Ecologies of creativity: the Village, the Group, and the heterarchic organisation of the British advertising industry

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Abstract. In the 1980s, the hegemony of the large US advertising networks has been challenged by a new breed of London-based agencies who pioneered what is known in the trade as 'second wave'. On the one hand, second wave implied the emancipation of Soho from an 'outpost of Madison Avenue' to the 'advertising village' on the basis of momentous product and process innovations. On the other hand, a few London agencies rose to global top positions on the crest of the second wave by transforming themselves from international advertising networks into global communication groups. This paper starts from the assumption that both, the localised cluster of advertising agencies in the advertising village (the 'Village') and the global communications group (the 'Group'), share basic principles of social organisation. It aims at demonstrating that the organisational logic of both the Village and the Group can be conceptualised in terms of a heterarchy. By drawing on case-study evidence from Soho on the one hand and from the world leading communications business, WPP, on the other, the five basic features of heterarchies—diversity, rivalry, tags, projects, and reflexivity—will provide the conceptual tools for the investigation into the social organisation of the Village and the Group.

From Madison Avenue (New York) to Soho (London)?
The 'first wave'
The history of modern advertising, until recently, was a history that has been written by the US advertising industry and that, to a large extent, reflected developments in its major client industries. Advertising, rather like publishing, developed on the basis of a free (pseudo)professionalism, but began to mimic basic principles of industrial mass production in the USA in the first decades of the 20th century (Shapiro et al, 1992, page 190). The advertising industry, however, followed client industries not just in organisational terms but also literally, that is, in terms of the geography of production. In the wake of the large Fordist companies, US advertising agencies moved abroad, again in response to the needs of internationalising clients to deal with a single agency worldwide. In other words, Madison Avenue, the nucleus and undisputed centre of modern advertising, began to internationalise.

Here is where London enters the picture. The first move of major US client firms abroad led advertising firms to London for reasons to do with cultural rather than spatial proximity. As early as 1899, J. Walter Thompson, the first major US agency to move abroad, set up an office in London (Mattelart, 1991, page 3). Before World War 2, US agencies operated in Britain through alliances, called 'associations' in the trade. However, the postwar period saw a series of again client-driven acquisitions of British firms and the establishment of branch offices. In 1970 US agencies accounted for 42% of declared billings of advertising firms in Britain, and in 1972 accounted for 86% of declared billings of the top twenty UK agencies (Lash and Urry, 1994, page 139). Madison Avenue had become synonymous with advertising in Britain, as it was in the United States. In 1979 not one of the world's top fifty agencies was British (*Advertising Age* 30 April 1980).

The 'second wave'

However, the ensuing decade saw a turnaround of dominance that was even more dramatic. Between 1980 and 1989 the income of the top fifty British agencies rose by four fifths, and pretax profits by 85%. Between 1980 and 1987 advertising expenditure in the United Kingdom grew by 126%, twice as fast as officially recorded real investment (Lury, 1990). US agencies based in London also benefited from the upswing, but several British agencies were able to make the most of the opportunity by going public. By 1987 the share of the British domestic market controlled by US advertising agencies had fallen to 22% (West, 1988, page 478).

The emancipation of Soho

This sea change in the 1980s was set off by a new breed of London-based agencies who pioneered what is known in the trade as the 'second wave' (Lee, 1993). With regard to the product, the 'first wave' advertising of the US multinational agencies was more utilitarian, focusing on functional attributes and, in the words of a practioner, "obsessed with reciting product benefits and hammering home a 'unique selling proposition'" (*Salon* 29 September 1999, page 17). In contrast, the second wave seeks to confront the growing opposition, scepticism, and resistance on the part of the consumer by creating a new type of advert inspired by irony, self-deprecation, and self-reflexivity. The aesthetic of the second wave opposed the bombastic, declaratory, or literal style of the first wave with unusual and subtld visual presentations (Shapiro et al, 1992, page 191).

