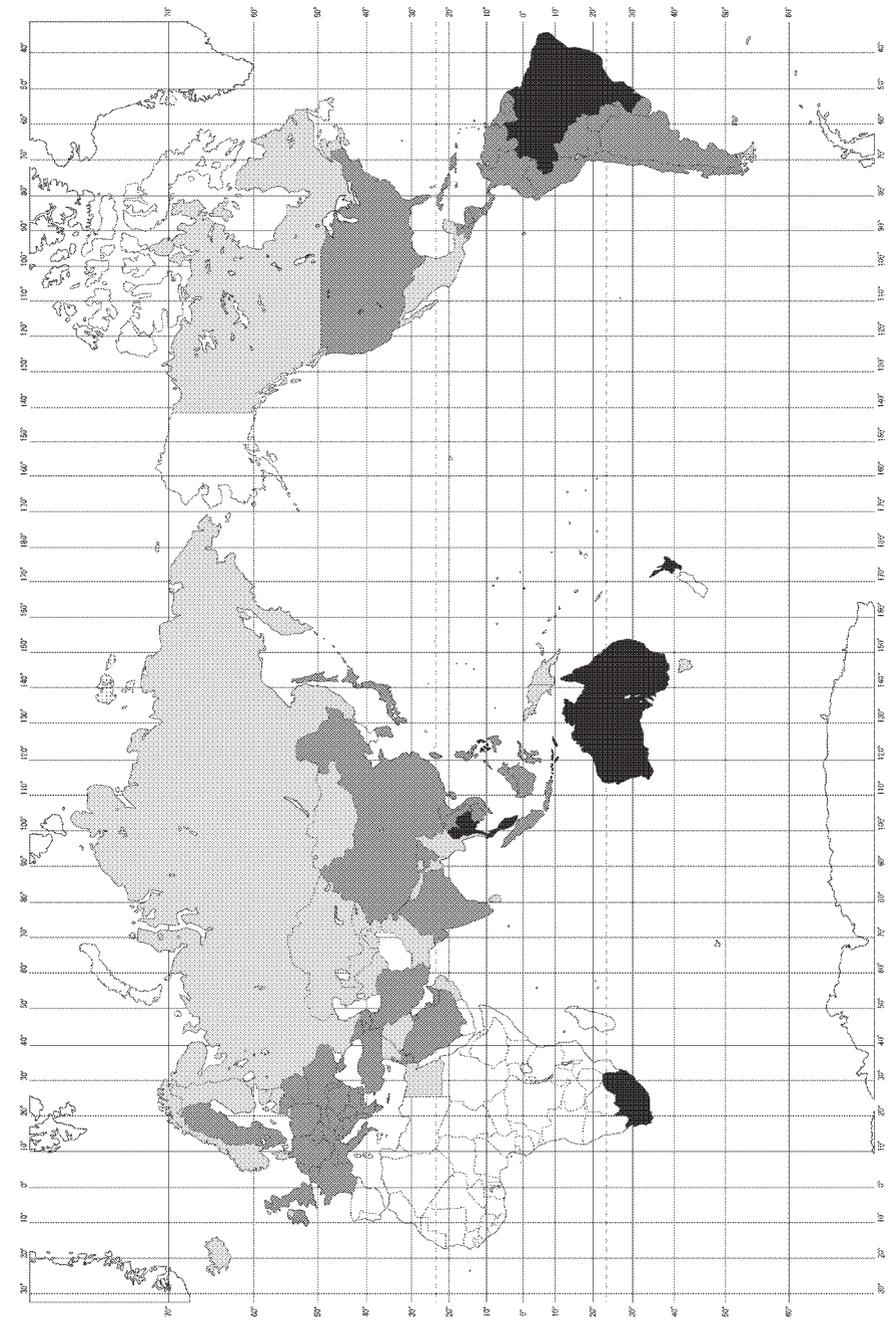
### 6.1 – Award Obesity

In recent years the advertising industry has become flooded with new award shows. And with this, many agencies feel the increased pressure to enter everything at great cost, in order to maintain a competitive tally. In economic terms, these agencies are described as being *Award Obese*, (or more colloquially, *Award Fatties*). Under this theory, pointless award shows are termed *Flab*, and all agencies can be assigned an AFI rating (*Award Flab Index*) according to their entry wastage.

