



The In-Housing Playbook

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Executive summary

With in-housing becoming an accepted part of the marketing ecosystem, many brands are actively exploring this area of potential when it comes to their marketing operations. But while it may be in the spotlight, in-housing is also a concept that can be easy to misunderstand.

With in-housing on the rise, so too are the myths surrounding it. But what are these myths? How can brands sort fact from fiction? And what can CMOs do to ensure they in-house the right capabilities, in the right way, to drive efficiency and performance in their marketing ecosystems?

This playbook includes a breakdown of some of the most common myths and misconceptions about in-housing, distilled from analysis of research conducted by AAR, followed by a series of recommended actions and reflection points for CMOs, agency marketers, in-house studio leads and creative directors which we hope will help refine the thinking around this increasingly important part of the marketing mix.



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The definition of in-housing

Even the term 'in-housing' itself can be defined in multiple ways. As an adjective it's 'done or existing within an organisation' and as an adverb it's defined as 'without assistance from outside an organisation; internally'.

To bring it closer to home, let's define in-housing as 'a part of the marketing mix where there are external vendors available, but a deliberate choice has been made to provide that service yourself'.

It's important to have that definition in mind when you hear statistics like in-housing adoption is up globally from **57%** in 2020, to **80%** in 2022, or that **60%** of CMOs¹ who have moved part of their ecosystem in-house are considering moving some or all aspects of their model externally again. For context, channels such as social, media and brand advertising are most likely for CMOs to be considering in-housing next.

However we define it, one thing is for certain: in-housing has become a crucial area of focus for many businesses, and this trend looks set to continue. AAR's playbook helps CMOs and other marketing leaders ensure that in-house teams and agencies are set up correctly in order to perform at their best.



The reality of these myths

As we intend to show in this playbook, while these myths don't represent the reality for in-house teams and agencies, they do represent common perspectives held by many marketers and CMOs, which in-house leaders need to both be aware of and contend against.

While the vast majority of those who have always worked in-house or have moved in-house more recently believe that, once you have sampled in-housing and the benefits it brings, you tend to become converted, the case may be that many senior marketers are not investigating the option on the basis that these myths are true. In this respect, an awareness of and ability to navigate these beliefs is crucial if in-housing is to mature effectively enough to sustain the weight of its rising significance.

To in-house successfully, brands need to have absolute clarity on the challenges and drivers to success; they need to be able to identify and separate genuine pressure points and concerns from the increasing number of myths and misconceptions around in-housing.

Combining insights from a range of sources and datasets, AAR has broken down what we believe are some of the biggest myths surrounding in-housing, and what CMOs, agencies and in-house agency leaders need to consider when it comes to their own approach to in-housing.

¹ From research in the 'Marketing Ecosystem Blueprint' by AAR and The Drum

Myth 1: In-house teams are not held to the same level of account as external agencies

Our survey of CMOs and in-house agency leaders showed that one of the most widely held beliefs is that in-house teams are not held to the same level of account as external agencies.

It's easy to see why this thinking would be apparent, particularly among agency teams. The standards which external partners are (or should be) held to are clear, defined and based on a commercial agreement. It's a different situation for in-house teams, with different stakes. But does that actually translate to a comparative lack of accountability?

In a poll AAR conducted on LinkedIn, whose respondents were brand-side marketers, a total of **81%** of respondents agreed or strongly agreed with this myth. This is far higher than in the aforementioned recent survey of CMOs and in-house agency leaders, in which only **5%** of those respondents 'strongly agreed' with the statement (compared to **43%** in the poll).

Our larger piece of research (involving over 100 CMOs) and interviews with in-house leaders also revealed this misconception isn't the case. In fact, on average **46%** of brands with established medium or large in-house teams review their performance every 2-3 months compared to the standard 6-12 month reviews which are typically experienced by agencies.

The implication here is that the closer you are to an in-house team (either because

you are in one, running one, or directly working with one), the more you see how accountable they actually are. As one survey respondent explained it:

“If anything I think they are held to account more than agencies. Agencies tend to be held on a pedestal by clients, but when in-house teams can see ‘behind the curtain’ they tend to challenge ideas and thinking much more robustly than what they see as agency expertise.

This may be because teams or organisations are applying greater scrutiny early on in their in-housing journey. It could also imply a certain tentativeness about in-housing, and a compulsion to over-index on regular reviews. Either way, these findings suggest that while the perception that in-house teams are less accountable definitely exists, this isn't the case in reality. Those closest to in-housing recognise that, if anything, in-house teams are held to a greater degree of scrutiny.