Pioneering London agencies in this breakaway from the first wave systematised this departure in product innovation through a new direction in process innovation. They developed what is known as "account planning" (Davidson, 1992, page 36). That is, an advert is 'planned' for an account by testing it out on small samples of consumers, through focus groups. For Lash and Urry (1994, page 140) account planning is "emblematic of the implosion of the economic, advertising as a business service, into the cultural, advertising as a 'communications' or a 'culture' industry." With the challenge of market-research-driven advertising by a new ethos of creativity, the hegemony of the major US agencies had been broken.

Soho, the epicentre of the second wave, to rephrase the sea change in terms of the geography of production, had emancipated itself from Madison Avenue. The massive spatial concentration of advertising agencies and, in fact, of the entire chain of activities associated with advertising, ranging from graphic design, lithography, photography, and music to film production and postproduction in a tiny district of roughly one square mile[1] (see Llewelyn-Davis et al, 1996; Nachum and Keeble, 1999) found its colloquial expression in the label 'ad village'. Already the centre of UK cultural and media activities since the turn of the 20th century (Summers, 1989; Tames, 1994), since the 1980s Soho has provided a particularly fertile hotbed for the new breed of agencies, some of which have consistently been ranked among the world's top five in terms of creativity.[2]

[1] The area loosely referred to as Soho is defined by the following boundaries: Oxford Street to the north, Regent Street to the west, Charing Cross Road to the east, and the south side of Leicester Square to the south (Tames, 1994).

[2] A comprehensive evaluation of the twenty-two most creative agencies ranks three London agencies among the world's five most creative, with BMP DDB leading, TBWA GGT third, and AMV.BBDO in fourth position. The same analysis, conducted by the former president of the Cannes Festival, ranks Great Britain ahead of the United States in the category 'print advertising' and a close second to the USA in the category 'TV advertising' (*The Gunn Report* 1999). At the Cannes Festival 2000, British agencies achieved a total creativity score of 240, significantly ahead of the 202 points gained by US agencies (*werben & verkaufen* issue 26, 2000).

The transformation of advertising networks

The impact of the second wave, however, was not confined to the challenge to major US agencies by the new creative 'hotspots' of the ad village. Two London firms, Saatchi & Saatchi and WPP, had risen to global top positions on the crest of the second wave. The meteoric rise of Saatchi & Saatchi elevated them to second position in the US billings table in 1987, and it dominated the agency groupings with Saatchi & Saatchi Advertising and their second 'network' (the term is used in the trade) Backer Spielvogel Bates. In the spectacular record of acquisitions, the hostile takeover of J. Walter Thompson by Martin Sorrell's WPP in 1987 is perhaps the most telling. It was the hostile takeover of one of the largest, oldest, most respected, and most 'American' of the US agencies by the British newcomer WPP, a trolley manufacturer. Just two years later, Sorrell acquired the Ogilvy & Mather network in another hostile takeover, turning the trolley manufacturer WPP into a vehicle for assembling the leading global advertising and communications group (Leslie, 1995, page 405).

In May 2000, Sorrell's aggressive acquisition strategy culminated in the £2.8 billion acquisition of Young & Rubicam, the world's fourth largest, US-based advertising network. Through this largest ever acquisition in the industry, WPP reaffirmed its leading world position in a business that was no longer confined to advertising in the traditional sense (*Advertising Age* 29 May 2000). Rather, through the unprecedented series of acquisitions and takeovers, Sorrell had transformed WPP into a truly global corporation, operating more than 80 separate companies with 1290 offices in some 100 countries, offering a spectrum of communications services ranging from public relations, market research, and strategic marketing consulting to design services, architecture, and, increasingly, new media (*WPP Group Navigator 2000*).

Aims and conceptual approach

Taken together, the second wave involved two concurrent processes. First, Soho emancipated itself from the outpost of Madison Avenue to the ad village (hereafter 'the Village'); second, the London advertising industry pioneered the organisational transformation from the international advertising network to the global communications group (hereafter 'the Group'). In this paper I start from the assumption that both the Village and the Group share basic principles of social organisation. I aim at demonstrating that the organisational logic of both the Village and the Group can be conceptualised in terms of a *heterarchy*.