Financially savvy agencies have extremely low AFIs. With an AFI of just 0.07, Weiden & Kennedy Portland is as streamlined as a supermodel on runway day. South American agencies suffer some of the worst *Award Obesity* in the industry, entering everything from Cannes to local radio contests. The average AFI of an agency in this region is a heart arresting 73.1. So which shows should you trim from your entry budget to keep your *Flab* down?

**TIP** *You get what you pay for. Avoid any award shows with cheap trophies, especially those made of Perspex. Studies indicate that these will actually devalue the better awards they sit next to on your agency's trophy shelf.*

HOW DIFFERENT TROPHIES AFFECT A PENCIL'S PERCEIVED VALUE



GLOBAL PREVALENCE OF AWARD FLAB (2012)

- < 1 – 24%
- 25 – 49%
- 50 – 74%
- > 75%

**?** DID YOU KNOW?

AWARD Pencils are made from high grade stainless steel. Melting down a single bronze Pencil would yield a material more valuable than that of six Grand Prix Cannes Lions.

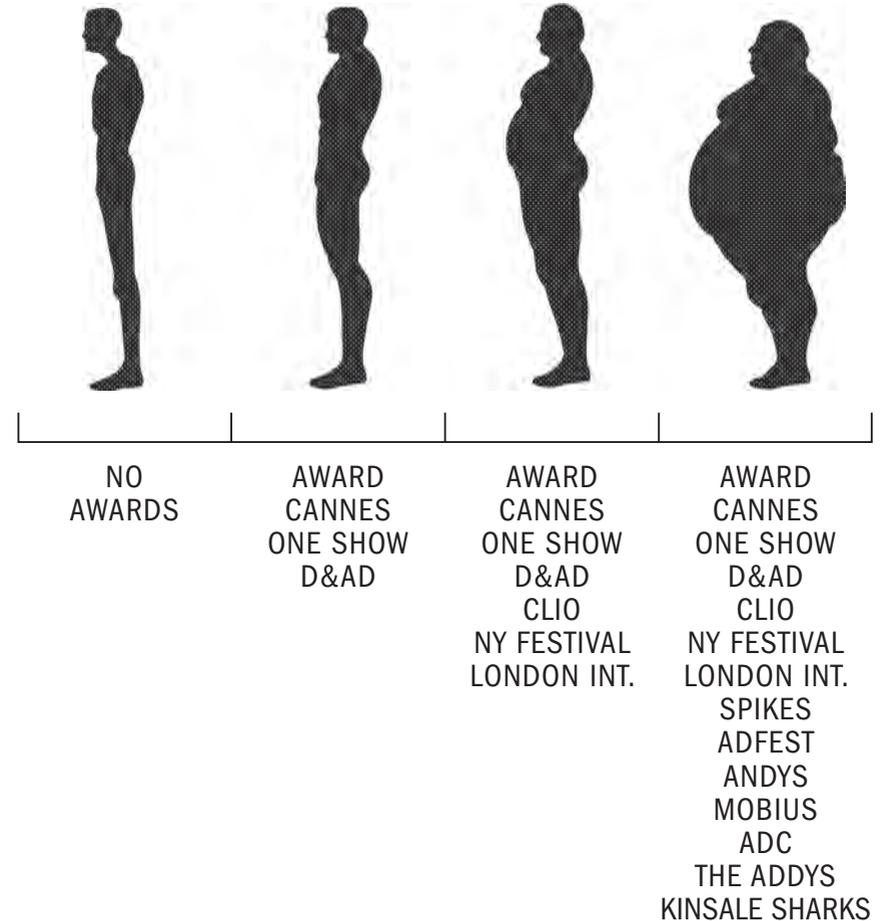


**6.2 – Award Elimination Process**

Whilst everyone understands a steady diet of the big four – AWARD, Cannes, One Show and D&AD (also well known by the acronym A.C.O.D.) is important, other shows can be easily discarded by the Tools-Of-The-Trade rule, which clearly states that the value of awards should be based upon resemblance to the actual materials used in the actual making of advertisements. For example, awards that resemble pencils hold much higher economic value than those that resemble angels, Emmy Awards, murder weapons or sharks. The Cannes Lions brilliantly use their backing plate to enormously boost their value, as who can refute the incredible importance of the “Starburst” that is mounted on the back of the Promo Lion in promotions? The double pencil of the One Show was an economic masterstroke, and the real wood of the D&AD pencil, also impressive. AWARD has always been in favour of using both the actual steel found in creatives’ laptops and the pencil shape to yield high economic value.

