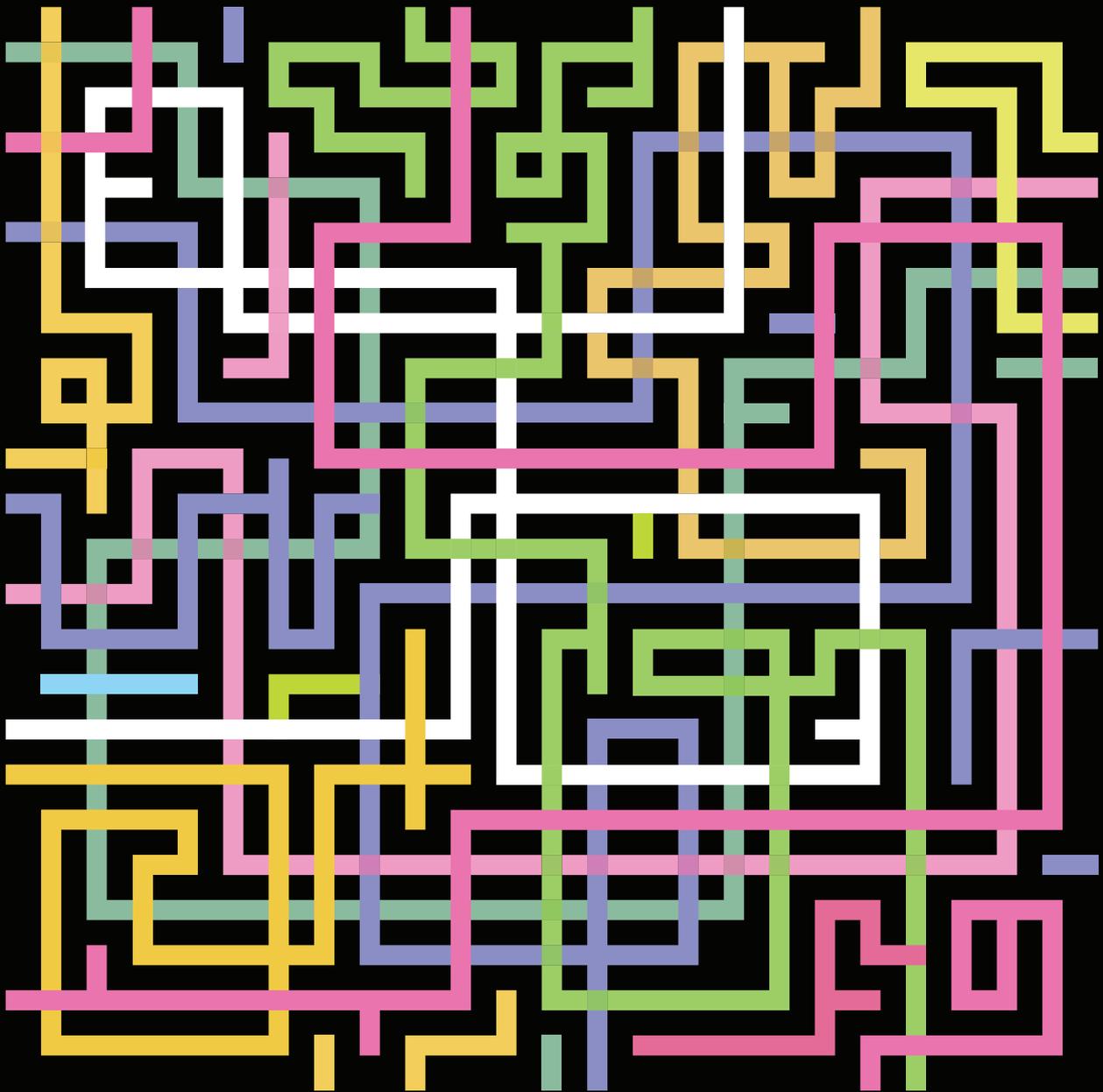


WHITE PAPER POTENTIAL MODELS TO DESIGN THE CREATIVE ORGANIZATION OF THE FUTURE



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POINT OF CONTACT

Pi School SRL is an educational body dedicated to merge Creativity and Design with Technology. On Behalf of ADCE and in response to an initiative of EU, Pi School has designed and delivered a Creative Incubator program the result of which is consolidated in this white paper.

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Foreword

This white paper is the result of 12 months of research, interviews, exchanges of experiences and collaboration of more than 90 active participants selected from a wide range of creative segments. It provides an assessment of key problems within the creative industry and recommends alternative approaches to look at organizational design models, having used simulations and prototyping to spot the potential opportunities and the challenges of application.

The phrase “creative industry” within this white paper refers to any organization in the business of supporting brands to communicate their vision, their products and services, their market positioning, or any other concept in which creativity and design are applied to generate value, from the quality and processes to the financial and structural point of view.

That being said, this white paper uses the word “agency” as a symbol of a Creative Organization, in which recommendations are provided.

Some of the elements from this document may be solutions to particular challenges whereas application and implementation of these recommendations would need modifications to match the specific organization. The outcome here, therefore, shall not be seen as a blueprint, but as a potential recipe for the type of identified problems.

Introduction

The creative industry, specifically in fields of communication, design, and advertising has been looking for an “organizational re-invention” due to an array of triggers.

The studies of the past 12 months have revealed that the perceived challenges the creative industry faces are not always the problems that demand the most attention. The industry challenges are rooted in categories such as culture, business structures, and related impacted areas, and yet creative individuals often think it lies in the quality of work.

Creativity is an expressive language and a part of life. There is no question about the importance of it. The focus of this white paper isn't therefore to save the industry by focusing on creativity and how to better it, but rather, to concentrate on the rest of the components within the ecosystem.



» Teamworking during the Creative Incubator module in Barcelona

Brands, goods, and services will always need exceptional communication and marketing to reach their target audience. The business of advertising doesn't find itself in danger of losing ground, but the aspects surrounding it have drastically changed and therefore demand the communication and advertising industry to react differently.

The creative industry has been reluctant to adapt to the new circumstances of today's society and has reached the breaking point that calls for action.

One important point to remember when reading this paper is that recommended solutions might vary in effectiveness, depending on the country or region your company is based, type of organizations, from holdings, medium-sized enterprises down to founder driven or agile start-ups.