The five features of heterarchies

Although the conceptual foundations of heterarchies have been laid down in natural science (see, for example, Findlay and Lumsden, 1988; McCulloch, 1965; Taschdjian, 1981), the notion has also been applied in the analysis of large corporations (Grabher and Stark, 1997a; 1997b; Hedlund, 1986; Hedlund and Rolander, 1990; Stark, 1999) and regions (Grabher, 1995). By drawing on these organisational reconceptualisations, heterarchies are conceived here as a form of social organisation that is defined by five basic features which constitute a fragile balance between integrative and disintegrative processes, between sources of stability and instability.

On the one hand, heterarchies are characterised by a high degree of tolerance for internal *diversity*. In the same way that the Village's organisational ecology is populated by a diverse mix of ownership and organisational forms, the Group incorporates a diverse range of businesses and, less obviously, the business models, philosophies, and organisational practices prevailing in these fields (see Hedlund and Rolander, 1990, page 25). Heterarchies, however, rather than being built on a static coexistence of organisational forms are driven by *rivalry* between them. Such rivalry within heterarchies fuels a

sustained engagement that recreates different ways to organise, interpret, and evaluate the same or similar business activities. Rivalry, phrased differently, preserves the richness of the organisational ecology and, hence, provides for a more diverse 'genetic pool' for the evolution of new organisational mutations (see Grabher, 1995). Instead of regarding the Village and the Group as a result of the search for the 'best solution', their inherent diversity and rivalry reproduce organisational configurations that are 'better at search'.

On the other hand, diversity and rivalry are, temporarily and partially at least, held in check by two integrative practices. On a cognitive level, *tags* prevent the polyphony of philosophies and worldviews within heterarchies from turning into noise. Tags redefine the limits of "communities of practice" (Wenger, 1998) by prescribing rules and protocols for a shared self-understanding—just as the label 'second wave' is associated not only with a particular locality but also with a distinctive style of advertising. On an organisational level, the prevailing practice of collaborating in the context of *projects* provides a minimum of "practical coherence" (Hedlund and Rolander, 1990, page 25). In the same way that projects cut through the organisational identities within the Group, they perforate organisational boundaries within the Village. Most importantly, projects provide 'trading zones' of the different business models, organisational philosophies, and worldviews.

However, the tensions between these integrative and disintegrative forces within a heterarchy are not neutralised in a state of organisational equilibrium. Rather, heterarchies drift between the poles of rigid order and excessive disorder. Given the fundamental uncertainties of the environment, the process of navigating between these poles cannot be reduced to a problem of "optimisation" (Arthur, 1996; Arthur et al, 1997). The organisational imperative under such fundamental environmental uncertainty is the ability radically to question the appropriateness of the assumptions of one's own organisational behaviour. This ability makes for the *reflexivity* of heterarchies. Consequently, heterarchies resemble, as Hedlund and Rolander (1990, page 26) put it, an "organisation as a brain" model of action rather than a "brain of the organisation" model.

Heterarchies versus learning

These five basic features of heterarchies provide the conceptual tools for the investigation into the organisational logic of the Group and the Village. By proposing such an evolutionary economic approach, in this analysis I try to challenge some key assumptions of the currently most influential discourse on 'learning' which seems to inform the theorising on localised clusters to the same extent as the reasoning on the global corporation. In other words, conceiving of the Village as a *locational heterarchy* and the Group as a *functional heterarchy* appears more appropriate than viewing them through the perspective of the 'learning region' and the 'learning firm', respectively. The heterarchy approach is regarded as more promising with respect to resolving three conceptual puzzles in particular.

First, to a considerable extent the literatures on learning regions and learning firms revolve around the question of how organisationally to optimise processes of 'learning from'. In targeting processes for efficient acquisition and application of knowledge, these literatures are more concerned with solutions to problems of adoption and adaptation. The challenge posed by the notion of heterarchy, however, is *adaptability*. Whereas the notion of adaptation implies a retrospective view, reflecting the history of responses to changing environments, adaptability is oriented towards the future, indicating the organisational capabilities of coping with unforseen challenges (Arthur, 1999; Clippinger, 1999, page 7). Because these capabilities in fact presuppose a certain

tolerance of organisational slack and redundancy (Cyert and March, 1963, page 38; Grabher, 1995), they pose a formidable organisational challenge. How much inefficiency can the Village and the Group tolerate for the sake of adaptability, without sacrificing the ability for overall reproduction?