Myth 2: Clients are only attracted to in-housing because it's cheap

One of the perceived benefits of in-housing is cost saving. Through research, conversations with CMOs and attending in-housing events, we have been able to dig deeper to get under the skin of that myth.

Cost is definitely not the only reason for in-housing. While our CMO research showed that an average of **47%** of respondents agreed that cost was part of the reason driving the decision, the strongest rationale for in-housing functions are proximity, direct/better control over outputs and processes, as well as improved efficiencies.

These nuances for the motivation to in-house are important. Cost-saving is rarely, if ever, the driver behind a pivot to in-housing. The message came through clearly at the Campaign In-Housing Summit that cost saving is an output of in-housing, not an input.

It's perhaps more understandable to see why this perception exists with those further removed, however. Compared with in-house teams, external providers can be seen as a far more 'clear cut' option when it comes to linking financial input to creative outputs. With SLAs in place, it's easy to see precisely what you get for what you spend with an agency, which is more challenging - and less tangible - with salaried teams. This can lead to the misperception that in-house teams are inherently a 'cheaper' option.

“With agencies, [CMOs and senior marketers] can see the cost for their services while in-house is often preserved as being a ‘free’ service as the costs are hidden.

Chris Welch, Creative Manager at The Royal Marsden NHS Foundation Trust

While these factors don't indicate that cost is a driver for in-housing, they do create a problematic perception of in-housing more generally. 'Cheap' typically implies 'low quality', and while this is unjustified in the case of in-housing (as the above analysis demonstrates), this misattribution can merge with the other myths analysed in this playbook to paint a deeply cynical picture of in-house teams as cheap producers of low-quality templated work, with a limited and transient talent pool.

“It is about control as well as cost saving.

Verbatim from AAR's 'debunking the myths of in-housing' survey

As AAR's CMO research for our Marketing Ecosystem Blueprint showed, the challenges cited by CMOs with external partners play into the hands of in-house teams. In 2021-2022, **25%** of CMOs cut agencies, and **25%** switched (but kept the same total). Cost wasn't the only pressure point. Pace, responsiveness, quality of output and collaboration were cited as the top 5 key challenges with external agencies. When used correctly, in-housing is perfectly placed to overcome all of these issues.

The top 5 challenges with the external marketing partner set-up

1	Cost/value for money	42%	<input type="text"/>
2	Pace and turnaround times	36%	<input type="text"/>
3	Agility and responsiveness	32%	<input type="text"/>
4	Quality of output	31%	<input type="text"/>
5	Collaborative working (with other partners)	30%	<input type="text"/>

Myth 3: In-house teams only produce templated work

There will be scenarios where, to best serve the business they work for, the in-house agency or studio will produce templated work.

The business has a need for it, has secured the headcount and established the team (all of which takes time and effort), and it is a service the in-house team can perform for the speed and efficiency benefits noted above, especially when so much content needs to get produced at pace, particularly in global organisations.

It requires a limited skill set so is relatively cheap to recruit in the UK, but there are other, more cost-effective solutions available, such as offshoring, if templated work is the prime and only purpose, service or output from the team.

As such, the perception that in-house teams only do this is misplaced. It might simply be the life stage the agency, or more likely the studio, is at. They may be proving their commercial worth before upping the creative ambition.

Effective in-housing can even turn this myth on its head, and some brands are already achieving this by redefining how templated work is handled. During a discussion hosted by the Inside Out Awards in partnership with AAR, one fitness apparel brand stated that it had deliberately pivoted from using external partners for larger brand activity. These briefs are now handled by the in-house team, with more templated work being outsourced to external agencies where the output is predictable. The result is a flipping of convention, and a boost to the in-house team who are no longer churning through the same repetitive tasks.

“ One fitness apparel brand stated that it had deliberately pivoted from using external partners for larger brand activity.



Myth 4: No great creative work gets made in-house

This feels like a lazy argument, and was vehemently opposed in our Myths survey. 44% Strongly disagreed, and 27% disagreed with the myth that 'No great creative work gets made in-house'; 71% disagreeing in total.

While this was a CMO and In-house Agency audience, the evidence is there that in-house teams can produce great work, whether the definition of 'great' is award-winning creative or business driving commercial work, or both.

The usual suspects of the broadcasters (4Creative, BBC Creative, ITV Creative, Sky Creative) and Specsavers are normally referenced here as in-house teams with creative not only in their title and in the output they produce, but at the heart of their organisation. But it also feels like a lazy counter argument to keep citing them. Other, newer examples to look out for would be what3words, the LEGO agency, Savills and Shelter to name but a few.