Drivers and Triggers

The search for new business models for creative organizations is mainly triggered by the following drivers:

- The growth of Marketing Technology and New dimension of Data usability
- Cultural shift of consumers in relation to new media channels
- The disconnect between creative talents and traditional working models
- Acquisition of Agencies by Consulting and Tech organizations

The Growth of Marketing Technology

It is not long ago that companies and brands only had a limited selection of rather expensive channels to promote their stories, products, and services. The businesses of Media-Buying and Media-Planning were the most lucrative of the agency world.

If, as a holding, you were owning all or some part of the marketing or media budget of a large corporation such as Unilever or Henkel with their many brands, you were able to build a strategy on using media channels such as newspapers, billboards, radio, and television and provide your shareholders with significant annual profits.

In order to own bigger shares of the media business, large holdings taking over smaller creative companies was a remarkably common phenomenon. It was not only inevitable but also a successful way out for many smaller agencies. The strategy was that the young and more daring creative individual comes up with brilliant ideas, grows the organization to 20 to 100 people and builds a reputation as an agile underdog- out of the box and effective.

After that, it was only a matter of time until the boutique agency was taken over by Advertising Holdings, who were compensating for their lack of agility, freshness, and brave and bold ideas, or on the hunt for tactical reasons like market share and the expansion of regional presence.

So, it is obvious that one of the main triggers of change within the creative industry landscape is the disruption of the media platforms. There are various forms of visualizing the digital advertising landscape, focusing on videos, gaming, ad placement and many more. The image below is taken as an example and depicts the digital landscape and provides an insight into the current disruption of traditional media platforms:



There are various forms of visualizing the digital advertising landscape, focusing on videos, gaming, ad placement and many more.

The image depicts the digital landscape and provides an insight into the current disruption of traditional media platforms.

According to available statistics there were ca 150 solutions during 2010 / 2011, with a growth rate of almost 40% making the number of unique companies providing technological solutions being around 4900 at the end of 2017.

Cultural shift of consumers

The above-mentioned disruption not only requires a new business model, but it also demands a different way of looking at the ideation and creation process. The necessity of this different approach is driven by the fact that the audience nowadays has a different approach to how messages are distributed and received.

This applies especially to the younger generation. The cultural shift displays one of the additional elementary triggers, opening up questions related to the needs and behavioral pattern of today's youth.

Yet, it is not only the interaction with new media channels that has changed the landscape of the creative industry. The personal involvement of consumers in creating messages and content on products and services is massively influencing the product itself. Having consumers being an active part of the game, from pre-design to market implementation, the creative organizations are able to build a variety of connection between "Big Data" and the consumer.

It is often said that the creative industry forgets about the "client". However, if creatives had the right connection to the consumers, they would automatically serve in favor of the client.

Creative Talents

The aforementioned new generation of consumers that is changing the way information is received, also constitutes the talents of the creative industry. It is important to remind the creative industry at this stage that terms such as "target group", "consumers", "customers", "talents" and similar makes the industry often forget that they might be partially talking about the one and the same person or group of people.

The typical individual in this category, the so-called "talent", prefers experience over ownership. The trend to become so-called "Digital Nomad" is rapidly growing. a highly mobile and globally connected person who can work from anywhere in the world as long as internet access and a mobile device are available.

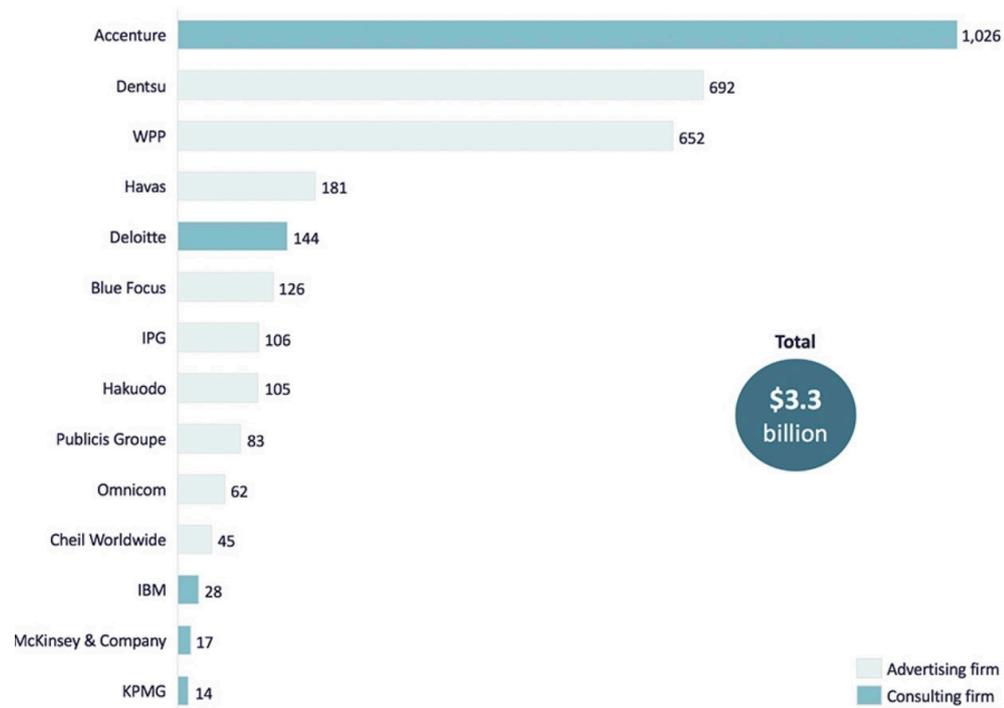
The possibility of this lifestyle challenges a number of systems. It demands a transformation of the education concept and creates the need for new working models, different working spaces, working hours, and in fact, a whole new working culture.

Consulting

The next major driver disrupting the agency's ecosystem is the business of consulting. It started with consulting companies buying creative agencies, followed by some of

the creative holdings buying consulting companies to integrate the offers they believed they were missing to compete within the consulting environment.

Accenture, Deloitte, and McKinsey alone have spent 1.2 billion Dollars on agency acquisitions. The M&A spending of consulting firms and Advertising agencies in total is around 3.3 billion Dollars.



> M&A Spending of consulting firms and advertising agencies (\$ / million).
Source: Consultancy.uk analysis, M3 data

There are different motives behind these acquisitions. While consulting companies are widening the range of their products and services, the creative organizations try to win back lost ground.

