On July 2, 2001, Janet Carmichael, global account director for the Leo Burnett Company Ltd. (LB), United Kingdom, sat in her office wondering how to structure her global advertising team. The team was responsible for the introduction of a skin care product of one of LB’s most important clients, Ontann Beauty Care (OBC). The product had launched in the Canadian and Taiwanese test markets earlier that year. Taiwanese sales and awareness levels for the product had been high but were low for the Canadian market. Typically, at this stage in the launch process, Carmichael would decentralize the communications management in each market, but the poor performance in the Canadian market left her with a difficult decision: should she maintain centralized control over the Canadian side of her team? In three days, she would leave for meetings at LB’s Toronto, Canada, office, where the team would expect her decision.

THE LEO BURNETT COMPANY LTD. BACKGROUND

LB, which was founded in Chicago in 1935, was one of North America’s premier advertising agencies. It had created numerous well-recognized North American brand icons, including The Marlboro Man, Kellogg’s Tony the Tiger, and the Pillsbury Dough Boy.

By 1999, LB had expanded around the globe to include 93 offices in 83 markets. The company employed approximately 9,000 people, and worldwide revenues were approximately US$9 billion. In 2000, LB merged with two other
Traditional core agency services included:

**Account Management**

Account management worked in close partnership with planning, creative, media, production and the client to craft tightly focused advertising strategies, based on a deep understanding of the client’s products, goals and competition, as well as insights into contemporary consumer behavior.

**Creative Services**

In most LB offices, creative was the largest department. Creatives focused its visual art and copywriting talents on turning strategic insights into advertising ideas. This department was a key part of each client’s brand team and often interacted with both clients and clients’ customers.

**Planning**

Planners conducted research to gain insights about the consumer and the marketplace. They also provided valuable input to the strategic and creative agency processes in the form of the implications raised by that research, specifically combining that learning with information about a given product, the social context in which it fit and the psychology of the people who used it.

**Media**

Starcom was the media division for LB’s parent holding company. Its role was to identify the most influential and efficient media vehicles to deliver brand communications to the appropriate audience.

**Production**

Production staff brought creative ideas to life with the highest quality execution in television, cinema, radio, print, outdoor, direct, point of sale, interactive or any other medium.

In addition to these core services, most offices also offered expertise in more specialized services, including:

- B2B Technology Marketing
- Direct and Database Marketing
- Health-care Marketing
- Interactive Marketing
- Multicultural Marketing
- Public Relations
- Sales Promotion and Event Marketing

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**Exhibit 1**  
**LB Agency Services**

global agencies to form blcom3 (the actual company name), one of the largest advertising holding companies in the world, but each LB office retained the Leo Burnett company name.

**LB Services and Products**

As a full-service agency, LB offered the complete range of marketing and communications services and products (see Exhibits 1 and 2). The company’s marketing philosophy was to build “brand belief.” The idea driving this philosophy was that true loyalty went beyond mere buying behavior. LB defined “believers” as customers who demonstrated both a believing attitude and loyal purchase behavior. The company strove to convert buyers into believers by building lasting customer affinity for the brand.

One of the most important measures of an agency’s success was the quality of the creative
Traditional Advertising Products

Television Broadcast Advertising—Usually 30-second (:30s) or 60-second (:60s) TV ads that ran during local or national television programming. This also included sponsoring specific programs, which usually consisted of a five-second announcement before or after the show, i.e., “This program is brought to you by ...” accompanied by the visual of the sponsoring company’s logo.

Radio Broadcast Advertising—Usually 15-, 20-, or 30-second (:15s, :20s, :30s) radio ads that were placed throughout local or national radio programming. Radio ads could include sponsoring specific programs, which usually consisted of a five-second announcement before or after the show, i.e. “This program brought to you by ...”

Print Advertising—Included black and white and color print ads in local, national or trade newspapers, journals and magazines. Magazine ads could be single-page ads or double-page spreads (two pages facing each other).

Non-Traditional or “Below the Line” Advertising Products

Direct Marketing—Normally a series of mail out items (letters, post cards, product samples, etc.) sent to a specifically targeted population(s) called “cells,” e.g., companies might send promotional mail outs to current customers, former customers who have not shopped with the company for a period or time, and new prospective customers—each of these groups would be considered a cell.