If you set the agency up right, with a vision, talent, ambition, investment and, ideally, in a brand with Creative Capital at its heart, why can't in-house teams produce great creative?

By looking for ways to push through early challenges, particularly during the initial stages of in-housing, brands can access outstanding quality of output from their in-house function. In-house teams are by their nature closer to the organisation, and can react faster. They can access deeper and more meaningful understanding and interpretation more quickly than external partners in many cases. There's also the direct cost benefit of utilising the skills of salaried team members rather than external suppliers.

The key to unlocking the best work from in-house teams, agencies, and functions lies in challenging these misperceptions. There are a number of important drivers: having a strong leader who understands and appreciates the value of creativity and who can bring key stakeholders into the fold; focusing on co-collaboration; and directly mirroring the 'agency approach' (with ideation sessions, design sprints, etc). With these things in place, in-house teams can wield their unique proximity to an organisation as a compelling advantage.

“I have found including the marketing team in the process works wonders. When marketers get to be creative, the studio gets to be strategic.

*Ivan Pols, Chief Creative Officer,
what3words*



Myth 5: In-house agencies struggle to recruit, and retain, creative talent

Finding ways to appeal to the best talent is crucial for in-house agency teams, and given the combination of the ongoing challenges with talent coupled with wider economic factors, the perception that in-house agencies find it harder to recruit and retain the best people effectively is particularly pertinent.

In our recent survey, we put it to respondents that 'it's easy to recruit, but hard to retain good in-house talent.' The results were mixed. No one strongly disagreed with this statement, and only 11% strongly agreed, indicating just how nuanced this issue is. It's also clearly very different for each brand, too, debunking the one-size-fits-all thinking behind this myth.

It's important to acknowledge that there are some harsh realities facing in-house teams which make recruitment and retention tough. As Client budgets are continuously squeezed, it can be harder to appeal to the best candidates on a purely financial basis. The reality is that agency work is perceived (sometimes accurately) as more lucrative, and overcoming this is a challenge those hiring in-house need to navigate. Similarly, it can be difficult to get approval for the kind of headcount needed to push an in-house team into the next phase of development and capability.

“ My biggest challenge recruiting in-house is the ability to move quickly when the right candidate is found, as there are naturally more hoops to jump through.

*Tom Smith, Head of Design
at Condé Nast*

Understanding how to appeal to the right people is an important piece of this puzzle; in-house teams and agencies need to have clear creative ambition, which needs to be communicated effectively. There also needs to be clarity of vision and purpose, along with engineering an environment which fosters and embeds creativity.

When it comes to retention, though, the evidence shows that in-house teams perform well. During the Inside Out Awards' recent discussion on the topic, many in-house leaders reported that staff stay for long periods of time, often 5 to 10 years or longer. The reasons for this will differ on a case-by-case basis, but may include the creative opportunity, the volume of output, the ability to directly influence the brand and the bottom line, and working for a brand you are passionate about. ➤



◀ Chris Booth, Associate Creative Director at the LEGO® Agency (the internal agency of the LEGO Group) acknowledged another important factor: some of the biggest appeal of in-house work, which in-house agencies and marketers should utilise, lies in the desire among creatives to work somewhere that really believes in its values.

The LEGO Agency is a fantastic example of this and Booth attributes his own 14-year career at the LEGO Group to factors such as its clear and present brand values, in-depth onboarding, and the care and attention to building a fun and creative culture.

“Brand values, and ensuring people feel like part of the family, run through every part of the company and encourage people to stay.”

Chris Booth, Associate Creative Director at the LEGO Agency

The reality isn't that in-house teams struggle to recruit or retain great talent. In reality, while every organisation will differ greatly, and wider external challenges still apply, in-housing is a long way from the career graveyard it's unfairly labelled as by those without proximity to it. Done well, the in-house team can work on the biggest strategic and creative problems that need to be solved to directly affect the business, in turn attracting and retaining the best talent.



AAR's Tips and Advice

With the preceding analysis in mind, it's clear that while these myths don't represent the reality when it comes to in-housing, they do represent the perception of in-housing by many senior marketers.

Following our research, survey and discussions around this topic, AAR recommends the following actions for both CMOs and in-house agency leaders to ensure the process of in-housing succeeds in the face of these misconceptions. There are a myriad of steps that can be taken, but we perceive these to be some of the most pertinent.



For the CMO

Don't go in-house in isolation:

Look at your whole ecosystem. Evaluate your current agency partners, where relevant. Or, if this is your first foray into having an in-house agency, evaluate the merits of external agencies versus an in-house team before deciding which model is right for you.

