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# Business

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## Trust: tie that binds clients, ad agencies

By David F. Stein
special writer

The ad game has its own seven-year itch.

As a national average, companies tend to stay that long with an advertising agency. But many suburban Detroit agencies, with client lists that include national heavyweights, are trampling the industry norm.

Area winner is the Ross Roy Group of Bloomfield Hills, Chrysler's agency since 1926. It has also represented Blue Cross and Blue Shield of Michigan for 33 years, Kmart for 23 years and Detroit Edison 21 years.

The key to long-term success is trust combined with a sense of partnership, said Bruce Wagner, Ross Roy executive vice president.

"We go though various economic cycles. There will be difficult times — thus the importance of a strong bond and good, long-term relationships," Wagner said.

Another strong bond between client and advertiser was forged by Ernest Baker, chairman of DDB Needham Worldwide and Standard Federal Bank, both in Troy.

THIRTY-SEVEN YEARS ago, Standard Federal left an agency that was also representing another bank and went with Baker. It has been in the fold ever since, coming along with the merger of E.W. Baker with DDB Needham in 1990.

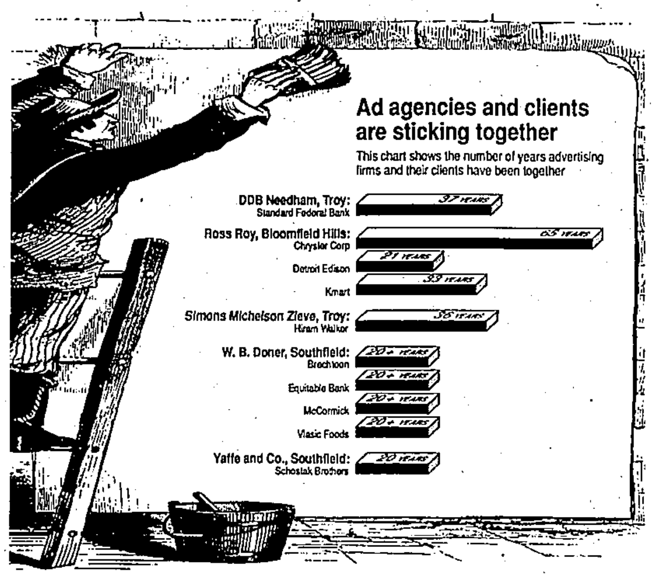
A longlasting marriage was begun in 1955 when Hiram Walker signed on with Simons Michelson Zieve in Troy.

The key, chairman Morton Zieve said, is working with a client as a marketing partner, helping to make marketing decisions.

Other ad executives offered their formula for success.

"The key thing to be with a client is to be indispensable," said Fred Yaffe, chairman and CEO of Yaffe and Co., Southfield. Yaffe's oldest client, Schostak Brothers, has been with him for 20 years.

Southfield's W.B. Doner has been servicing several clients for more than 20 years. These include the spice giant McCormick, Equitable Bank, Vlasic Foods and the outstate food processing firm, Brechteen.




BUT TOUGH ECONOMIC times can test the best of agency-company partnerships.

Zieve said he has had more inquiries from companies looking to possibly switch agencies this past summer than he can remember for quite a while.

"When things get hard, companies look for a magic pill to help their companies," Zieve said.

Other execs aren't so sure, saying that turnover kinetics haven't changed despite the continuing lean economy.

Ross Roy's Wagner said that ad agencies may actually be leading the search and rescue missions.

"I'm not sure they're switching more frequently, but there is increased ferment and competitiveness amongst the agencies," Wagner said. "It's a general recessionary effect; a lot of agencies are knocking on a lot more doors."

WHEN COMPANIES do have switching on their minds, it may be the result of a sound business reason, such as falling sales, or simply caprice.

As a general rule, the less substance to a product, the more often companies switch agencies. So, companies whose business is products like toothpaste or soap tend to be friendly to ad agency switches.

Yaffe suggested that in this area ad agencies aren't always the blame. In fact, they may be doing too good a job.

"There is nothing in the world that will kill a bad product faster than good advertising," Yaffee said.

Local execs agree that companies usually don't decide to switch based soley on cost of services, but as Yaffe explained, "Price is never important unless you don't have the lowest price."

The most frequently given reason for lost business — a change in management. New bosses like to wipe the slate clean and bring a new ad team on board.

Agencies may also lose an account when a company takes a new marketing or product direction — a kind of messenger complex on the part of business.

But changes bring risks as it takes time to bring a new group up to speed, contends Marilyn Barnett, president of Mars Advertising in Southfield.

Thus, ad execs believe that the best companies would rather fight, or fix, than switch agencies.

"If you want to really change agencies, what you are really changing is probably people. Smart companies don't drop agencies; they fix the people part," said John Kolon, president of Kolon Bittker and Desmond, Troy.

"The worse companies jump around a lot; the best companies get the best agencies and keep them for a long time," Kolon added.

But change seems to be a constant in the adertising wars, and agencies face increasingly competitive challenges as marketing communications becomes more complex.

"Twenty to 25 years ago, you could reach 90 percent of life in the United States through TV or advertising in Look, Life or Post (magazines)," DDB Needham's chairman Baker.