Second, both strands of the learning literature stress a basic causality according to which successful learning is a function of trust which, in turn, is generated in long-term relationships. And the higher the complexity of the tasks involved, the more essential trust becomes. However, although collaborative projects involving tasks of high complexity are the rule both in the Village and in the Group, long-term relationships, as will be demonstrated, are not. Strongly suggestive of "polygamy with a taste" (Woody Powell, quoted in *Red Herring* April 2000), it is rather short termism that is moulding careers, organisational affiliations, and external alliances within both organisational settings. How, then, can collaborative work practices prevail in the Village and the Group which are both characterised by short termism?

Third, in the accounts on learning regions, localities are, implicitly or explicitly, treated as sites in which spatial proximity offers the benefits of (transaction cost-) efficient diffusion of 'best practice' which, in turn, promotes organisational homogeneity and economic coherence within the locality. In the Village, however, spatial proximity does not seem to lead to a quasi-epidemic spread of a hegemonic 'one best way'. Rather, it appears to trigger (agency-)specific ways of adoption, recombination, or outright rejection of the various 'best practices'. How does spatial proximity, rather than fostering homogeneity, reproduce such heterogeneity and incoherence—despite a dense pattern of frequent interactions in a highly concentrated cluster?

These conceptual challenges will be taken up in the subsequent analysis in which, in the next section, the organisational logic of the Group will be conceptualised in terms of a functional heterarchy by refering to the case of WPP. By proceeding along the same conceptual route defined by the five basic features of heterarchies—diversity, rivalry, tags, projects, and reflexivity—the Village will be portrayed as a locational heterarchy in the subsequent section.

The functional heterarchy: the Group
Diversity
As a result of the unprecedented series of acquisitions and takeovers, WPP not only expanded the geographical reach of its core business but also continuously diversified its portfolio of activities. However, instead of integrating new acquisitions into an existing network with an established 'agency philosophy', WPP's tendency is to leave them with their separate philosophies and identities in a rather disaggregated form. In other words, WPP, for the most part, is operating new acquisitions as separate 'brands'.

Diversity within the advertising business
Account conflicts In the traditional core business of advertising, the three major networks within the WPP Group, Ogilvy & Mather, J. Walter Thompson, and the recently acquired Young & Rubicam, follow different philosophies. Whereas the Ogilvy & Mather philosophy, set out in numerous publications by David Ogilvy on 'brand stewardship', for example, is oriented to the emotional aspects of advertising, J. Walter Thompson follows a more research-based approach under the label of 'total branding'. An even more fundamental difference of philosophies within WPP results from the tie-up with Asatsu whose philosophy 'management by all' is largely moulded by Japanese advertising traditions (West, 1996, page 134).

The resulting diversity of brands within the heterarchic WPP Group structure allows a resolution of the conflict rule of 'exclusivity', according to which an agency

is unable to serve the business of directly competing clients. By retaining the separate identities of agencies and networks, the Group can control a larger client base and can overcome the growth barrier posed by account conflicts. When WPP took over J. Walter Thompson, for example, it established a separate agency network, Conquest Europe, to handle an existing automotive client (Alfa Romeo) so that J. Walter Thompson's relationship with Ford could be maintained (Perry, 1990, page 46). In this sense, the internal diversity of the Group allows for a broader port-folio of clients which in turn reduces the risk of becoming locked into the organisational and cultural idiosyncrasies of a particular client.

Creativity The relevant environment of the Group, of course, is not limited to the client, that is to the output side. As regards the input side, creative talent is of strategic importance and hence affords particular consideration. Although there is little, if any, systematic empirical evidence of an unequivocal relation between organisational size and the nature and degree of creativity, the smaller networks and independent bou-tiques are associated with creativity and creative freedom. Even if this association were hardly more than a kind of trade folklore, the career decisions of people in the trade are based largely on these perceptions.

