

CDM New York

The CDM flagship shop lost Lipitor, but made up the revenue in new business



“We try to put some sort of metric or ROI discussion into almost everything we propose”

—Kyle Barich

CDM New York execs are shy when it comes to numbers, but say 2012 revenues should be in line with last year’s modest growth. Given the shop’s size and last year’s loss of its largest account, Pfizer’s Lipitor, due to patent expiration, that’s something of an achievement.

“We’re playing off a very large base, so giant year-over-year growths are harder to attain,” says president Kyle Barich, noting that Lipitor was the biggest-ever blockbuster. “Many companies would have taken a huge hit from that, and we’ve made it up.”

The shop has seen a “staggering” number of wins without pitches, says Barich, adding that on that count, it’s been the agency’s best year yet, and under new director of client services Lori Klein, client satisfaction is way up.

Pitches, says Barich, “are more rigorous than they’ve ever been before,” involving many rounds, ranging from written submissions to in-person presentations. “It used to be two or three agencies. I would know who we were pitching against, when they were pitching,

what hotel they were staying at, and we’d have that awkward moment at the bar where we’d see all our counterparts. In the more procurement-led pitches, things are much more secretive, distanced, and we often don’t know who we’re pitching against until it’s over.” The shop deploys a “pitch machine,” says Barich.

“We treat it like we treat our clients business and we build a small, purpose-built team, with content experts, and then we knock it out in the most efficient way possible.”

Headcount was down to 340, reflecting the exodus of some staff into the CDM Group’s shared services unit, Link 9. Notable hires include Elizabeth Yi as director of the firm’s 12-person medical department. The shop is hiring for a wide range of positions, from accounts to creative, digital, analytics and medical.

CDM NY prides itself on its training and enrichment programs, offering over 500 courses a year, along with discussion groups on management topics, guest speakers and sending staff to Omnicom University to learn from Harvard faculty. This year the agency launched a mentor program, with 100 staff enrolled, and hosts The Pod, a young executive training program through which the shop hires recent grads as full-time staff to work on special projects for at least a year.

Around 75% of CDM NY’s work is aimed at health-care professionals.

The agency is putting a lot of effort into finding revenue streams beyond the billable hour and in working the vogue among clients for efficiencies to its advantage. “We’re looking for opportunities to grow in nonlinear ways,” says Barich, “creative new ways of making revenue that’s not just hours-based.”

Part of that is incentive compensation plans “where we have more risk,” he adds, “and more rewards.” Another part is services like the shop’s Digital Foundations training program, which Omnicom has rolled out across its 70,000-employee operations.

Yet another is proprietary research tools like the firm’s Inside MD offering, for which CDM NY is assembling several hundred community-level physicians to provide fast and in-depth qualitative research.

“This isn’t about KOLs,” says Managing Partner, Executive Creative Director Ben Ingersoll. “This is about getting quick, extremely relevant, extremely reliable results about things you want to know about with community-level physicians.”

To come up with ideas like these, CDM NY this year launched Thinkubator, an “in-house generator of novel ideas for intellectual property, products or services we’re going to invest in, make and either sell outright ourselves or deliver to clients who may not know they need it yet,” says Creative Director Chris Palmer. “It’s a really exciting way of getting everybody’s dormant ideas that they have laying around and refining them as real products that CDM can develop.”

For its maiden round, the Thinkubator project received 80 submissions from 60 employees, from which a single proposal—for a physician social media project—is being developed.

“These are experiments in which we’re trying new

things, new ways of getting engagement around the industry, around the agency,” says Barich. “Still, our bread and butter is working for our clients.”

It contributes to an entrepreneurial, “employee-led” agency culture, say execs. For example, the shop’s editorial department recently developed, on their own initiative, a document compare program that Ingersoll says “is really going to make a difference for us, in terms of cost to clients and the satisfaction of the department. They took it upon themselves to say ‘How can we improve the quality of our services? How can we better fulfill our role as guardians of the story, as opposed to pure proofreaders?’”

With clients in belt-tightening triage mode, CDM NY has deployed what execs call their “One Voice” proposition—in essence, as long as we’re servicing Account X for you, why not throw in Account Y and realize efficiencies that way, as you won’t need to hire an additional account planner or media director.



Pro bono work for the “Heart-won Victories” campaign (opposite) and Pharmapalooza (above)

“It’s hard to find efficiencies with people,” says Barich. “It’s not like if you buy a half-million widgets. But with One Voice, we’re finding ways of doing more with less by not doubling up on staffing, sharing team members, pulsing in and out when things get busy or slow down and getting the same amount of work done with fewer staff.”

And speaking the language of procurement to clients gets results. “The procurement folks love to hear about the financial efficiencies, and the marketing people love to hear about the strategic and operational efficiencies,” says Barich. “Clients are sometimes more interested in this discussion than they are in discussing the creative, with all the pressure they’re under.”

And as a result of that pressure, the shop has invested heavily in building up its analytics capabilities.

“It’s baked into everything we do now. We try to put some sort of metric or ROI discussion into almost everything we propose,” says Barich, “whether it’s change of perception or behavior or click-through rates or, if we’re doing a multi-channel tactical plan, what’s doing better—email or website? Who’s clicking through what?”



PERFORMANCE

Kyle Barich, president and CEO

PERFORMANCE

Modest revenue growth in 2011

Headcount down to 340

HIGHLIGHTS

A “staggering” number of wins without pitches, according to Barich, and developing a more rigorous approach to pitches that are made

Put significant effort into finding revenue streams that don’t just count on billable hours

Developed InsideMD, which brings together hundreds of community-level physicians to provide in-depth research

Started Thinkubator to generate ideas for intellectual property, products and services

Made a big move to build up the agency’s analytics capabilities

CHALLENGES

Loss of what was the agency’s largest account, Lipitor

“Holding onto optimism” amid the continuing industry belt-tightening

For contact details, service offerings and client roster, see Agency A-to-Z, beginning on page 181

Recent campaigns include spooky, atmospheric work on Salix’s Xifaxan, for hepatic encephalopathy, a dementia that afflicts some cirrhosis sufferers, depicting patients encroached by forest. “Doctors think of it as an acute condition, but really, it’s a chronic thing that keeps recurring over and over,” says Ingersoll, “so the idea is that out of the hospital doesn’t mean out of the woods.”

On the pro bono front, the shop continues to support the New York chapter of the American Heart Association, most recently with its Heart Won Victories campaign featuring the stories of survivors of heart disease and stroke. The shop will also put on its fifth annual Pharmapalooza, an agency-world Battle



From top: the Digital Foundations education effort and an advertisement for Salix’s Xifaxan

of the Bands to raise money for arts programming at Children’s Hospital, in November. This year they aim to raise half a million dollars and to fund a music instructor, along with art supplies and an art therapist that the hospital could not fund itself.

In a time of adversity for the drug industry and many healthcare marketing agencies, CDM New York is holding on to optimism, says Barich.

“Many of our clients are operating from a place of fear, and I guess we don’t want to live that way,” says Barich. “We still feel like we can get a bigger slice of the pie. It may be shrinking, but if you’re best in class, you’ll continue to win.”

Adds Palmer: “There are so many creative opportunities right now, not just in terms of brand ideas but different ways of working and thinking and leveraging our capabilities. What better time to be in the business of ideas?” — *Matthew Arnold*