In conclusion, in this economic climate, not many agencies can afford to be an Award Fatty.

THE AWARD FLAB INDEX



6

**!** WATCH OUT

Beware of bogus award shows. The call for entries for a recent award show in Thailand turned out to be a credit card scam.



**Unit 7:**  
Pencil  
Probability



### 7.1 – Superstition vs. mathematics.

Agencies lacking the steering hand of a strong Finance Director are liable to confuse themselves with questions of ‘Pencil Probability’. The Creative Director might ponder, ‘We won three gold pencils last year so we can’t possibly win as many this year.’ This kind of medieval thinking is typical of the Creative. Of course, simple laws of probability show that consecutive award wins are interdependent of each other and have more to do with that crappy guy who briefly dated your sister being on the judging panel.

### 7.2 – The award entry. Who should decide?

Obviously, the greatest factor determining award probability is the initial body of work chosen to enter. The creative teams and the Creative Director traditionally decide this. But strong new evidence suggests passing this responsibility over to the Finance Director might yield superior results.

In a recent case study, a high level agency (we will call Agency BBDX) had their Finance Director choose all award entries. The Creative Director was locked in an adjacent room. The Finance Director based his decision on his own judgment combined with strong financial principles: How much did the job cost? What profit did the job make? How expensive was the cardboard the entry was mounted on? Was the cardboard bought wholesale?

The results were interesting and counterintuitive. The Finance Director achieved 85 more finalists than the Creative Director (though not as many high ranking awards). It should be noted, however, this result was, in part, due to volume of work chosen by each respondent. It was anticipated the Creative Director’s ‘egotistical stakes’ in the result would drive him to enter more work than the Finance Director. Interestingly the reverse was true.

The Finance Director chose seven times as much work as the Creative. In subsequent interviews, the Finance person reported being taken over by an insatiable need to win combined with feelings of superhuman strength. He commented, “I was gripped with Award fever. I just couldn’t stop. It felt like I was in a Mexican casino with Charlie Sheen.” This phenomenon is known as the *False Furby Effect*.

#### ENTRIES CHOSEN BY CREATIVE DIRECTOR

Work entered 61 pieces

GOLD	SILVER	BRONZE	FINALIST	NIL
2	2	6	17	34

#### ENTRIES CHOSEN BY FINANCE DIRECTOR

Work entered 809 pieces

GOLD	SILVER	BRONZE	FINALIST	NIL
0	1	0	112	696

#### ? DID YOU KNOW?

Most of the great ECDs are also exceptional mathematicians, which has greatly contributed to their career successes. Before David Abbot was a copywriter, he counted cards at casinos.

But enough of the soft sciences. In all cases of probability, maths is God. Agencies should always buttress human choice with mathematical formula. In order to establish some robust quantitative measures, we asked a Harvard University team to analyse the past 20 years of AWARD results. Consequently, Professor Michael Fontana put forward this conclusive formula for advertising AWARD success and subsequent Agency profit:

Using the multivariate normal advertising distribution over  $R^d$  and multiplying the probability for a given correlation matrix, naturally, if you consider the AWARD entry as  $\Sigma \approx R^{d \times d}$ , and then consider the Agency's Gaussian copula with parameter matrix  $\Sigma$ , then as you can see the AWARD integer can be written as:

$$C \frac{\text{Gauss}}{\Sigma} (u) = \Phi_{\Sigma} \left( \Phi^{-1}(u^1), \dots, \Phi^{-1}(u_d) \right),$$

Where  $\Phi^{-1}$  is the inverse cumulative distribution function of a standard normal and  $\Phi_{\Sigma}$  is the joint cumulative distribution function of a multivariate normal distribution with mean vector zero and covariance matrix equal to the correlation matrix  $\Sigma$ .

**TIP** *Everyone wins when you use this equation. Your agency experiences profit growth. Your clients nod in mock comprehension. Your pitch documents look bulletproof, despite the fact that nobody can decipher them.*

So then finally it becomes obvious that the economic distribution of each AWARD entry's value can be simply expressed as:

$$C \frac{\text{Gauss}}{\Sigma} (u) = \frac{1}{\sqrt{\det \Sigma}} \exp \left( -\frac{1}{2} \begin{pmatrix} \Phi^{-1}(u^1) \\ \vdots \\ \Phi^{-1}(u_d) \end{pmatrix}^T \cdot (\Sigma^{-1} - I) \cdot \begin{pmatrix} \Phi^{-1}(u^1) \\ \vdots \\ \Phi^{-1}(u_d) \end{pmatrix} \right)$$

Or, to dumb it down even further, AWARD success will result in double digit growth for your agency. Will Hunting would be proud.