This association is typically based on two assumptions. First, it is based on an alleged correlation between agency (network) size and size of accounts on the one hand, and size of account and creative freedom on the other. As the chief executive officer (CEO) of McCann – Erickson illustrates: "When it comes to large accounts, the principle of risk minimisation rules" (*Wirtschaftswoche* 27 May 1999, page 134). Given the size of the billings of major international or even global campaigns, advertisers tend to trust the results of market research rather than to follow the imagination of the creatives. Second, a considerable share of the creative work in the agencies of large networks is confined to a mere adaption of global campaigns for the domestic market. Obviously this type of task offers only a very limited scope for creative input and, consequently, does not attract creative talent.

The Group structure à la WPP, to some extent at least, secures the identity of individual agencies and reduces the risk that agencies that have been taken over lose key employees—who could start a new business and draw away major clients because they would not like to work for a 'Madison Avenue behemoth'. In the words of a copywriter of a small Soho agency, partly owned by the world's current second largest Group, Omnicom: "These groups are businesses doing advertising. We are an advertis-ing agency" (A7).[3] In the advertising business, the danger of losing clients with the departure of personnel is particularly high because the "loyalty of ad people is rather with the client than with their agency" (A12).

Although these two factors—account conflicts and creativity—have to be taken into consideration by any Group, the issue of brand identity seems to be exception-ally important for London agencies. It is their pronounced focus on creativity that makes them particularly vulnerable to any damage to their image and reputation as a creative hot spot that might occur in the course of a takeover by a marketing-driven Madison Avenue network. Admittedly, it is difficult to support these issues with solid empirical evidence, if there is any at all. However, in an industry in which "managing identity and impressions" (Alvesson, 1994) is a key task, it is definitely of great relevance.

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[3] Quotations from interviews in advertising agencies are marked with 'A' followed by the consecutive number of the agency in the interview sample.

Diversity of businesses

The disaggregated form of the Group also reflects the organisational impacts of a strategy that, once again, has been pursued by WPP in a most consequential fashion. Although advertising agencies have long had public relations arms, WPP began to diversify into market research, strategic marketing consulting, identity consulting, direct marketing, in-store marketing, design services, architecture, and, with increasing dedication, new media. Whereas the initial series of diversifications close to the classical field of advertising typically took the form of acquiring a total or a majority equity stake, from 1995 onwards WPP not only diversified the *portfolio of activities* but also the *portfolio of links*.

First, WPP launched a number of start-up companies, particularly in the field of specialised so-called 'sector marketing', such as youth marketing, female marketing, and healthcare marketing. Second, WPP is entering the highly promising and equally risky terrain of interactive marketing services through minority stakes, generally involving shares of under 10%. Up to May 2000 WPP had added thirteen firms to its portfolio of direct investments in new media services (*e.wire* 7 July 2000). On a more indirect route to web-based marketing and communication services, WPP together with Motorola, GE, Sun Microsystems, Siemens, and other companies has established the venture capital fund Media Technology Ventures.

In the fifteen years of its existence, WPP has increased the diversity of activities of the Group as well as the diversity of ties within the Group at an accelerating pace. In early 1999 the more than forty companies of the Group which are in businesses other than the classical field of advertising, for the first time accounted for more than 50% of the Group's income (*WPP Group Navigator 1999*). Such diversity can be regarded as a form of "economic and social wealth" (Holland, 1992; 1995): the greater the diversity (that is, the greater the number of, and interactions between, different 'agents' such as actors, firms, or philosophies) the broader the scope of activities. Hence, the *diversity of organisations* within the Group provides a potential for adaptability, the activation of which, however, affords a particular *organisation of diversity.*

Rivalry

In heterarchies, diversity cannot be reduced to the mere coexistence of different organisational forms or philosophies but rather implies sustained engagement, overlap, and confrontation. In other words, rather than being built on the static coexistence of different forms and philosophies, heterarchies are driven by rivalry between them. Rivalry appears a more appropriate concept for understanding heterarchies than competition because competition takes the boundaries of the firm as well as the boundaries of its internal units as given parameters. As such it might capture some of the more obvious dimensions of rivalry when, for example, the leading networks within the WPP Group directly pitch against each other to win new accounts. Although it is not the standard case, pitching against each other is not precluded by any written rules or by the Group philosophy.