“ I think a lot of people tend to think they just create an in-house team with headcount and some iMacs, but they need to look at the infra-structure, the ways of working, the briefing, the planning, brand manager maturity level... the whole works.

Verbatim from AAR's in-housing survey

Get business buy-in:

It's key to have senior stakeholder support for in-housing to succeed. Embedding an in-house team requires a different way of working and a long-term investment to get the best out of it. Having C-Suite support for the role of the agency, the strategy, the investment and the long-term plan is crucial.

Finding ways to communicate your vision, purpose and strategy internally is vital to this; in-house teams need to be able to articulate their worth effectively.

Decide what you want the in-house function to be:

Is it a production studio, a creative agency, a content machine, a business service, a strategic asset? You need to have that vision clear to communicate internally, to understand where the in-house team fits in the ecosystem, and to hire the right skills into the team.

Remits can change, and having a long-term vision for the in-house agency or team is also important. But establishing that initial clarity of purpose and communicating it effectively should be step one.

Have a leader that understands the business of creativity:

Whether they are hired in or already part of the team, having a leader who understands commercials, stakeholder management, team structures and processes as well as appreciating great work, how to get to it, and how it can help a company's fortunes, is a crucial skill set to have on the team. Considering the challenges of recruitment faced by many in-housing agencies and teams, this is more important than ever.

Have WOWs that 'wow':

Make sure your team's processes are sharp, up to date and fit for purpose for working with your internal teams, external agencies and your in-house team to give them all the best chance to succeed. Ways of working shouldn't be an afterthought, and building a culture which embraces challenge and opens the door to innovation requires a watertight, laser-focused set of processes.

For the in-house agency

Hire passionate people:

There is a concern that working in-house and only associating with or working on one brand will lead to talent, or even careers, going stale. However, those that have made the leap say that they enjoy being proud of and passionate about the product and brand that they work for.

It's inherently more motivating to work on and for something you care about and where you can affect the company's fortunes. Hiring people with a passion for the brand and what you're trying to achieve will go a long way.

Create the right environment:

While it's great to have a catchy name for your in-house team, in reality this is quite superficial. It's harder, but more impactful, to build a creative spirit in the team, to think about where the agency sits physically in the organisation to give the right perception.

That might mean being in the centre of the office, for other brands it might mean being in a separate building. Investing in training, development and inspiration for the team are also crucial for staff retention and career development.

Brilliant basics:

Don't take being in-house for granted. Ensure you have the right processes in place, including status reports, finance systems, and wash ups after campaigns so that the team don't become blasé. Get the simple things right, embed the basics, and you'll establish a bedrock upon which to build.

Build and earn trust:

Hard to win, easy to lose, trust is a crucial component of an in-house team. Earn it by following the tips above, build it by always delivering and going above and beyond wherever you can. Prove to the sceptics that in-house teams can shine just as much - if not more - than external agencies.

Change your reporting line:

If you're reporting to the CMO, are you a marketing service? Do you want to be more than that? If so, you may need to change who you report to, so your CMO becomes your peer and not your line manager.



For both parties

► Review each other's performance:

AAR recommends formally reviewing each other's performance every 6 months in the early days of establishing an in-house agency or team, and annually after that. We believe it is crucial that this is a mutual review with a clear action plan as an output, to enable the agency team and the brand to go from strength to strength.

► Show how, where, when you add value to the business:

Highlight great work, a great process, a high-performing campaign and how they have influenced the bottom line. Ultimately can you prove that you are cheap, quick, good - or cheaper, quicker, better - than external agencies?

Conclusions

Myths, like clichés, come into existence grounded in a perceived truism, but these can and do get challenged over time. We hope that our playbook, and the tips and advice we've provided serve as an opportunity to close the gap between the myths about in-housing that might exist in the minds of CMOs and agencies, and the reality of working in an in-house team, whichever side of the fence you currently sit on.

Set up properly, for the right reasons, with the right ambition and the right level of investment, the sky's the limit for in-house teams. However, as we have shown, if they aren't delivering the volume, speed and cost efficiencies, or quality of work required they can quickly be replaced.

If you are considering establishing a new in-house agency, or reviewing the performance of your current in-house agency or marketing ecosystem, please contact **George Porteous** at gporteous@aargroup.co.uk



Sources and methodology

Sources include AAR's Marketing Ecosystem Blueprint study among 100+ CMOs, a recent AAR survey on in-housing myths, and commentary from Campaign's In-housing Summit and a recent webinar AAR ran with Inside Out Awards (thanks to Emma Sexton for facilitating, and to the attendees for sharing their insights.)



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