Taking a closer look at some examples of such acquisitions, it becomes clear why consulting companies have more success with this strategy:

- They bring structure and process into the business of creativity
- They are better in dealing with numbers, facts, and data
- They are better connected to the C-Suite
- They use creativity to make their consulting business look more attractive

Contrarily, agencies usually fail at applying the same strategy, as they believe in the integration of the “consulting skill-set”. It seems almost forgotten that Agencies and creatives have always been in the business of recommending ideas and concepts to their clients, basically doing the same work as consultants. Ultimately, it is not the craft that is missing, but rather the necessary business eco-system for creative agencies to thrive in.

Each of the above-mentioned transformations within the creative industry generates different challenges that triggers the urge for change in the structural business models.

Problem Categories

It is important to address why this section starts with the topic of innovation and pays special attention to it. The simple reason being, that most of the recommended and discussed organizational models or concepts proposed in this white paper are related to start-up companies rather than massive transformational shifts of existing traditional model. Innovation is the foundation of the creative industry since creatives are an important factor in the continuation of the process of it.

The issues within this field will be further explored in the next section of this white paper.

Problem: Lack of innovation culture

Without a culture of innovation, organizations are unable to unleash the potential of great ideas and therefore fail in creating the most value for the client.

Frequently, one can identify lack of innovation in the structure of an organization if the interfaces between the departments are rigid and the departments are set up vertically. If a company is massively number driven and if there is no culture of failure then that could also curb innovation.

Solution

If a company aims for the implementation of an innovative culture within the organization, it is essential to start with an alignment at the vision and strategy level before you can start “innovating”. Being an innovative organization is almost like defining a very specific role for your organization in reference to your client and the consumer.

Culture is manifested through a consistent behavioral pattern. Becoming an innovative organization requires the same consistency.

The soft approach to innovation would be reinvention, as a company could look at existing concepts from a new perspective. Innovation, therefore, does not necessarily have to be something completely new, groundbreaking, or something that has never been done before.

The most important aspect of innovation should always be the consumer and understanding of their pain and their needs.

There are three different types of innovation:

- ♦ **Incremental Innovation**- which optimizes an existing product
- ♦ **New market innovation**- which introduces new ideas into an already existing category
- ♦ **Disruptive innovation**- which creates new business models in order to reach new consumer segments

Depending on which path you choose, following recommendations are to be followed:

- You need to rethink the way you collaborate with colleagues (working culture, interfaces, horizontal team development beyond departmental structure).
- Provide room for excitement over new ideas and make it last. If innovation is not met with a critical mass of excitement, innovative thinking will be stunted within the culture of an organization.
- Integrate new profiles into the projects. The Creative Technologist is a newly generated profile that can respond to this problem as they work to fuel innovation by approaching tasks and challenges from an interdisciplinary perspective.
- An innovative mindset must be creative. Therefore it is vital to make sure technological innovation does not neglect creativity.
- Foster empathy, emotional intelligence, and support the process of identifying problems.
- Award experimentation and failure.
- Avoid hiring homogenous individuals. It is essential for innovation to have different opinions and characters within the team during the ideation process.
- Innovation needs regular networking and exchange so you receive new ideas and inspirations.
- Challenge your routines and the structure within the company.

It is essential to establish processes for innovation. Innovation is closely connected to fast-paced transformation, which organizations can manage better by establishing a structured process.



» Presentation of a new agency model in Barcelona

It is recommended to use empathetic processes and methodologies that help you focus on the end consumer. An example of an applicable methodology known to the majority of people is design thinking. However, it is recommended to take existing models and turn them into your own by modifying them to be suitable for your own group of people. Take methods as a framework, not as a rigid guideline.

Another recommended method of reinforcing innovation is the one of Preto-typing. This is when you pretend to have a prototype in order to test the market before you move beyond the ideation phase.

Most innovations fail, even if they are executed well. Fear of failure and not taking enough risks are the main cause of the lack of innovative thinking within companies. Organizations can almost guarantee the market success of an innovative idea if they apply preto-typing as an approach to the problem to test ideas without wasting many resources.

There are many different ways of testing the consumer demand through preto-typing:

- You offer something that doesn't exist yet and see if people would even want to buy it - then you expose that it's not available yet but you move to the production phase.

- You already have the product, so you're further in the development process, but you haven't mass produced it yet and want to test if you should by seeing if people would preorder.
- You create a very basic product that is functionally limited to see if people would buy it and if they do then you can develop it further.
- You test a product by having a few prototypes and putting them in stores just to see if they would be bought.

If therefore the solution for your organization is the re-invention of your existing model and expansion of your services to support your clients at product and service development level (examples are agencies such as R&GA, frog Design and few more) this is the way to go.

Things to consider:

- The essence of innovation is creating new products and bringing them to the market.
- Creativity is a prerequisite of innovation and creatives feed that process.
- All successful startups follow a certain pattern. The rule is that a great product always simplifies a job to be done and solves an existing problem.
- A good product needs clear positioning and targeted marketing, usually to a niche audience. It also needs to break existing business models, create new perspectives, and change the way the industry works.

Here are some additional recommended approaches to build, accelerate and grow innovation culture within your organization.

The concepts below are based on the fact that the level of innovation is a relative term as people have different understandings and knowledge of what has been achieved so far and what will and can be created in the future. Especially at the technological level.



» Teamwork during Rome module

In an attempt to fuel innovation, many organizations create "innovation labs". Usually, these labs are of no use since they are not integrated into the company well, aren't given the necessary tools, and signify more of a political move than anything.

If a company has an innovation lab, they need to be willing to have the outcome dictating many of their moves. Not doing so causes many ideas and proposals to fail. An Innovation department or lab must add real value to the already existing structure and get all employees engaged in the innovative process.

To do so one can follow:

Bottom-up Approach

The Bottom-Up Approach is fueled by the ideas of employees who work together in a small group. It is a great approach to scout for talent as it provides the opportunity for people to be passionate to join the innovation-related activities. More risks that

are great for innovation are taken in this scenario because the individuals have a blue ocean mentality and aren't purely driven by financial and strategic agenda.

All Together Approach

In this approach, everybody works on innovating and brainstorming a product together. This is probably the best approach for small organizations or those with extreme emphasis on innovation as their core value and driver.