However, with regard to the adaptability of the Group, much more important than this classical firm versus firm competition are those dimensions of rivalry that challenge the boundaries of the individual networks, agencies, and other organisational units involved. The increase in the internal diversity of the WPP Group is not simply the result of the persistent extension of Sorrell's company shopping-list. Rather the diversity reflects the perpetual reorganisation of agencies and networks and, particularly outside the classical advertising business, more radical forms of corporate self reinvention of the Group.

With annual growth rates in excess of 50% (*WPP Annual Report 1999* page 58), new media services have triggered unprecedented rivalry within the Group about how to approach new business opportunities. On the one hand, WPP up to May 2000 had invested more than $75 million in new media start-ups to "keep abreast with Silicon Valley developments and to identify potential client relationships" (*e.wire* 7 July 2000, page 2). On the other hand, WPP's leading classical advertising networks Ogilvy & Mather and J. Walter Thompson pursued the same agenda by spinning off and broadening their internet operations with Ogilvy Interactive and Digital@JWT, respectively. Needless to say, these spin-offs were accompanied by the propagation of a distinct new philosophy to enlarge yet again WPP's universe of brands—with the label "360-degree-branding"—(*Wired* April 2000).

This is rivalry within the Group: increasingly lucrative business activities are approached both from classical advertising agencies who are broadening their business domain as well as from specialised businesses who are bundling their resources in order to defend what they regard as their domain. The result, however, is not a once-and-for-all 'either/or' solution but a sustained engagement that creates and recombines different ways to organise, interpret, and evaluate the same or similar business activities. Instead of regarding the restructured organisation as the result of the search for the best solution, the result is instead an organisational configuration that is better at search. That is, it is one with a certain degree of 'underdetermination' or 'underspecification' within the heterarchic Group structure. In other words, this sort of rivalry generates and reproduces redundancy within the Group (see Grabher, 1995).

This redundancy of resources, skills, models, and philosophies is embedded in different organisational contexts and on different organisational layers in a way in which the higher layers subsume the activity of lower organisational layers by controlling it only in a limited way. Such 'soft assembly' allows lower organisational units to respond to local contexts and to exploit intrinsic dynamics: "'soft assembly' out of multiple, largely independent components yields a characteristic mix of robustness and variability. The solutions that emerge are tailored to the idiosyncrasies of context, yet they satisfy some general goal" (Clark, 1997, page 44). Soft assembly preserves independent sensing elements that, therefore, 'know' their environment better. Because the identity of individual organisational units is preserved, the Group can potentially retain a greater number of mutations and novel solutions than would be the case with a 'hard assembled' hierarchical structure.

The managerial practice of soft assembly can take the form which a CEO uses to describe the relation between his network and an affiliated small Soho agency: "Control is not really what we do. We are not going there every two weeks looking over their shoulder and asking them why are they doing the things in the way they do it ... . We start from the premise that if we get the right people in, make them responsible, they'll probably do it reasonably well. And we'll manage the exceptions" (A1).

As beneficial as diversity and rivalry might appear from this evolutionary perspective, they pose a formidable challenge for the Group. How can a minimum of "practical coherence" (Hedlund and Rolander, 1990) be achieved within the Group? In other words, how can the Group's strategic acting capacity be secured without sacrificing its adaptability? Heterarchies achieve the coherence necessary for concerted action through two closely related practices which are discussed in turn below. On a cognitive level, heterarchies instrumentalise the integrating dynamics of tags to enhance a shared self-understanding; on an organisational level, they restrain the disintegrative dynamics of diversity and rivalry through the practice of projects.

