

"All the News  
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Today: From partly to mostly sunny. Gusty breezes in southern Missouri. Highs from the 60s to around 70, but cooler in Nebraska and near Iowa. Weather map is on Page C12.

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The Hincapie Barkley cycling team. The Barkley agency is betting that its sponsorship will give it new credibility with clients.

ADVERTISING

## Seeking Profits (and Respect) in Ownership

By STUART ELLIOTT

**R**EMEMBER the riddle that was all the rage in elementary school, "What has four wheels and flies?" (Answer: A garbage truck.) Here is a contemporary version, from Madison Avenue: What has 24 wheels and flies?

Answer: A 12-member cycling team, which is emblematic of the ambitious efforts by agencies to diversify beyond making ads.

Barkley, an agency in Kansas City, Mo., is spending about \$50,000 to sponsor the team, in the category for riders ages 15 to 23, with Hincapie Sportsweare, a company in Greenville, S.C., that specializes in apparel for cycling, biking and outdoor recreation. The team members wear jerseys bearing the logos of Barkley and Hincapie, along with the logos of other sponsors like Giant bicycles.

The goal of the agency's stake in the Hincapie Barkley development team, as it is called, is to gain gritty experience in sports marketing as well as marketing to consumers who are young — or young at heart.

"It's a great way, a unique way, to get information we can use for existing clients or new clients," said Brian Brooker, chief executive and chief creative officer at Barkley, which until 2006 was known as Barkley Evergreen & Partners.

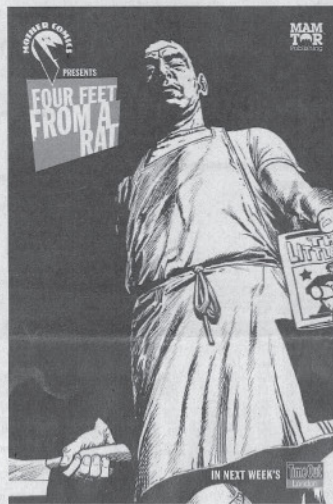
"If we're in a pitch for any account in the active lifestyle field, it's instant credibility," he added. Barkley is taking part in a trend that is meant to reshape the way agencies earn profits, experience and, to some degree, respect. The intent is to look beyond traditional services like creating advertisements, buying commercial time or planning media schedules.

In some instances, agencies are going into business with clients by taking ownership stakes in companies or sharing revenue from the sales of products that the agencies advertise.

For example, Sugartown Creative earns a percentage of the revenue generated by the 11 Palagio range of premium-price organic foods. The agency was hired in 2005 by Trudee Saylor and her husband, the musician Sting, to work on the account.

And Crispin Porter & Bogusky, part of MDC Partners, said last week that it would be given a "significant" equity stake in AmericaFree.tv, a company that offers 20 online channels of video clips, in exchange for handling tasks like branding, marketing and redesigning the company's Web site (americafree.tv).

"We're looking for opportunities that would enhance our



Mother, the British agency, is creating a line of graphic novels that it will distribute in Time Out London magazine, a client.

knowledge of what's going on in the media business," said Chuck Porter, co-chairman at Crispin Porter and chief strategist at MDC, "and these people we feel we can partner with."

Another rationale for the agreement is that "it's basically sweat equity," Mr. Porter said. "They don't have the revenue in pay for the kind of marketing services they would like to get, so instead of them paying us a fee, we're taking a piece."

Mother, the innovative British agency, announced on Tuesday the introduction of Mother Comics, a line of quarterly graphic novels to appear inside issues of Time Out London magazine, a Mother client. Plans call for the novels to be collected by the end of the year in a stand-alone publication that will be distributed by the Time Out Group.

"This is our calling card," said Mark Waites, joint creative director and a founding partner at Mother, "flexing our creative muscles."

Jerry Spiced Navy Rum.

As enticing as entrepreneurial ventures outside the realm of advertising may seem, they can involve pitfalls, just like the traditional aspects of the business. In 2004, when Crispin Porter & Bogusky was hired by Method, a maker of cleaning products, Method gave the agency an equity stake. That proved problematic two years later, when Method left Crispin Porter for TBWA/Chiat Day, part of the TBWA Worldwide division of the Omnicom Group.

"It didn't work out the way we envisioned," Mr. Porter said. Crispin Porter retained its equity in Method, meaning that the agency is in the odd position of hoping a major competitor succeeds with an account it could not keep.

And as Barkley cheers on its cycling team, employees there must hope that the sport does not gather more dark clouds than it has already with doping and cheating scandals centered on well-known athletes like Floyd Landis.

"We're aware of the challenges," said L. V. Whitman, the vice president and director for account planning at Barkley, who was instrumental in connecting his agency with Hincapie Sportsweare. "We're standing for the future of cycling, through the 15- to 23-year-olds."

"There are about 43 million people in America who ride bikes," he added. "We're on their side, not on the side of the handful of people involved in performance-enhancing drugs."

The contracts that Barkley has with the members of the Hincapie Barkley team include "a code of conduct and ethical behavior," Mr. Whitman said.

Rich Hincapie, president at Hincapie Sportsweare, said he welcomed the interest and investment from an ad agency not only because it represented "new funds coming into the sport," but also because "we're trying to change the image" of cycling.

"What they will do with the Web, with public relations, can take the sport to a higher level," he added.

As bad for an image as winning through cheating can be, playing by the rules and losing is no romp around the velodrome either. When Mr. Brooker of Barkley was asked what would happen if the team finished last in all its races, he offered a positive spin.

"We'd still get a lot of great information from the athletes, from the people who attend the events," he said.

"And I think you learn as much when you lose as when you win," he added. "Sometimes, more."