Top-Down Approach

The Top-Down Approach is fueled by a strong vision of a person in a leadership role within the company, often a CEO or Founder.

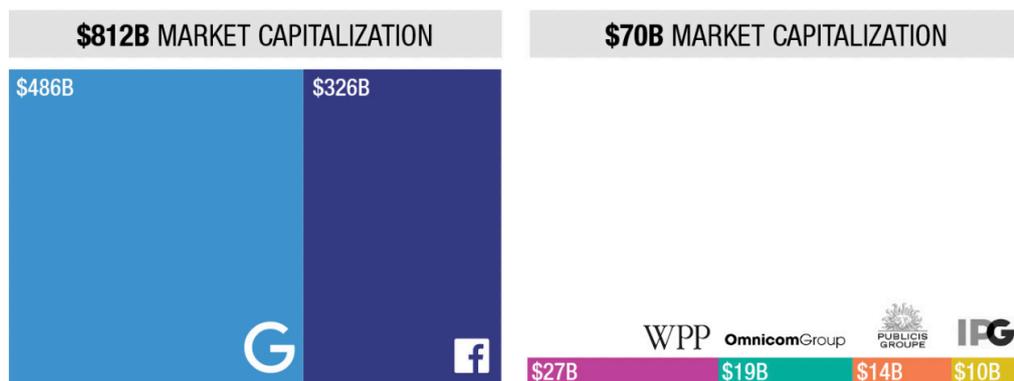
In this case, the individual takes sole responsibility to ensure all elements needed to approach innovation such as the strategy, talents, processes, enablers and the structure is given in order to design the culture.

Problem: Lack of technological integration

Technology changes exponentially, organizations are only changing logarithmically. In recent years, technology has advanced at a pace we cannot match. As technology gets better, cheaper, and faster and as it becomes a commodity, it becomes ever more difficult to compete and service clients with creative solutions without considering the technology. It has massively affected the media landscape and requires a very different creative approach that brings challenges surrounding data and related ethical questions.

The traditional media landscape had a disconnect to the consumer experience. There was a gap between product and consumer until data on how the consumer responds to the client's product or service was able to be collected and analyzed.

Organizations like Facebook and Google already became the main competitors decades ago. They have managed to enable an almost direct interaction between the brand and the consumers' experience. Nowadays, data processing firms, like software solution consulting organizations, for example, become threatening competitors as soon as they acquire Design Agencies and enhance their offerings.



» Market Capitalization 2016

Solution

The “simple” solution of “the acquisition of a tech company” is not necessarily the best recommendation for the challenge of dealing with new technology because:

A: It can only be done by a minority of all creative organizations, mainly major holdings

B: Even if arranged, the internal merge and the transformation process is often not adequately efficient. It would be more effective, as a creative organization, to partner with a technology-driven company and use their services if one feels confident enough in understanding the services and how to seamlessly integrate them into the organizations' set of offerings.

Broadly speaking, one must differentiate between the various aspects of technological impacts on the creative industry, segmenting them into:

1. **Data**
2. **Technology Driven Platforms - Mobile**
3. **Artificial Intelligence**
4. **Blockchain**

The most intense competition creative organizations face is connected to Data and Platform. Organizations like Facebook make the best use of each and win a considerable share of the marketing business. Research and consulting companies with the expertise of processing and analyzing data become a threat.

New technology has an enormous impact on data. Every day, we will have more and more data, and more technological concepts to make sense of the information we gather on consumers, and the circumstances related to their interaction with products and services. There will be an increasing number of touch points with consumers, supported by the technology enabling internet of things where almost everything will



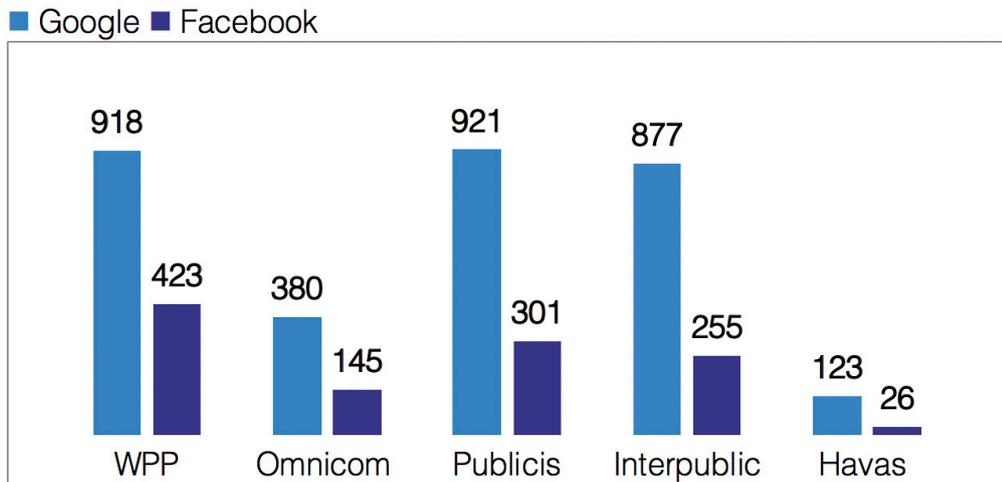
» Axel Quack talking about blockchain during Rome module

have a digital layer, leaving a digital footprint behind. The more interaction with this ecosystem, the more value you can create for both consumers and clients.

On the other hand technologies such as Artificial Intelligence or Blockchain are strongly misunderstood, mainly due to the fact that very few people know and understand the capabilities of these technologies.

Although the technology of Artificial Intelligence can be utilized to produce a copy, or imitate a painting style, for example, they won't be replacing the jobs of copywriters and graphic designers because AI does not have the creative capacity that humans do.

Disciplines of AI can be of use for a company when interacting with new media platforms and digital marketing. Facial recognition or prediction concepts that help target specific audience for promotional uses can be very helpful to a company's success. To integrate AI into a company, one must get rid of the existing predilections that employees could harbor by providing them with information about the technology.



» Number of individuals moving from Agencies to Technology Platforms.
Source: LinkedIn 2016

AI can be just another tool if you are not aiming to fully drive your organization with it.

Blockchain, however, is slightly different. The blockchain is more than just a platform for crypto-currency, it is a disruptive tool and technology. Using blockchain technology requires the willingness to respond to the entire eco-system of the near future. It is about including new contractual concepts and basing your organization on transparency and trust by running open-information policy and structuring the hierarchy of your organization horizontally.