Tags

The transformation of the Group's emerging new portfolio of ties and activities into an adaptable economic aggregate is contingent on what Clark (1997) refers to as "cognitive scaffolding". In this perspective, adaptability is in part dependent upon the ability of an organisation to use environmental sources of order and influence for restructuring and self-redefinition. Clark (1997) makes the fundamental point that all organisations sample and invent their environments through representations that are indexed to situated actions. In other words, organisations are conditioned to see what they expect to see, or rather what they have been successful in representing and acting upon in the past. Hence, a vital aspect of adaptability is the ability to "unlearn" (Nystrom and Starbuck, 1984) and to challenge the established categories of environmental order. That is, the ability to conceive of industries or businesses not as objects 'out there', but as artifacts—tags—that emerge and are recreated through interactions of suppliers and customers, competitors and allies (Arthur, 1996; 1999).

In 1999, as already mentioned, WPP's income from activities outside classical advertising was higher than the income from the activities that had founded the Group's reputation as the '*ad* giant'. While size—in terms relative to the other major Groups such as Omnicom and Interpublic—is still one of the key features of the WPP identity, classical advertising is obviously increasingly less so. In particular, new media are challenging the coordinates of the organisational charts and established business categorisations and, more fundamentally, what the Group conceives as its own 'core competencies'. The drift towards new media, triggered by an accelerating pace of spinning-off, merging, and starting-up new interactive marketing businesses, in 1999 culminated in the foundation of wpp.com, an internal holding of all web-based activities of WPP.[4]

At first glance, the foundation of wpp.com simply reflects a formal organisational acknowledgment of WPP's changing business portfolio. At second glance, however, it also can be interpreted as an attempt to redefine the limits of communities of practice by prescribing rules and protocols for shared activity. Seen in this perspective, wwp.com represents a tag that cuts across the established brand identities within WPP. Launched as a cross-brand or, in the allegoric nomenclature of WPP's Annual Report, as a "cross-tribe approach" wpp.com is aimed at curbing rivalry between the classical advertising networks on the one hand (those traditional corporate pillars of WPP) and the new start-ups in colonising the new terrain of web-based business on the other. Although in the initial phase it appeared imperative to prevent excessive rivalry from turning into mere cannibalism, in the medium term wpp.com is expected to catalyse new internal groupings and collaborative networks focused on web-based services.[5]

Tags, as the example of wpp.com seeks to indicate, are not simply shorthand for existing dynamics nor are they elements of static blueprints either (Clark, 1999, page 64). Rather, tags "are the beginning of a conversation, among those who connect via the idea that the tag represents" (Manville, 1999, page 105). Knowledge is built and

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[4] In broadening the focus from the production of advertisements to communication services in whichever medium is most appropriate, the redefinition of WPP's identity, at least partially, resembles the struggle of newspapers to redefine themselves in the wake of the Internet rather in terms of (providing) *news* than (printing on) *paper*.

[5] In addition, the dot.com-tag is displayed as a lure for creative talent that increasingly is attracted by new media start-ups. The new economy-brand is expected to position the Group closer to the new centre of attractivity, in particular relative to its traditional major competitors for graduates of top business schools such as management consultancies and investment banks (*WPP Annual Report 1999* page 48).

redefined through such conversations, and communities of practice are formed on the basis of conversation and knowledge exchange.

Projects

As important as tags, or more generally these exercises of cognitive scaffolding, are in particular in the industry whose core business *is* cognitive scaffolding, it is clearly only one, and definitely not a sufficient, instrument for sustaining coherence within a heterarchy. On a more tangible note, there are two organisational practices that trans-form the Group into an aggregation that is more than the sum of its constituent organisational units, the first of which is client driven, the second Group initiated.

Client driven: matching organisations

Clients increasingly demand not just individual advertising campaigns but also accom-panying marketing and communication measures, ranging from direct marketing to services as diverse as the design of showrooms and sponsorship of classical concerts. Although this is true in general, clients follow rather different approaches to the integration of these services. Some clients prefer to deal with the various organisational units of the Group directly or even to buy specialist services from different Groups. As the case of AMV.BBDO illustrates: "Clients such as BT, Pizza Hut and Yellow Pages prefer a parallel arrangement, where direct access and accountability obviate the need for anything other than loose co-ordination" (*AMV.BBDO Business Report 1998* page 18). For clients who prefer a single point of contact, Groups must be able to provide a one-stop-shop service "by providing a customised team of specialists from different group companies, with tight central management by an 'integrator' of a diverse mix of disciplines from advertising to sponsorship to direct marketing" (*AMV.BBDO Business Report 1998* page 19).