Digital or Interactive Marketing—Any marketing efforts that were delivered to the consumer online or by wireless networks (e.g., hand-held wireless devices). This could include Web site design and production, banner advertising and promotions on other Web sites, e-mail marketing, and internal corporate marketing tools such as customer relationship marketing or database building tools.

Collateral—Any piece of print material that was not strictly advertising, for instance brochures, annual reports, posters, flyers and in-store materials.

Promotions—Any marketing effort that included a time-limited offer or incentive to either purchase a product or offer personal data. Promotions could involve advertising, direct marketing, interactive marketing, product packaging and/or outdoor marketing.

Exhibit 2  LB Agency Products

product that was developed to connect brands to their end consumers. Each local office strove to produce outstanding creative advertising to break through the clutter of marketing messages that the general public was subjected to daily and truly reach the consumer in a memorable way. Award shows were held nationally and internationally to recognize this effort, one of the most prestigious being the annual festival in Cannes, France. With each award, individual employees (usually the art director and copy writer who had worked together to develop the ad) were recognized, as was the local agency office where they worked. These creative accolades were instrumental in helping an office win new client business. Even within the global LB network, awards were given to the local offices that produced the most outstanding creative work.

LB Internal Team Structures

A multidisciplinary team serviced each brand. Each team had representatives from all core areas of the agency as well as members from the specialized services as appropriate for the brand. In most cases, team members had two sets of reporting lines.

First and formally, they directly reported to the supervisor of their home department (for example, account management). It was this formal supervisor who was responsible for
conducting performance evaluations and assigning and managing an employee’s workload.

Informally, the team members reported to a project team leader, the senior account services person, who usually was an account director or a vice-president of client services director. It was this team leader’s responsibility to manage the project in question, ensure that the client was satisfied with project progress, and build and manage the overall relationship between the client and the agency. Employees on the project team would be responsible to this person for meeting project deadlines and managing their individual client relationships. This team leader would often provide input to a team member’s performance evaluation, along with other agency colleagues (see Exhibit 3).

At any given time, an agency employee typically worked on two or three different brand teams, virtually all of them face-to-face teams servicing local clients.

**LB Typical Office Environment**

Most LB employees were young (in their 20s and 30s) and worked about 60 hours per week. Client needs and project deadlines dictated work priorities, and the volume of work often required late nights at the office. Agency office environments were often open-concept and social. Employees spent many hours each day up and about, discussing projects with colleagues and responding to client requests. The pace was fast and the general spirit was one of camaraderie; it was common for LB employees to socialize together after a late night at the office.

**LB Toronto**

LB’s Toronto office was founded in 1952 to service the Canadian arms of the Chicago-based clients. It was LB’s first expansion beyond Chicago. In 2001, it employed a staff of approximately 200 people and billings were approximately $200 million.

**LB United Kingdom**

LB acquired its London, United Kingdom, office in the mid-1970s as part of an expansion into Europe. By 2001, the office had grown to over 350 employees and billings were approximately $400 million. London was also the regional LB headquarters for all European, Middle Eastern and African offices.

**LB’s Relationship with Ontann Beauty Care**

**Ontann Beauty Care (OBC)**

OBC was a leading global manufacturer of health and beauty care products. In the late 1990s, OBC made a strategic decision to centralize the global marketing of its brands and products, designating a global team to define the global strategy for a given brand and develop the core communication materials as templates for local markets to follow. Local offices were given the responsibility for adapting the global materials and developing local “below the line” (BTL) materials which would synergize with the global vision and creative templates. Below the line materials included direct marketing, in-store materials, digital marketing, public relations and promotions (that is, everything except strict advertising). In practice, on established brands with well-defined communication templates and strong local knowledge, some local markets (at least key regional markets) were awarded more opportunity to develop their own communication material. The global team, however, retained veto power to ensure all communications were building a consistent personality and look for the brand.