Only those who plan to found a new creative organization, plan to support the concept of digital nomad, include the highest rate of flexibility, transparency, and agility might want to consider to base their organizational design and process development on the blockchain.

When looking at the landscape of the creative industry, one option is to maintain position and focus on what your organization is great at. There are a number of reasons why companies like Google or Facebook hire a large number of creatives.

Creativity has an unbeatable advantage over technology because of the human factor. It comes with empathy, is not predictable, and one can even find beauty in its mistakes and unpredictability. Great creative work must not necessarily be perfect.

If you, however, intend to turn your current organization into a technology-driven organization you may want to follow these recommendations:

- **Make or Buy strategy:** depending on the size of the organization, plan to either partner with a tech company, collaborate with a few selected tech-driven organizations, or set up your own internal tech department. Studies derived from this white paper have shown a reoccurring pattern: smaller creative companies often rely on themselves as a source for new domains, while in larger organizations acquisitions and collaborations are observed as the primary strategic solutions.

To integrate tech-experts into your organization, one must make sure to not create a vertically set up department because a collaborative environment is necessary to make sure the creative and technological team works closely together.

- ♦ **Get rid of the fear:** because technology is exponentially changing, and most organizations are not able to keep up with that change due to lack of necessary tools and know-how, a tendency towards an increasingly anxious attitude towards new technology is generated. It is accordingly important to see the opportunities in technology instead of seeing it as a threat by regarding it as a new toolbox you can playfully introduce into your organization.
- ♦ **Delegate tasks to machines:** looking at technology as an intelligent tool, allows you to use it in a productive way, the time you gain provides you with the chance to be creative in a different manner. Introducing the culture accordingly and encouraging and educating creative teams to integrate the technology, produces a considerable value for both creative teams and the clients.
- ♦ **Democratize Creativity:** Technology and Creativity feed one another. Technology is providing Creativity with new platforms to play on. It is changing so quickly that it can give creativity new opportunities to realize more and different type of ideas again and again. With technology as a new tool, accessible to more people, you open the ideation and execution of a whole new dimension and attract a new type of talents and enable new forms of collaborations. If you have a mobile device and few apps you have all the tools necessary to be creative on a very low budget and still produce great work, relevant to your client's needs and experiential for the consumers.
- ♦ **Technology as a facilitator:** once you have a purpose and are clear about what you aim to achieve with your service or product for your consumers and clients, you can use technology to gather valuable insight and optimize the value you create. Technology is not the answer to your problems, it is the question you ask what makes it possible to use it and can cause a drastic improvement.
- ♦ **Use Design:** design humanizes Technology. Technology and Data were always there, they just became more visible and reachable to everyone. Today, you directly interact with technology and have to make sure you create an experience useful to the consumer. One must think of the social impact of your service and this is mainly done through design. Designers are the mediators between technology, business concepts, and humans.

Problem: Lack of “Client Centricity”

Being client- and consumer-centric is one of the strongest characteristics of the creative industry but something consulting firm or technological corporation manage to do much better. T

he creative industry tends to be easily distracted and is more focused on itself than to the real needs of the client and consumer.

When looking at the business model of creative agencies one must consider, that numerous stakeholders have extremely misaligned points of interests.

On the client's side, the people are also affected by internal politics of the organization and other influences such as exterior economic pressure and the cultural shift of consumers due to new technologies. Therefore, they have become more aggressive in their negotiations and the trend of Inhouse-Agencies has picked up dramatically.

On the creatives side, we see creative individuals that are more focused on the craft itself and celebrating their work than they are focused on adding real value for the client and the consumer.

This combination of misaligned visions leads to a severe conflict of interests, which fosters a polarized relationship between client and creative.

Solution

The very first step towards solving this problem is making sure the creative team focuses solely on the client and their needs.

The consumer-experience that the clients require of creatives is becoming more complex, due to the advanced and diverse technological capabilities. Every touch point of the consumer with the product affects the entire perception of it, meaning you have to work with more stakeholders to make the experience seamless.

For creatives, it would be helpful to be involved in the entire process of production, even at a product-development level, because the entirety of the experience cycle should be considered part of the marketing campaign. This not only motivates the creative to do the best they can because they are invested in the success of the product but also gives the creative a greater understanding of the product, its mission, and how to compellingly advertise it.

In general, the more client-centric you become, the more you interact with the products and services of your client and thereby work closer with them.

Traditional creative organizations do not interact with every aspect of selling the products of their clients. To be more involved and in touch with the consumers, and make sure the product they are advertising or designing has market success, they would have to design their organization working process similar to the structure of a typical start-up innovation process.

To assess the success of a service or product your client is selling, the implementation of a strategy in which the structure of the organization is built around a product is recommended. The difference to the traditional, corporate model is based on two main elements:

- The Progressive Fit
- The Wonder Learn Loop

The Progressive Fit

- Problem-Solution Fit: understand and decide what problems the product should solve at the ideation stage.
- Problem-Market Fit: shape the product in a way that people want to buy the product and you must understand the main attraction of the product and why people would want to buy it.
- Business-Market Fit: make sure the product is fit for the market and a sustainable company, that functions at an operational level, can be formed around it.

The method used to go through these three steps of the startup process (Progressive Fit) is called The Wonder Learn Loop, which represents the repetition of steps and

in which you learn if you can create a solution, if the solution can become a product, and if the product can become successful business venture.

The Wonder Learn Loop

Hypothesis -> Experimentation of Hypothesis -> Market Implementation -> Consumer Feedback -> Back to the Beginning (hypothesis for a better product)

An example of the loop would be to start with a model such as design thinking, have an empathetic approach to a problem, and come up with solutions and be able to integrate the client or consumer feedback loop. As next step prototype and finally test it to conclude and confirm that the solution actually works.

Overall, if the client and the creatives both work together with the common goal of helping the consumer, by integrating the creatives into the client's production process, then collaboration will run smoother and more efficiently.



» Fernanda Romano in action in Barcelona module

Problem: Attracting Talent and The Upcoming Generation

Young talents are needed within any organization as they usually harbor a deeper understanding of current trends and the target consumer group.