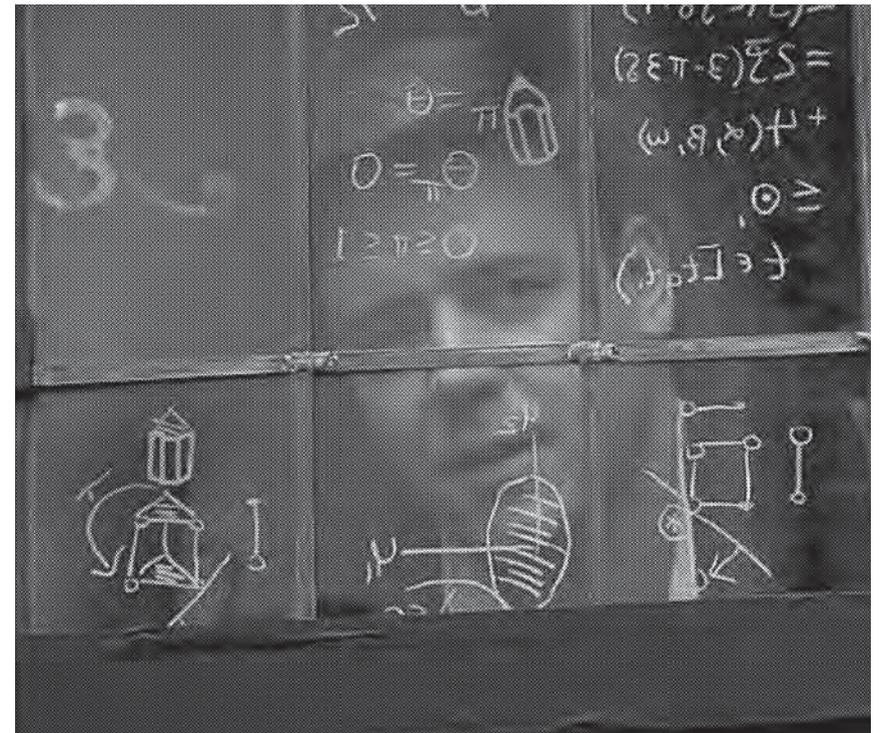


Fig 7. A Beautiful Pencil Mind.

# Unit 8: The Future of Advertising



What this breakthrough study ultimately demonstrates is that the importance of Advertising Creatives is diminishing with every year. After all, what good is an idea, without the chequebook holders to green-light it? What good is an award, if its true worth is not realised financially? It would be drastic to suggest that Creative Departments will disappear altogether, but rather, they will naturally take a recessive role in the hierarchy of agency organisation.

It is time for new leaders. The avant-garde of invoicers. The cream of the purchase order generators. The ROI kings. It is time for you, Finance Directors' to take charge of your agency's fiscal destiny. Make entering AWARD your first battle, and taking home Pencils your first victory.

Win the Pencils. Raise them high, and say, 'We Will Profit!'