Each OBC global office had as many teams as it had brands. An OBC brand team usually consisted of the global category director, the brand manager and an assistant brand manager, plus a representative from each of the various departments: marketing technology, consumer, trade/distribution, PR, sales, product development, and production.
Exhibit 3  LB Agency Formal and Informal Reporting Lines
Relationship Between LB and OBC

OBC, which, like LB, was founded in Chicago, was one of LB’s original clients. In 2001, as one of the top three LB clients worldwide, OBC did business with most LB offices. OBC, however, awarded its business to advertising agencies brand-by-brand. As a result, other advertising agencies also had business with OBC. Competition among advertising agencies for OBC business was strong, in particular when they had to work together on joint brand promotions.

OBC had been a client of LB’s Toronto office since 1958 and of LB’s London office since its acquisition in the mid-1970s. Both the Toronto and London offices initially developed advertising and communications materials for various OBC facial care brands and eventually also worked on OBC’s skin care brands.

To better service OBC, LB also centralized its decision making for this client’s brands and appointed expanded and strengthened global teams with the power to make global decisions. For its other clients, LB’s global teams were significantly smaller, tending to consist simply of one very senior LB manager who shared learning from across the globe with a given client’s senior management.

A NEW OBC BRAND: FOREVER YOUNG

In the fall of 1998, the OBC London office announced a new skin care line called “Forever Young.” Product formulas were based on a newly patented process that addressed the needs of aging skin. For OBC, this brand presented an opportunity to address a new market segment: the rapidly growing population of people over the age of 50. The product line was more extensive than other OBC skin care brands. It also represented the company’s first foray into premium priced skin care products. Product cost, on average, was double that of most other OBC brands, falling between drug store products and designer products. OBC intended Forever Young to be its next big global launch and awarded the Forever Young advertising and brand communications business to LB.

GLOBAL ADVERTISING AND COMMUNICATIONS TEAM FOR FOREVER YOUNG

Team Formation

For LB, a successful launch of this new product would significantly increase revenues and the likelihood of acquiring additional global OBC brands. An unsuccessful launch would risk the relationship with OBC that LB had built over so many years. LB management in Chicago decided that LB London would be the global team headquarters. This decision reflected the experience that the London office had in leading global business teams and the proximity to the OBC global team for Forever Young. It was also likely that the United Kingdom would be the test market for the new product.

In LB’s London office, Janet Carmichael was assigned as brand team leader for the Forever Young product line effective January 1, 1999. Carmichael was the global account director for OBC. The 41-year-old Carmichael, a Canadian, had begun her career at LB Toronto as an account executive in 1985, after completing an MBA degree at the University of Toronto. In 1987, Carmichael moved to Europe, where she continued her career with LB. She became an account supervisor in Italy, an account director in Belgium, and finally a regional and global account director in Germany before taking on a global account director role on OBC brands in the United Kingdom in 1996. She was very familiar with OBC’s business and had built excellent relationships with the OBC skin care client group.

LB’s initial Forever Young brand team had six members who all were employees of the London office: Carmichael as the team leader, an account director, an account executive (she formally supervised these two employees), the agency’s creative director, and two “creatives” (an art director and a copy writer). Carmichael outlined
a project timetable (see Exhibit 4). The LB team worked with the OBC team on consumer research, market exploration, brand creative concepts (creative), packaging samples and global copy testing throughout North America and Europe. Carmichael viewed marketing a new product to a new consumer segment in a crowded category as challenging; however, after several months of testing, LB’s Forever Young brand team developed a unique creative concept that was well received by OBC.

In the fall of 1999, OBC decided that the United Kingdom would be the lead market for another skin care product. Because North America was a priority for the Forever Young brand and Canada was “clean” (that is, OBC was not testing other products in Canada at that time), Canada became the new primary test market for Forever Young. In addition, Canadians’ personal skin care habits and the distribution process for skin care products were more reflective of overall Western practices (i.e., the Western world) than were those in other potential test markets. Taiwan became the secondary test market for Asian consumers. These choices were consistent with OBC’s interest in global brand validation.

In keeping with OBC’s team structures, LB maintained the global brand team in London and, in January of 2000, formed satellite teams in Toronto, Canada, and Taipei, Taiwan, to manage material execution in their local markets. It was up to the LB Toronto and Taipei offices to determine their members in the Forever Young satellite teams. In Taipei, Cathy Lee, an account director who was particularly interested in the assignment, took the lead on local agency activities. In Toronto, Geoff Davids, an account supervisor from the direct marketing group, was assigned to lead the Toronto team. The global brand team and the two satellite teams now formed the LB side of the global advertising and communications team for Forever Young (see Exhibit 5).