The traditional structure of creative organizations makes it very difficult to attract young talents because they want to increasingly work independently and globally and feel creatively confined in a corporate structure. Organizations often aren't capable of attracting and keeping talents as they are not willing or able to provide a suitable environment and with the right conditions.

The main conflict and misunderstanding is of a cultural nature. As an organization, if you are not willing to adapt to the culture or at least react to the needs and pattern it creates, you will have difficulties solving related challenges and attracting young employees and customers.

Generally speaking, the issue of lack of talent is a problem of the organizations, and not of the individuals. It is not the case that there are no talents available.

It is purely the fact that the organizations aren't capable of keeping those talents as they are not willing or unable to provide the suitable environment and conditions.

Solution

The key component of a successful organizational models is people. An individual that is eager to learn, is hungry for innovation, and wants to do new things they have not done before, comprises the ultimate profile.

To secure and attract talents you need to make sure to have a system in place, in which you consistently educate people to help them learn, grow and take responsibility. Only a system like this allows innovation and growth.

The successful model of a future organization brings a diverse range of people with different expertise, different personalities, and even different perspectives together, but they all share one common quality: the willingness to work together to follow the same purpose and vision.

To achieve an attractive working environment without fundamentally transforming your organization from a process point of view (working hours, reporting concepts, interfaces, etc.), there are a few steps you can follow:

- Design an experiential working environment
- Create a sense of purpose for the employees
- Try to avoid bureaucracy and politics as they disconnect employees from the end-product and end-consumers, which causes demotivation
- Provide a culture that embraces rebels who question outdated systems and promote change and disruption
- Always educate your people on new technologies and update your infrastructures. Talents go where they are treated best

At the same time, the main gap between what corporations would identify as a profile of talents and what society offers, has directly to do with the educational and academic infrastructure given.

Nowadays there is a gap in the academic systems in which the education needed to keep up with the times does not equal the education that is there. As long as we are unable to reshape the education system and shift the understanding of what, how, and where to learn, we will not be able to influence the growth path of talents.

This conflict leads into a self-learning society in which traditional job descriptions don't attract individuals anymore and one should base whom they hire off of individual capabilities and interests.



» Luis Villa during his presentation in Berlin

Trends and Tips

1

When a business model is running well, there always comes a point of decline, at which a reinvention of the company becomes necessary. This is the point most agencies have reached now.

- To restructure your organization, the first question you'll want to ask yourself is what exactly do you want to achieve. If you are not true to your core values, you start losing both clients and talents.
- Before making any modifications, it is important to look at the structure of the workforce in a creative company. Currently, people are less willing to tie themselves down to a corporation, this means that freelancing is becoming more and more popular.
- It is essential to plan constant implementation of the latest technology within your company. This is the only way to keep up with clients and consumers, but also a way to better how you work. One should utilize technology as a tool, not as a strategy or a replacement.
- Limit yourself with self-set restrictions and attempt to work around these limitations.
- Don't allow your purpose and vision turn your organization into an exclusive bubble as you will lose contact with your consumers.
- Make sure to integrate a culture of constant innovation, reinvention, and education based on admitting what you don't know. Admitting you don't know something is a key factor of success.

2

The trend is supporting the concept of the super freelancers and digital nomads. Younger talents choose to design their lives more independently. This lifestyle is supported by blockchain technology and the concept of decentralized organizations and networks. This calls for new working models and new living models.

- With co-working models, freelancers can work from anywhere in the world. The market for this model is growing, so you might want to consider structural models where you base your identity on a core team and your main delivery strength is coming through a network of experts globally spread.
- When forming your organization you should ask yourself "what's broken?" - take a critical look at your business model and find the faults, then develop a solution to fix these. This concept allows your company to evolve organically.
- The Moonshot Approach would be an alternative path, in which you start re-designing your organization based on finding a problem that seems impossible to solve and then model your structure based on that stance so that you are able to:
 - Address a huge problem
 - Propose a radical solution
 - Use breakthrough technology

3

The concept of an Inhouse-Agency is becoming more and more popular.

The main reason for this trend is that clients need to live up to the expectations and demands of the consumer. How can an agency know their client in depth enough to understand everything they want to achieve within the mission of their organization and provide exactly what they want if they are not in constant communication and entirely immersed in the company?

It is possible to design your company according to the needs of Inhouse-Agencies by limiting your structure and team to the essentials that a client would want to buy.

4

There is a current trend of “rebirth of design”.

The design is no longer limited to a role described within the creative organizations. The discipline of design is connected to a human, to communication, and to interact, to the concept and the messaging. The design is used today to solve communication problems of a brand to their audience. Setting up a design organization is the closest measure you could take if you plan to set up a creative consulting organization.

5

Another option to transform and re-design your organization is by learning from Experiential Design.

Experiential Design is the practice of designing products, processes, services, events, omnichannel journeys, and environments with a focus on the quality of the user experience and culturally relevant situations. Experiential design is physical and conceives context to the experience of a brand. The targeted consumer can connect with what you’re creating through a physical experience.

To re-design the structure within your agency model and become Experiential-Design driven, you must start by re-organizing the creative department. Often the creative part of your company is perceived as the most important section, over client services, production, or engineering.

The recommendation therefore is:

Get rid of your creative department

By having a creative department, your company separates creativity from the other departments, and you therefore only have a limited perspective on products. To solve problems creatively and come up with new ideas, it is helpful to have people from different professional backgrounds working together because everyone can contribute their own, very different perspective.

The concept of department-based structures makes each department homogeneous, is static, and demands interfacing. When people from one department only receive feedback from people within the same department, they usually share the same perspective as them and therefore they won't get the best results and develop innovative ideas. You need heterogeneous groups to encourage innovation.

Remove limiting factors from the early stage of ideation

By including decision processes such as budget, target audience, practicality, etc. at a later stage, it forces you to re-think the interfaces within your organization and

enables more creative and innovative thinking. Taking this bold step empowers you to disrupt your outcome and solve problems of your clients in a new way.

Kill creative egos

Bad ideas don't exist because you can build upon them - one must remove filter and inhibitions and simply throw ideas out there because they might become great with the contribution of others.

In today's culture, ownership of ideas doesn't exist, as almost everything is inspired by something else. As an organization, you must support your creative individuals to let go of wanting all the credit for an idea. The concept of awards is the key here and feeds the "Creative Ego Culture". Award the industry for having solved real client and consumer problems and not for having owned a great idea.