Now marketing experts search a maze of methods and media to reach consumers — from direct mail and telemarketing to cable television and special focus groups.

Whether large or small, ad agencies will have to be quicker in the future with clients gauging their mastery of these new marketing modes.

"The agencies that are not as well prepared for the changing marketing comunications are going to be more liable for clients changing," said Ross Roy's Wagner.

## College expenses nearly paid; Is there a better way?

By Dan Boyce
and Alan Ferrara
special writers

*This is the third in a series of Financial Profile articles on financing a college education. The first column dealt with the Austin family's general finances. Last week we offered suggestions on how they could manage their assets to reduce their expected family contribution. This week, we concentrate on filing financial aid forms.*

### Financial Position

| ASSETS | |
|---|---|
| *Savings & Investments:* | |
| Checking and Savings | $6,000 |
| EE Savings Bonds | 500 |
| Money Market | 23,000 |
| Ford Stock | 21,500 |
| 401(k) Savings Plan | 17,200 |
| Gold Coins | 500 |
| TOTAL Invested Assets: | $68,700 |
| *Use Assets:* | |
| Home | $110,000 |
| Autos | 18,000 |
| Other Personal Possessions | 20,000 |
| TOTAL Non-Invested Assets: | $148,000 |
| TOTAL ASSETS: | $216,700 |
| **LIABILITIES** | |
| Home Mortgage | $62,000 |
| Auto Loans | 14,000 |
| TOTAL Liabilities: | $76,000 |
| NET WORTH: | $140,700 |

### The Bottom Line

Financial Strengths:

- ✔ Little consumer debt/adequate reserves.
- ✔ Ownership of home
- ✔ Regular savings plan in place.
- ✔ Good company pension and benefits.

Financial Weaknesses:

- ✔ No planning in place for goal attainment.
- ✔ College costs are unfunded.
- ✔ No estate plan.
- ✔ Potential need to assist parents financially.
- ✔ Inadequate life insurance on Mark.

FAMILY FINANCES

There is no question that financial aid will be a major part of the financing needed for the Austin children to attend the colleges of their choice.

Daughter Jill would like to attend a private college that will cost $20,000 per year by the time she graduates in two years. Mike Austin's income is $39,000 per year, so such a financial outlay for his daughter's education is clearly out of the question without depleting the family assets. Son Ted is planning to attend Michigan State University in three years, which will cost $8,500 per year.

IN JILL'S senior year, they will need to fill out financial aid forms that are used by college financial aid officers to determine eligibility for assistance. The forms usually are available to students in November of their senior year.

The two most widely used forms are the Family Financial Statement and the Financial Aid Form. The Austins should find out which form is used by the colleges their children want to attend.

When filling out the forms, the information should be complete and as accurate as possible. The forms ask questions about income and assets. Estimates may be used, but they should be as precise as possible. When using estimates, use specific numbers such as $355, rather than a range such as $300-$500.

THE AMOUNT OF financial aid available is limited, so it is important to send in these forms as soon as possible. Financial aid officers are more likely to be generous when the financial aid coffers are full. But if the forms are returned after Jan. 1, they are usually returned.

Be sure the forms are complete — blanks may hold up the application for weeks. Be sure the application is signed and the Social Security numbers are filled in.

Always check the box requesting review for a Pell Grant. Although these are typically only given to very poor people, frequently this grant must be applied for to be eligible for any additional financial aid.

When son Ted applies, he will need to be registered for selective service after age 18. He will not be eligible for financial aid without proof of registration.

IT IS important that all information be true and accurate. Falsifications can result in rejection for current or future financial aid.

Check with the specific institutions to see if they require additional forms. Additional information may be requested, especially for private colleges. The purpose is to find out if the student has additional resources that may not show up on standard forms and to determine if the student may qualify for specific financial aid programs at that institution.

Using the information on the two major forms mentioned, an "expected family contribution" will be determined. This factor is important, because regardless of the cost of attending a university, the expected family contribution will not change.

IN THE EXAMPLE we used previously, if the expected family contribution was $4,000 and the yearly cost was $3,500, no financial aid would be forthcoming. But if the annual cost was $12,000, an $8,000 package could be requested. In other words, any gap between the expected family contribution and the cost of the institution may be covered through a financial aid package. This package may be a combination of grants, loans, and possibly a work-study program.

Grants are outright gifts of dollars to be used for educational costs. Student loans must be repaid. But these payments can be spread over a long period of time and are at reduced interest rates when compared to personal loans. Work-study programs require a commitment of time from the student, and this may curtail other extra-curricular activities.

Assets and — to some extent — income, should be structured so as to provide the lowest possible expected family contribution and therefore qualify for the greatest amount of financial aid.

*Dan Boyce, a certified financial planner at the Center for Financial Planning in Southfield, has been recognized by Money Magazine as one of the top financial planners in the nation. Alan Ferrara is a partner in the Farmington Hills law firm of Couzens, Lansky, Fealk, Ellis, Roeder & Lazar. Both serve on the board of directors for the Southeast Michigan Chapter of the International Association for Financial Planning.*