Kick-Off Meeting

In February 2000, a face-to-face kick-off meeting took place in Toronto with the intent to bring all senior members of LB’s and OBC’s London, Toronto, and Taipei teams onto the same page regarding the new brand and the status of the launch process. One or two senior representatives from OBC London, Toronto, and Taipei participated in the meeting. From LB, the complete London team participated, along with Geoff Davids and a senior agency representative from the Toronto office, and Cathy Lee and a senior agency representative from the Taipei office. Carmichael and her U.K. team members shared their initial brand creative concepts, which had already garnered admiration throughout the LB network, and their knowledge about the product and target audience.

It was decided that Davids and Lee would serve as the main links to LB’s London-based global brand team. Specifically, Davids and Lee reported to Annabel Forin, Carmichael’s account director in the United Kingdom. Forin then reported to Carmichael and OBC’s London team. Besides Forin, Carmichael’s primary contacts would be Annabelle Manning, the global creative director at LB United Kingdom and Sarah Jones, OBC’s global vice-president of skin care in London. All work produced by LB’s satellite teams would require approval from LB’s London team.

The Creative Assignments

The creative assignments for the Canadian and Taiwanese teams were slightly different from each other. Normally, the global team would produce a creative template for a brand (meaning the design of the advertising and communications materials), which would then be passed to the satellite teams to be adapted for the local market.

In the Taiwanese market, this would be the case. The Taiwanese LB team would be responsible for adapting the advertising materials, which would include re-filming the television ad to star an Asian actress, as well as retaking photos for the print ads, again, to demonstrate product benefits on Asian skin. The brand message (meaning the text in print ads and the vocal
Exhibit 4  Brand Development Chronology
Exhibit 5  The Global Forever Young Team
message in television ads) would be adapted to appeal to the Taiwanese audience.

In Toronto, however, the assignment broke from this traditional format. The LB team in London would produce English television and print advertising, which would be used in the Canadian market. The LB team in Toronto would design and produce the direct marketing and Web site materials because the London office did not have strong in-house capabilities in these areas. While the Toronto office would have control of the design of these communication pieces, the U.K. office would require that certain elements be incorporated into the design (for example, specific photos and colors), in order for the pieces to be visually consistent with the print advertising.

EVENTS LEADING UP TO THE LAUNCH

LB’s Taipei Office

After returning to Taipei from the kick-off meeting, Lee formed her local team, which consisted of an account executive (Tanya Yang) and a creative team (one art director and one copy writer). In co-operation with OBC’s Taipei team, Lee and her team focused first on recreating the television ad. The ad followed the original creative idea developed in the United Kingdom but used a popular Taiwanese actress in the lead. The character differentiation was necessary to demonstrate the product’s benefit to Asian skin because the original ad featured a blond, Caucasian actress as the lead. The team moved on to adapt the brand’s print advertising and direct marketing pieces and developed a public relations campaign to meet local market needs. These communication elements were visually and strategically consistent with the television ad as they incorporated photos of the same Taiwanese actress.

Throughout this process, the Taipei team regularly updated LB’s and OBC’s London teams about its progress. Although all work required U.K. approval, the Taiwanese team worked with a significant amount of autonomy because of the cultural differences present in its market. Carmichael and Manning occasionally travelled to Taiwan to meet with the team and approve its creative work, which they generally received well. In addition, the Taipei team communicated with the London offices through videoconference calls and e-mail. The LB Taipei and Toronto teams had contact with each other only during the global team videoconference meetings, held every two months.

LB’s Toronto Office

After the kick-off meeting, Davids, with the approval of LB’s Toronto management, assigned representatives from the direct marketing group and the interactive marketing group to the brand team. This included account management (Tara Powell, account executive for direct; and Liz Nelson, account supervisor; and Alexis Jacobs, project manager for interactive) and creative staff (Shirley Watson, creative director; and one copy writer from each of the direct and interactive groups).