Create a sense of agency

Make sure your employees feel like they have an impact on the company throughout different stages of interacting with your client and the consumer. From the creative and ideation process to production and development, or even to DNA of a company the employee must always be included and given the agency to change things and contribute because a creative needs a framework of expression.

A framework in which employees in general, feel like they can express themselves and their ideas freely without any limitations in order to create an impact.



Using startup processes to fundamentally redesign your organization is another recommended approach.

The competitive market of your clients is constantly changing. There is the pressure and need to have products and services on the market faster than ever before.

What has not changed is the overall process landscape: The client has to invent, design, and produce a service or a product and come up with a go-to market strategy to promote the outcome.

The new opportunities for creative organizations lie in the expanded point of entry into the "client and customer journey".

The task for creative organizations, therefore, is to adopt the startup mindset, form the structure to allow experimentation and failure, and the unconditional repetition of it until it can find the right solution for the client's problems.

It is highly recommendable to work closely with and for start-ups to understand the process successful startups go through.

Only this way can you support bigger clients, who wish to become more innovative and to transform their organizations successfully. You will have the possibility of entering the life cycle of your client's product at different stages, and become a more consultative product or service designer and a technological creative partner.

Predicted tendency in a nutshell

Considering areas of impact, drivers, triggers and the outcome of interaction with contributors of this program, we project that the smaller and agile agencies are the higher will be their chances to survive, adapt, and own the future market of creative services.

Decentralized organizations with horizontal or collaborative hierarchy will gain ground, organizations will be designed disconnected to the physical space. And without departmental vertical structure.

There is the clear indication that there will not only be one agency model but many different models, as the market is changing fast and one size does not fit all.

However, the fragmentation of agencies will have a common pattern:

Creative organizations will be more specialized in one segment. They will be smaller in size and more agile but globally active. Some will be highly driven by technology as a production tool, some will be focused on marketing platforms, and others with strong technological implementations like AI and augmented reality and other upcoming technological tools of interaction.

As geographic importance declines because of continuous globalization, top agency models with clear purpose and specialization will work with super freelancers, without trying to be a dominant model as market share won't be the primary strategic target. The agility and capability to re-format, re-direct and re-organize in order to fit market transformation as quickly as possible, will dictate the strategy of creative organizations.

If the right structure and business model is given, lack of talent won't be an issue anymore. If the specialization is given, you will always have your role as trusted advisor to your clients and improve with their growth. Your small size will back up the size of your business and the success of your clients feeds your success.

Collaborative teams will replace departmental expertise which leads into new roles and functions based on new craft and capabilities being brought together to use creative approach to solve problems as rather using creativity to communicate messages. The craft integrated into the creative industry eco system will therefore go far beyond the current list of roles and job description, including a huge portion of soft skills to support the application of creativity to humanize technology.

Examples

Using the insights and results of our conducted studies and interviews, the collaborating team involved in the project of Creative Incubator simulated a number of organizations.

The trend already confirms why the focus of this white paper lies so strongly on innovation.

Most designed models are new formats of an organization, rather than a re-invention of the existing models. In many cases, however, the “client-centric” approach has become an elementary aspect of the construction.

Presented, are some examples of the models that are built generically so you can take pieces and segments of them and apply them as a partial trigger for the transformation of your organization to cause and create improvements.

METAMOTO

Ideas are the currency

Metamoto is a crypto-currency fueled agency that believes in transparency and creating objective value for creativity. Metamoto has its own currency, and so do their employees (20% of their salary is in crypto-currency).

They sell those to clients with ICOs. The objective value is determined by demand/offer.

How it works

Metamoto will issue 260 coins per year, 1 coin = 1 day of work in the agency.

Clients bid on coins for work (max 2,5% coins for a single brand).

Value Proposition

- Objective value for creativity
- Win-win relationship (both the agency and the employees make a profit when the currency arises)
- Transparency- Coin value published publicly
- Increases the value for the agency's ecosystem
- Sharing risk
- Turns clients into investors
- The anonymity of the creative works - work speaks for itself

Areas of impact

- The value of creativity in our culture
- How employees and creatives get rewarded for their work
- The relationship between the actors/players
- Innovative mindset for agencies

Challenges

- How will we get clients to understand and accept/buy our idea?
- Is this a business model for other agencies, too?
- Is it better for employees?
- Is it scalable?
- Would it work for actual agencies?

HAI

Connecting Intelligence

A revolutionary open platform where clients all over the world can submit complex business problem briefs to any creative industry professionals.

Based on an advanced AI system, the platform perfectly matches the best suitable and compatible team for the project by evaluating the candidates using patented personality and professional tests (created by specialized teachers in top international universities).

How it works

- Developing and teaching AI how to match members into a team for a certain client brief
- Beta testing – bringing the first batch of professionals from creative industries (CI professionals) to the platform and creating their profiles
- Giving the CI professionals personality tests in order to adequately assess their individual profiles
- Giving companies the chance to experiment on our platform
- Create campaigns for individuals to register for our professional platform
- Create B2B campaigns for companies to enroll
- After populating the platform, clients will have the chance to submit their briefs
- AI will match teams to projects
- Teams will start working on client briefs

Value Proposition

- Companies pay a yearly fixed fee to use the platform
- Companies will pay individuals specific rates if they join the project (and possible success fee if they do a great job)
- Professionals register for free (but agree to give periodical professional/personal tests)

Areas of impact

- Emotional connection and trust between clients and agencies

Challenges

- Work / refine the AI system so we can use this as a backbone for a B2C dating system

IDEAS TO GO

Need it. Find it. Take it.

.....

There are millions of clients that need a campaign but don't want to spend time, money, nerves... that it takes to work with an advertising agency.

There are millions of creatives who have a lot of valuable ideas which they want to sell to clients.

Ideas to go is an online collection of great ready-to-use communication ideas which you can buy with a click.

How it works

- An online bank of ideas where clients can buy ready to use ideas in a click.
- We are going to take the model of online photo banks and Bandcamp but improve it to advertising needs.
- Creatives can upload their works for free and get rights protection through the signing of a contract.
- Clients can buy a basic subscription with access to an advanced search of ideas and then buy for the price submitted by the creatives plus the platform fees.
- If they need a strategic approach, they can buy a pro-account with personal consultancy.

