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ADVERTISING**Duo to Launch Agency With a Twist**
**Pereira and O'Dell
 Won't Sell Clients
 What They Don't Need**

 By EMILY STEEL
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Digital advertising veterans P.J. Pereira and Andrew O'Dell caused a stir in the industry earlier this year when they left their senior posts at AKQA, then and still one of the hotter interactive ad agencies. Wednesday, they will announce plans to launch a new full-service agency.



P.J. Pereira, left, and Andrew O'Dell will announce plans to launch Pereira & O'Dell, a new full-service ad agency.

Messrs. Pereira, 34 years old, and O'Dell, 38, say the problem with most existing ad agencies is that they either have a traditional focus or a digital orientation -- and either way, marketers aren't as well-served as they could be. Digital shops, because of their Internet worldview, tend to build Web sites and online ads, even if marketers don't really need those services, the two men argue. Meanwhile, traditional ad agencies instinctively encourage marketers to buy television spots and print ads because that is what they are paid to produce, the two men say.


The two say their new San Francisco-based agency, Pereira & O'Dell, will offer clients both digital and traditional services, but won't sell them what they don't need. The company has secured \$30 million in funding -- plus, the founders say, the prospect of an additional \$70 million -- from Brazilian investment fund ABC International. It is managed by a group that includes Nizan Guanaes, the founder of Grupo ABC, an ad-holding company

based in Brazil. Messrs. Pereira & O'Dell have signed on Lego Group's U.S. unit Lego Systems and shoe and clothing company Pony International as clients.

But the new agency will face a number of hurdles. For starters, it is launching just as the country appears headed for a recession that may drag on. Also, the company will be trying to sell digital expertise to clients at a time when agencies are having trouble finding that talent.

Below are excerpts from an interview with the two men about their new agency.

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The Wall Street Journal: *Given concerns about the economy and a pending ad recession, is now a good time to launch an agency?*

Mr. O'Dell: It is daring. It is better to launch an agency in a down market than an up market because if you survive the down market, you are going to be much stronger when it turns around.

WSJ: *Do you really believe that it's better to start a company in a recession, or is that just what you're telling yourself?*

Mr. O'Dell: This is not really our choosing. When we sat together and said we are starting a company, the idea was to start a company no matter what market we were in.

WSJ: *To illustrate how you plan to distinguish yourself from the competition, take a campaign for a fictitious breakfast-cereal company and tell me how a traditional agency, a digital agency and your agency would script it.*

Mr. Pereira: The way you work in a regular setting is, a traditional agency would take a brief and give it to a team of two creatives, one copywriter and one art director. Those guys have an offline background. After the offline guys have an idea, they will call an online agency and say, "Hey this is the idea. How can we bring it to digital?" The way we are structuring our work, we are starting with a team of people that have traditional and digital backgrounds. With the cereal, we will find what the core idea for the brand is and find what the best way is to bring the idea to life. We are going to try to come up with original ideas, original scripts that take into consideration the technologies available. It is not about the technology. It is about the story.

WSJ: *P.J., you have some Brazilian investment connections that you're tapping to fund the company. Tell me about them.*

Mr. Pereira: My first job in advertising was at Nizan Guanaes's agency DM9. We never stopped talking. He was my first boss in advertising. He was my first partner. Now he is my partner again.

WSJ: *You're both veterans of AKQA, one of a handful of independent agencies hoping to go public or get bought. One company that has pulled this off was aQuantive, which was acquired last year by Microsoft. Do you have similar plans?*

Mr. O'Dell: We are not going to try to build the aQuantive model, so [acquiring technology companies] will not be our approach. We are building an agency model. You might say it could be a network, but we are not in the business right now of competing with WPP Group or **Omnicom Group** or any of the big holding companies.

WSJ: *You're planning to grow by acquisition. What types of companies will you be looking to buy?*

Mr. O'Dell: [The types of companies] we are going to look at don't have to be necessarily the same discipline that we work in, but most importantly they have to have the same business philosophy that we do. PR is a very interesting industry right now. Production houses also are doing interesting

work, getting more into the entertainment space, not just fulfilling the creative agency's idea.

WSJ: *What are the companies in the advertising business these days that you think are the most interesting and why?*

Mr. O'Dell: Anomaly is a great agency that has a model we like.

WSJ: *What are your revenue growth targets?*

Mr. O'Dell: Since we are private, we are not going to go into detail about our actual revenue goals. [But] I am expecting aggressive growth.

WSJ: *You say you won't sell companies services they don't need. But doesn't any successful sales strategy rely at least in part on finding ways to sell customers more rather than less?*

Mr. O'Dell: If you can sell them more of a good thing, absolutely. But if you sell them more of what they don't need, they will absolutely figure it out. We saw that during the first dot-com boom cycle. The digital world is not as complicated as people make it out to be.

WSJ: *You now have 15 employees. From which ad firms did you hire them?*

Mr. O'Dell: They come from a variety of places. Wieden+Kennedy. Former BDH guys. Six Apart on the client side.

WSJ: *You both come from the digital marketing side -- what are some of the biggest problems in that business?*

Mr. O'Dell: Agencies need to stop force-feeding clients huge Web-site experiences that cost a ton of money. Is it necessary to create these huge Web experiences that very few people necessarily see?

WSJ: *Can you give me an example of what you mean?*

Mr. O'Dell: Consumer packaged goods or brands that don't sell a product or provide a ton of information through their Web sites don't need these in-depth Web sites. Money can be better spent in reaching consumers in different ways.

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