In co-operation with OBC’s Toronto team, the LB Toronto team was responsible for developing a full communication plan for its local market. Along with running the television and print ads developed in the United Kingdom, the team would focus on producing the brand’s below the line materials (i.e., direct mail, Web site). These communication elements served as the education pieces that supplemented the TV ad. Davids conducted an internal team debrief, outlining the information he had received at the kick-off meeting. From this, the team developed a communications plan that, in Carmichael’s opinion, was “on-brief” (i.e., consistent with the original brand strategic direction) and included some very innovative thinking.

Next, the team began determining a creative look and feel for the direct mail pieces. The look and feel could be different from the television creative but had to be consistent across all of the paper-based (print ads, direct mail pieces and in-store materials) and online communication elements. The creatives in LB’s Toronto team
developed the direct marketing materials, and simultaneously the creatives in LB’s U.K. team developed the print advertising. The two sides’ creative work evolved in different directions, but each side hoped that the other would adapt their look and feel. Eventually, however, LB’s Toronto team told its London counterpart to “figure it out,” and they would follow London’s lead. Communication between the two sides mostly flowed through Davids and Forin to Carmichael. Carmichael, however, had received a copy of the following e-mail from Watson to Davids:

Geoff, as you know, it's always a challenge to work with someone else's art direction. I don't think the model that London chose is right for this market, and the photography we have to work with doesn't have as contemporary a feel as I would like.

This would be easier if I could connect directly with Annabelle [Manning] but she's on the road so much of the time it's hard to catch her. We weren't asked for our opinion initially and, given the timing constraints at this point, we don't have much choice but to use what they've sent us, but could you please convey to Annabel [Forin] that in the future, if possible, we'd like to have the chance to input on the photography before it's taken? It will help us develop good direct mail creative.

For now, though, I think we'll be able to do something with what they've sent us. Thanks.

There had been other challenges for LB’s Toronto team. Davids described an incident that had occurred when his direct marketing team tried to present its creative concept to the team in the United Kingdom during a videoconference meeting:

Our direct mail concept was a three-panel, folded piece. We sent two flat files to the United Kingdom via e-mail, which were to be cut out, pasted back-to-back [to form the front and back of the piece] and then folded into thirds. It took us so long to explain how to do that—somehow we just weren't getting through! Our colleagues in London cut and folded and pasted in different places, and what should have been a simple preliminary procedure took up 45 minutes of our one-hour videoconference meeting!

By the time we actually got around to discussing the layout of the piece, everyone on the call was frustrated. That's never a good frame of mind to be in when reviewing and critiquing a new layout. It's too bad our clients were on that call as well.

A greater challenge came in September 2000, when the team was behind schedule in the development of the Web site after encountering difficulties with OBC’s technology standards. The budgeting for the Web site development came out of the global budget, not the local budget. This meant that the members of LB’s Toronto team who were responsible for the Web site development ("interactive marketing") received directions from OBC’s London team. The budgeting for direct marketing, however, came out of the local budget, and the members of LB’s Toronto team, who were responsible for the development of the direct marketing materials, dealt with OBC’s Toronto team. The instructions from these two OBC teams were often inconsistent. Compounding matters, the two OBC client teams repeatedly requested changes of the Web and direct marketing materials, which made these materials even more different from each other and forced the LB Toronto team into extremely tight timeframes.

Carmichael learned about this sort of difficulty mostly through the direct supervisors of the team members. She frequently received calls from LB Toronto’s Interactive Marketing Group and Direct Marketing Group senior managers. Carmichael repeatedly had to explain the basic project components to these senior managers and wished that the members of LB’s Toronto team would just follow the team communications protocol and forward their concerns to Davids, who would then take up matters as necessary with the U.K. team.

**Canadian Pre-Launch Test**

Despite these challenges, LB’s Toronto team produced the materials in time for the Canadian pre-launch test in October of 2000. The pre-launch test was a launch of the complete
communications program (TV ad, newspaper inserts, distribution of trial packs, direct mail, and a Web site launch) in a market whose media could be completely isolated. A small town in the interior of British Columbia, Canada’s most westerly province, met these conditions. In terms of product trial and product sales as a percentage of market share, the test indexed 120 against its objectives, which had a base index of 100. Subsequently, OBC and LB decided to move immediately into research to test the advertising in the U.S. market. The global OBC and LB teams worked with their Canadian counterparts to conduct this research, the results of which were very poor. As a result, OBC London required that LB’s London and Toronto teams revise the advertising materials even before the Canadian launch.