Value Proposition

For clients (marketers, agencies, freelancers):

- You can buy from a big choice of ideas in a short time, in a click
- You can buy customization

For creatives

- You can give a second life to your ideas
- You can sell your ideas at your price, with legal protection

For investors:

- Have a share of a growing half trillion \$ industry

Areas of impact

- Time to market
- Values of ideas
- Process of pitching ideas
- Accessibility/diversity of solutions

Challenges

- Premium or mass production
- Human or machine moderation
- The relevance of past ideas to current challenges

THE PLAN

We have the plan, motherf*cker.

.....

We're here to help creatives go through their career cycle, inform about the industry innovations, help learn the necessary skills, mentor others or perhaps make the necessary switch when there's a good timing.

Humans. Why? Because they are the core of demand and supply chain, ergo the core value for a successful transition, innovation and growth of the companies and industries as such.

Creatives can have no clue where they are and where they are going while others at the same time might know exactly where they are and where they are going.

How it works

- Career management/Life & career consultancy
- Placement (career) - support with valuable industry trends, insights, learning materials
- Connecting / pairing individuals in structures that benefit and compliment each other needs
- Networking events

Value Proposition

For Businesses

- Saving money on headhunting
- Adds value as the benefit package for future employees / showing care for them
- Saving time: No need to train inside the company juniors, because let's face it - nobody has the time
- Employees stay relevant, up to date

For Creatives

- security: Social and emotional security of the organisation behind the talent. Safety net.
- answers: What to do with my life? Idea of who you are, where they are going.
- eyes: overseeing the industry
- development: mentorship, new skills for growth;
- prestige: being a part of an exclusive club, network of powerful connections.)

Areas of impact

- New technology - new skillsets and changes in management
- New generation - human value based agencies, which lead towards constantly jumping from job to job to feel the fulfilment
- Changes in society - people are more independent, have lot more options, resources to move and start fresh which triggers again - moving of talent

Challenges

In the time where the industries are changing rapidly their current or even historical functioning based on new technology innovations, there is not only the need for redesigning clients and agencies, but also a necessary skill set for the future creative workforce.

Lecturers and mentors



Jamshid Alamuti
CEO and co-founder
Pi School



Patrizia Boglione
Strategic Creative Director
Angelini Design



Kris Hoet
Global Head of Innovation
FCB Global



Fergus O'Hare
Global Creative Director



Julio Obelleiro
CEO and co-founder
Wildbytes



Nicola Mattina
Entrepreneur, Mentor and
Co-Founder of Stampplay



Axel Quack
Strategy Director
Frog Germany



Fernanda Romano
Founder, Strategy and Creative Partner
Malagueta Group



Luis Villa
Strategy Director
Fjord

Advisory Board



Till Diestel
Creative Director
BBDO Berlin



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President of ADCE
Chairman of Hasan & Partners



Johannes Newkrla
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Merlicek & Grossebner



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Eugeniu Boico

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Publicis Moldova / NRG Media

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Creative Brand Strategist
Red Bull Global Consumer Products

Sara Bottani

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Faiza Bouzenoune

Chief Operating Officer - Convidera

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Filo

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Natia Chomakhashvili

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Uldis Daugaviņš

Creative Director - Idea Group

Norman Di Palo

A.I. and Robotics Advisor
Pi School

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Bildi Grafiks

Daniele Galuppi

Architect & Graphic Designer

Sonia García

Head of Product - Muno

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Director of Creative Services and
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Alexander Högenauer

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Ossi Honkanen

Senior Creative, Manager of
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Darius Kisielius

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Aleksandra Klein

Research and Teaching Associate
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Business

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Managing Director
Wiktor Leo Burnett

Pablo Lombeida

Founder and CEO - Brandon Logan

Tine Lugaric

Creative Director- Luna\TBWA

Filipe Macedo

Chief Marketing Officer
& Strategist- comOn

Lado Malazonia

Creative Strategist

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Senior communicator and Creative Soul

Helena Marzo

Creative Director and Creative
Editor

Irina Metneva

Owner and Creative Director
Vandog agency

Mariami Muradashvili

Graphic Designer - AE Solar

Pascale Nader

Creative Director

Andreea Nemens

Marketing & Brand Building
Consultant - GMP Advertising

Alexandre Nobre Batista

Creative Director - LABEL

Héctor Noval

Lead Designer - Designit Madrid

Ieva Ozola

Creative Copywriter

Laura Parè

Product Designer

Irina Pencea

Co-Founder and Managing Partner
Jazz Communication

Dalia Poleac

Fashion Consultant

Vlad Popovici

Managing Director
Kubis Interactive

Tobias Rechsteiner

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Prolog.work

Eylem Samland

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Toma Silinaite

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Eva Sundkvist

Digital Creative Strategist Convidera

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Massive Digital Creative Agency

Jukka Virkkunen

Art Director - Grano

Sabrina Vlasceanu

Creative Copywriter - Godmother

Aleksandra Vukovic

Solo Entrepreneur

Silvia Weber

Design & Account Management

Folker Wrage

Founder
Wrage / Antwort

Denys Vladyslava

Creative Director

Michaela Zemlova

Copywriter
Oliver Agency Central Europe



Creative Incubator 2018 in numbers

3 MODULES
Rome - Barcelona - Berlin

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PARTICIPANTS

21

COUNTRIES

Austria Czech Republic
Finland Georgia Germany
Italy Latvia Lithuania Moldova
Netherlands Portugal
Romania Russia Serbia
Slovakia Spain Switzerland
Turkey Ukraine USA

21 Creative and Art Directors

11 Founders

9 Copywriters

6 Managing Directors
Design Consultants

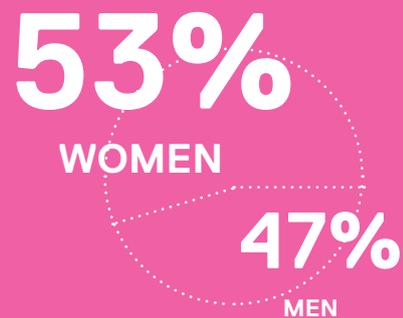
5 Graphic Designers

4 Creative Strategists

3 Executive Directors
Head of Products
Academic Researchers

2 Chief Operation Officers
Chief Marketing Officers
AI Advisors/Engineers
Architects

1 Communication Consultant
PR Specialist
Fashion Consultant



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