

H4B Chelsea

An “all-in-one” agency succeeds by having an all-for-one corporate spirit



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—Mike Peto

H4B Chelsea is the creative flagship agency of Havas’ Health4Brands network, which also includes H4B Catapult in Hamilton, NJ, and H4B Back Bay in Boston, along with outposts in both Canada and Europe. The agency’s offering is all-in-one—a big full-service shop that has a single P&L and a friendly vibe. They refer to it as their “Unification Model.”

“It’s the fact that we have all of these things under one P&L,” says managing partner, creative director Christian Bauman. “All targets, all channels under one roof for maximum efficiency so that our clients only have to make one phone call and we’re not relying on vendors and contractors.”

Their motto: Always Fearless.

“You know that scene in *Butch Cassidy and the Sundance Kid* where Paul Newman goes, ‘Who are those guys?’” asks managing partner Mike Peto. “We want our competitors to be saying that.”

Growth slowed to single digits in 2012 following several years of big gains as the shop hit pause on its

pitch machine to allow for onboarding of new clients. Over the four years since the company’s current leadership team took the reins, it’s seen revenues rise from \$25 million to \$60 million and its client base expand from six clients (in 2009, two-thirds of billings were from Wyeth, mostly on Effexor) to a diverse roster of 22 clients. In that time, the company’s business has gone from pure-play print professional to 25% strictly digital (perhaps the influence of the shop’s neighbor, Google).

Most of their work is aimed at healthcare professionals, but the company also handles “a very robust, strong and growing patient and consumer” business, says Bauman. Patient and consumer-directed promotion now makes up a quarter of the shop’s work and ranges from traditional print and broadcast, as in its recent TV campaigns for AirOptix Night & Day contact lenses, to more nontraditional work such as last year’s collaboration with the Alvin Ailey dance troupe for BMS’s HIV franchise, for which the agency also produced a graphic novel.

“It’s good for the people here and good for us to have such a diversified client base and field of work,” says Peto, a longtime Wyeth exec who runs the shop with fellow managing partners Bauman and Steve Nothel, a seasoned client-service exec. “We have a hand in so many things we’ve actually had to turn away pitches due to conflicts.”

The shop boasts that it won two-thirds of the business it did pitch in 2012. New accounts include two glaucoma brands from Alcon—DuoTrav, Travatan and Pataday—which were awarded without pitch. The shop previously handled Alcon’s contact lens and Opti-Free franchises, along with Jetrea and Simbrinza. Similarly, their handling of Astellas’ new overactive bladder drug Myrbetriq led that client to award them the business for its older OAB drug, Vesicare.

H4B Chelsea also landed a two-brand brief on Sanofi/Regeneron’s JV covering developmental cardiovascular and RA treatments; the professional brief for Reckitt Benckiser’s Mucinex, Cepacol and MegaRed; and an assignment with Relypsa. On the downside, two promising pieces of business—Pfizer/Janssen’s Alzheimer’s candidate bapineuzumab and Novartis’ CV drug Ryverna—failed to meet their endpoints in Phase III clinical trials late last year. Both had been tipped to be likely blockbusters.

“That’s pharmaceuticals for you,” philosophizes Bauman about that development. “You can’t depend on those premarket products.” Fortunately for them, new business more than made up the difference, despite a lighter pitching schedule.

It was an opportune time for the agency to pull back on new business and get a handle on those newer accounts, as business up for pitch has been scarcer in recent months.

“We’re seeing an international slowdown on pitches,” says Bauman, “with more and more business coming from past relationships.”

There’s been no slowdown in activity at the shop, with recent launches including Eisai’s epilepsy drug

Fycompa, Alcon eye treatments Simbrinza and Jetrea, and Myrbetriq. For Myrbetriq, H4B Chelsea faced the strategic challenge of communicating to physicians that the drug was an innovative product with a new pathway and mechanism of action rather than a 'me-too' follow-on for Vesicare.

In addition to the managed care practice, where it has six clients, the firm is seeing growth in medical education, with seven clients. It's also looking to build its portfolio of surgical and device accounts and to grow its business with health and wellness brands.

"Health and wellness is more than just drugs," says Bauman, "and we have an expertise in speaking to patients and physicians about it."

On the personnel front, H4B Chelsea held pretty steady but made some senior appointments, naming Tracy O'Brien director of client services, Susan

Opposite page: Work with the Alvin Ailey dance troupe for the BMS HIV franchise. Above: Optix ad

Orzel-Biggs managing editor, Lori Carrabba head of operations and Nancy Bierfeldt head of market access, which is the agency's fastest-growing practice. Headcount has tripled since 2009 and now stands between 250 and 275, with 300 or so in the office, counting freelancers. That accounts for the three office expansions in four years. The shop's swanky digs in a former Nabisco factory above Chelsea Market are currently at capacity.

"When we came on here, the entire agency was less than 90 people," says Bauman. "Now the creative department alone is more than a hundred really exciting, passionate people," including "working poets, musicians, novelists, MDs, PhDs, MFAs and a juggler," as the agency's website notes (Bauman himself is a novelist and essayist of some acclaim as well as an



AT THE HELM

Co-managing directors Mike Peto, Steve Nothel and Christian Bauman

PERFORMANCE

Down to single-digit growth after several years of big gains

Revenues hit \$60 million in 2012

HIGHLIGHTS

Agency won two-thirds of the business it pitched last year

New business from Alcon, Astellas, Novartis and Reckitt Benckiser, among others

Saw growth in medical-education business, which stands at seven clients

Had a 90% employee-retention rate

Saw an increasing amount of business come in from existing clients

CHALLENGES

An international slow-down on pitches

Lost two potential blockbuster clients when drugs failed Phase II endpoints

Balancing the firm's good fortune with realism about scale and sustainability

For contact details, service offerings and client roster, see Agency A-to-Z, beginning on page 187

Army combat veteran who served in Somalia and Haiti in the '90s).

Agency chiefs attribute a considerable portion of their success to the agency's culture, and tout their 90% employee retention rate.

"There's an overlap," says Bauman. "Culturally, we're a strong family, we're pretty laid back, we don't take ourselves too seriously, but we're very picky about who we hire. They have to be a good fit, and our junior-level people are really a self-policing quality machine. But we've had clients say to us that 'The No. 1 reason we picked you was that it seemed like the people on your team liked each other.' That's translating. Clients feel that."

The camaraderie is encouraged with foosball tables as well as a weekly theme day (Twins Day, Lumberjack Day, etc.) on which employees wear costumes.

Optix is just one of several Alcon brands that H4B Chelsea executed work for in the past year

H4B Chelsea also does its share of pro bono charitable work, including a recent ad campaign promoting employment of veterans, work for the New York chapter of the Arthritis Fund and for Santi School, which builds schools in Nepal and was founded by an H4B copywriter.

Going forward, it's about balancing the shop's recent good fortune with realism about scale and sustainability.

At the end of the day, we want to keep growing, but in a sustainable way," says Bauman, "In a way where we're successful for our parent company and ourselves and more than anything the people in seats right now, but we don't want to grow so quickly that we lose our focus on our existing business and clients and employees." —Matthew Arnold