**Canadian National Launch**

The days before the launch were panic-filled, as LB’s London and Toronto teams scrambled to revise the advertising. In February 2001, the campaign was launched in Canada with the following elements:

- One 30-second TV ad;
- One direct mail piece;
- The English Web site;
- Product samples available from the Web from direct mail piece, and from an in-store coupon;
- Specially designed in-store displays;
- Trial-sized package bundles (one week’s worth);
- A public relations campaign; and
- Five print ads in national magazines.

Research following the national launch showed that the brand did not perform well among Canadian consumers. It indexed 50 against a base index of 100. Because of the success of the Canadian pre-launch test, OBC and LB were surprised. The Forever Young global advertising and communications team attributed the discrepancy between the pre-launch test and national launch, in part, to the fact that the pre-launch test conditions were not replicable on a national scale. The audience penetration in the small B.C. town, the pre-test site, was significantly greater than it was in the national launch. OBC decided that the results of the Canadian launch were below “action standards,” meaning that OBC would not even consider a rollout into the U.S. market at the current time.

The tension levels on both LB’s side and OBC’s side of the Forever Young global advertising and communications team were high. LB’s future business on the brand was in jeopardy. The OBC side was under tremendous pressure internally to improve brand trial and market share metrics and already planned to decentralize the local teams for the global product rollout. Despite numerous revisions to the advertising, it never tested well enough to convince OBC that a U.S. or European launch would be successful.

**A Different Story in Asia**

In Taiwan, the product launch was successful. Test results showed that the brand was indexing 120 per cent against brand objectives. Research also showed that Taiwanese consumers, in contrast to Canadian consumers, did not perceive some of the advertising elements as “violent.” Moreover, in Taiwan, overall research scores in terms of “likeability” and “whether or not the advertising would inspire you to try the product” were higher, leading to higher sales. By June of 2001, the Taiwanese team was ready to take on more local-market responsibility and move into the post-launch phase of the advertising campaign. This phase would involve creating new ads to build on the initial success and grow sales in the market.

**Recovery Plan for Canada**

By June of 2001, LB needed to take drastic measures to develop a new Forever Young campaign in order to improve the brand’s performance in the Canadian marketplace. Whereas, before the launch, there had been a clear division
of responsibilities (with the United Kingdom developing the television and print advertising and Canada developing direct marketing, in-store and Web site communications), now the global LB team in London decided that it would be necessary to have all hands on deck. New creative teams from the mass advertising department in the Toronto office, as well as supplementary creative teams from the London office, were briefed to develop new campaign ideas. Each team had only three weeks to develop their new ideas, less than half of the eight weeks they would normally have, and the teams had to work independent of each other. The London and Toronto creative teams had to present their concepts to the entire global OBC and LB team at the same time. Subsequently, the results of market research would determine the winning creative concept. Squabbling between the offices began over which team would present first, which office received what compensation for the development, and whether or not overall remuneration packages were fair. Moreover, the communication between the account services members of LB’s London and Toronto teams, which was the primary communication channel between the two agencies, became less frequent, less candid and more formal. The presentations took place on June 25, 2001, in Toronto. Watson, the creative director in Toronto, commented:

This process has been exciting, but we’re near the ends of our collective ropes now. We have a new mass advertising creative team [who specialized in TV ads] on the business in Toronto, and they’re being expected to produce world-class creative results for a brand they’ve only heard about for the past few days. They don’t—and couldn’t possibly—have the same passion for the brand that the direct marketing creative team members have after working on it for so long. I’m having a hard time motivating them to work under these tight timelines.

We’re even more isolated now in Toronto. Our connection to the creative teams and the global creative director in London was distant at best, and now it’s non-existent. And our relationship with the local OBC client feels very remote, too.

Still, we’re moving forward with our work. We’re trying to learn from the Taiwanese experience and are considering what success we would have with a nationally recognized actress starring in our television ads.