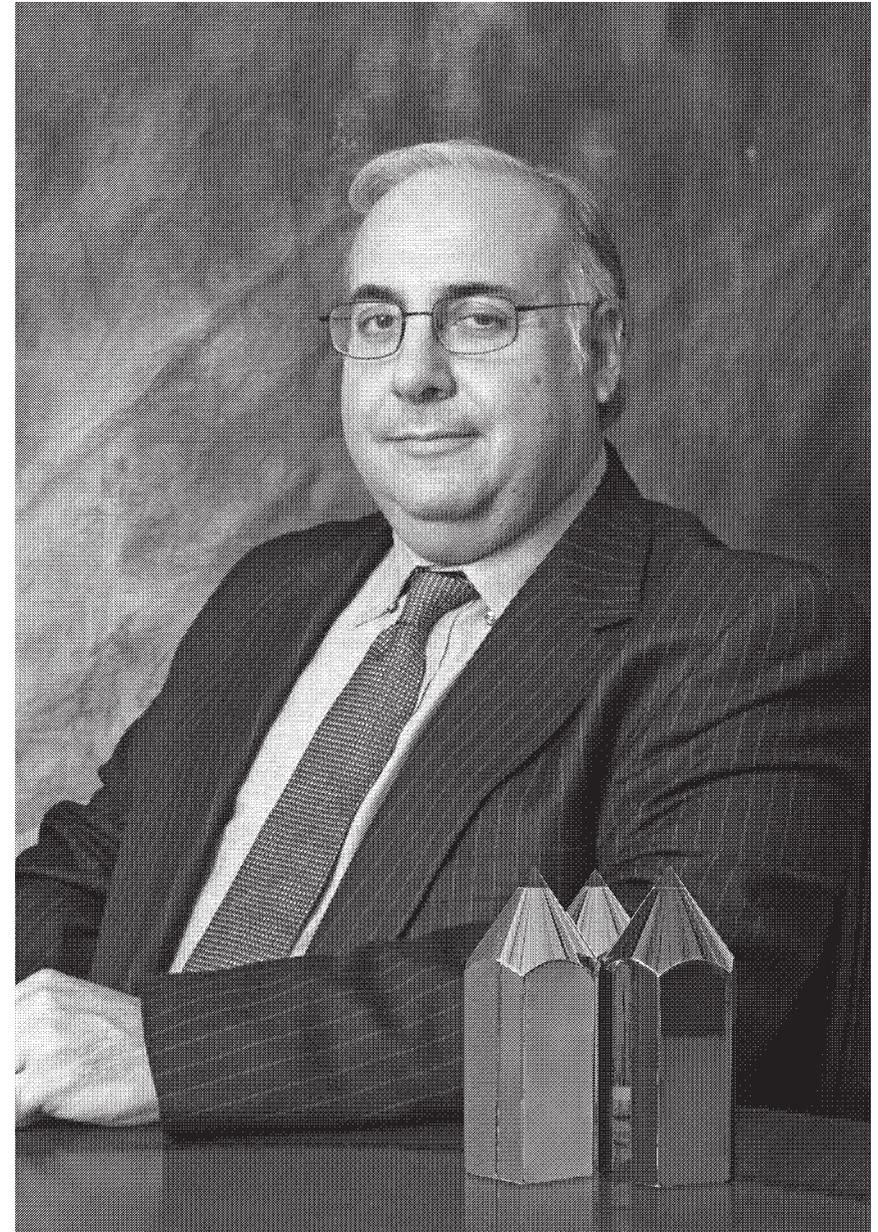
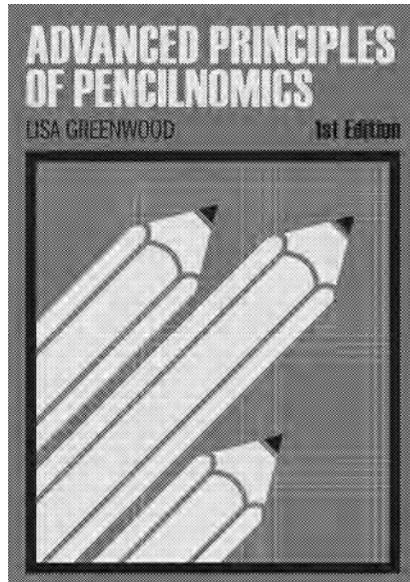


Fig 8. "We Will Profit!"

## Glossary of terms

<i>Absolute Expenditure</i>	Edward Middletitt's law that advertising agencies will blow every cent of their money on something.	<i>Delayed Cheddar Theory</i>	The theory that junior creatives who work for free will eventually become exponentially wealthy.
<i>Award Fatty</i>	The colloquial term for an Award Obese advertising agency.	<i>Fiscal Constipation</i>	Stagnant cashflow, caused by backed up invoices and low creative output.
<i>Award Flab Index (AFI)</i>	A rating assigned to agencies as a measure of their Award flab (excessive award entry).	<i>Flab</i>	Excessive, pointless award entries.
<i>Award Obese</i>	The term applied to agencies who excessively enter pointless awards, at great cost.	<i>Junior Deflation</i>	A decrease in junior productivity and worth.
<i>Celebration Coefficient</i>	The law that advertising agencies will celebrate excessively, given any excuse.	<i>Junior Inflation</i>	An increase in junior productivity and worth.
<i>Cinderella Budget</i>	Edward Middletitt's belief and theory that agencies must spend 100% of their profits on having fun, every day, no matter what.	<i>Junior Hyper-Inflation</i>	An increase in a junior's worth, to the point where they become a hunted commodity.
<i>Creative Chaff</i>	A talentless creative, used to distract recruiters from headhunting awarded agency creatives.	<i>Love Stimulus</i>	The effect of AWARD pencils on interagency relationships.
<i>Cluster Contracting</i>	Complex restructuring of an employee contract, to give the illusion of higher remuneration.	<i>Pencil Flashing</i>	The use of an AWARD pencil (often combined with bad dancing) to attract other people, in a peacock-like fashion.
<i>Creative Menopause</i>	The point in an older creative's life, when they realise their ideas are starting to stink.	<i>Pro Bono</i>	Working for free.
<i>Cupid's Pencil Theory</i>	The theory that AWARD pencil winners become more attractive to others.	<i>Relative Expenditure</i>	A recent addendum to the theory of Absolute Expenditure, Relative Expenditure is a study of what agencies will spend all their money on.