**Evolution of the Forever Young Global Advertising and Communications Team**

**Personnel Changes**

Between January and June of 2001, numerous personnel changes in the Forever Young global advertising and communications team occurred (see Exhibit 5). In LB’s London office, Forin, the U.K. account director, had been replaced following her departure for maternity leave. In OBC’s London office, Sarah Jones, the global vice-president for skin care, took early retirement without putting a succession plan in place. In LB’s Toronto office, Davids, the Toronto brand team leader, had left the agency. Tara Powell, who had reported to Davids, took on his responsibilities, but she had not met most of the global team members. Liz Nelson, the account supervisor for interactive, left LB’s Toronto office to return to school. Alexis Jacobs, who had managed the Web site development, took over her responsibilities. Powell and Jacobs did not have close relationships with their international counterparts. At OBC Toronto, Sally Burns, the local brand manager, who had been LB’s main contact in the local market and had been with the brand since inception, left OBC. LB’s and OBC’s Taiwanese teams remained stable over time. Cathy Lee worked with a team that was nearly identical to her initial team.

**Communications**

Early on (between February and May 2000), Carmichael had orchestrated frequent face-to-face meetings to ensure clarity of communication and sufficient information sharing. In the following months, the team relied on videoconferences and phone calls, with visits back and
forth between London and Toronto on occasion. Since early 2001, the team had relied increas-
ingly on e-mails and telephone calls to commu-
nicate. In June 2001, Carmichael noted that the communication had become more formal, and she had lost the feeling of being part of a global team. She wondered if giving the LB’s Toronto team more autonomy to develop the brand in their market would help the brand progress. Working together as a smaller team might improve the Toronto group’s team dynamic as well. Carmichael was concerned that the current discord between LB’s London and Toronto offices would negatively affect the relationship to OBC.

Budget Problems

The extra creative teams assigned to the rede-
velopment of the brand’s television advertising and the unexpected changes to the Forever Young communication materials had meant that LB’s costs to staff the project had been higher than originally estimated and higher than the revenues that had been negotiated with OBC. Since OBC did not want to pay more for its advertising than had been originally budgeted, LB faced tremendous internal pressure to finish the project as soon as possible. This situation created conflict between LB and OBC in the United Kingdom, who was responsible for negoti-
tiating LB’s overall fees. Because all fees were paid to the global brand office (in this case, LB’s London office) and then transferred to the local satellite teams, this situation also created conflict between LB’s London and Toronto teams, who had both expended additional staff time to revise the advertising materials and wanted “fair” compensation.

What Next?

In three days, Carmichael had to leave for Toronto to sit in research sessions to test the recently presented new creative concepts. In the meetings that followed, she would present to the team her recommendation for how to move forward with the brand. Carmichael reviewed the brand events and team interaction of the past two years (see Exhibit 4) to determine the best global team structure for salvaging the Forever Young brand and maintaining the relationship between OBC and LB.

Carmichael felt torn in her loyalties. On the one hand, she was Canadian and knew LB’s Toronto office well—she knew that LB’s Toronto brand team worked hard, and she wished them every success. On the other hand, she had now worked in LB’s London office for several years, and she had always liked the creative that the U.K. team had initially produced. If she main-
tained the current form of centralized control of the team, either creative concept might be chosen; however, if she decentralized team control, the Toronto team would almost certainly choose their own creative concept for the television ads. Since the creative direction chosen now would become the brand’s advertising in most North American and European markets, it needed to be top calibre. Carmichael thought this posed a risk if the creative development was left to the new Toronto-based mass advertising creative team. It would be a shame to lose the U.K. team’s original creative concept.

In making her decision on whether to decen-
tralize the team, Carmichael considered the following:

1. Where was the knowledge necessary to create a competitive advantage for the brand in Canada? Would it be in the Canadian marketplace because they understood the market, or would it be in London because they had more in-depth knowledge of the brand?

2. Where was the client responsibility, and where should it be? Now that the London-based global vice-president of skin care was retiring, the client was considering creating a virtual global team to manage the brand, headquartered in the United States but composed of members of the original United Kingdom OBC team, in prepa-
ration for a U.S. launch. If the client team had
its headquarters in North America, should LB also structure its team this way?

3. If Carmichael decentralized the brand and gave the Toronto team greater autonomy, who would lead the brand in Toronto now that Davids had left the agency? How would the necessary knowledge be imparted to the new leader?

4. If they remained centralized, would the team make it through before it self-destructed? How much would this risk the client relationship? To what extent would it strain the already tight budget?

Carmichael had to make a decision that was best for the brand, LB and OBC.