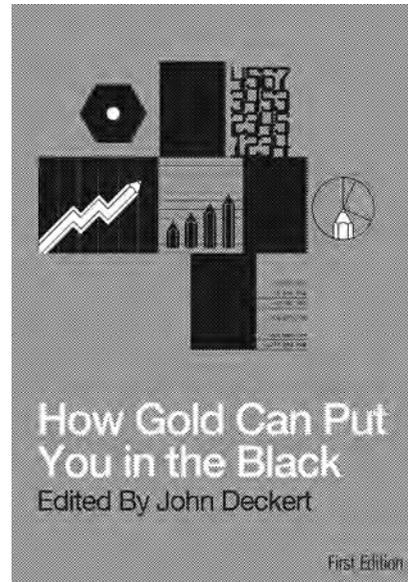
## Other Books by AWARD Publishing



### **Advanced Principles of Pencilnomics**

*Lisa Greenwood*

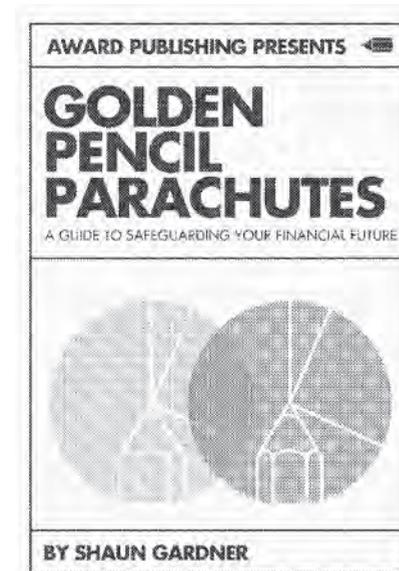
Greenwood explodes modern pencil award mythology and challenges us with a whole new model of inner entry dynamics. Does the TV entry really have to involve “television” and surely radio has the propensity to be more visual.



### **How Gold Can Put You in the Black**

*John Deckert*

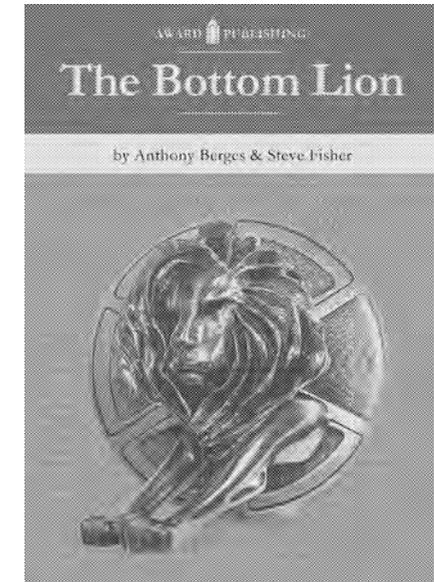
In Dekert’s unique narrative style, we are entertained and educated by an inspiring tale of financial redemption – where one man’s award entry methodology not only saves his agency from bankruptcy, but also his failing marriage.



### **Golden Pencil Parachutes**

*Shaun Gardner*

The controversial yet now undisputed Pencil Superannuation classic. Gardner shows us how in conditions where gold bullion, stocks and real estate can fall victim to the turmoil of market paranoia, gold pencil investment can absolutely shine.



### **The Bottom Lion**

*Anthony Berges & Steve Fisher*

The textbook that inspired the broadening of the Cannes categories. Can one really be limited by any one discipline? Berges & Fisher argue there can be never enough to meet demand. Chapters include, “Mobile & Digital – They really are different” and “Promo & Direct – Confusion is bliss”.