The heterarchic Group structure allows it to meet a broad spectrum of demands which reflect, on the one hand, the client-specific policies towards their agencies (which appear rather company idiosyncratic than industry specific) and, on the other, the organisational and geographical structure of the client. In general, the parallel approach corresponds with the needs of clients whose internal marketing departments and competencies are, first, in general rather decentralised because of a divisional organisation and, second, regularly demand inputs from other corporate functions and departments such as design and research. Conversely, the one-stop-shop approach reflects the demands of clients whose marketing is highly centralised.

Taken together, a heterarchy can be geared to match a broad spectrum of interface configurations with client organisations. The ability of the Group to mirror client structures (see Grein and Ducoffe, 1998, page 310) meets a crucial organisational demand in the communications services business according to which the "issue isn't being 'big or small'—it's being 'big *and* small'" (*Fast Company* 4 September 1999, emphasis added). Whenever clients prefer a one-stop-shop approach, the challenge from a management perspective is to create and sustain, for a given period of time, an intra-Group network that cuts across the whole range of organisational diversity with its distinct routines, practices, and philosophies. Although this type of client-driven project formation is the dominant form of intra-Group networking, WPP has recently launched several programmes that aim at enhancing learning across intra-Group boundaries.

Group initiated: economies of knowledge

"The real promise of globalisation", Sorrell recently stated, "has less to do with 'leveraging economies of scale'—selling the same products the same way around the world—than with 'leveraging economies of knowledge': developing, refining,

mastering, and implementing cutting-edge business models" (*Fast Company* 3 September 1999, page 228). This statement has to be seen in the context of the ambition to rebrand WPP not just in terms of the Group's scope of activities from 'advertising' to 'communication' but also in terms of the role of the Group from a 'financial holding' to a 'parent company'.

WPP launched several programmes and initiatives to substantiate its redefined Group identity as a parent company. The main aim of these initiatives is the development and transfer of new business and work models within the Group. In particular, the more recent investments and tie-ups in the field of new media are not only regarded as sources of market growth and generators of growth markets. Beyond these more obvious expectations, these companies are seen as hotbeds for new business models whose radical client orientation should be emulated by the entire Group. Preeminent targets of this transfer of business models are WPP's major advertising networks who instead of being organised by geography first, function second, and client third are envisioned to become driven by client first, function second, and geography third (*WPP Annual Report 1999* page 29).

As a first vehicle for transferring models within the Group, WPP in 1996 launched the Worldwide Partnership Program that encourages collaborations across Group companies and disciplines. Teams—representing two or more WPP companies—might be partnerships, alliances, or simply individuals working across companies. Their collaborative projects are included in the WPP Case Studies Portfolio to provide tools for new client-centred project teams. More recently, the creation of Knowledge Communities has been encouraged. These Knowledge Communities, working in specific sectors such as interactive media, share nonconfidential insights and case studies in various ways ranging from workshops to password-protected websites.

These Group initiatives and, much more so, the demands from the client side, are probably more than precursors of a tendency which will lead to a rescaling of the organisational realm of production. Although it might be somewhat premature to speculate on the "demise of the agency" (Leslie, 1997, page 1033) altogether, the increasing importance of another level of organising the production process can hardly be disputed: the *project*. Projects constitute "temporary social systems" in which people with diverse professional and organisational backgrounds work together to accomplish a complex task (Meyerson et al, 1996, page 168). As collaborative efforts of diversely skilled people, projects provide "trading zones" (see Galison, 1998) between different business models, identities, and philosophies within the Group.

The idea of the trading zone counters the view that boundaries between such entities have no size and cannot occupy a site. The point is, as Galison (1998, page 805) argues, that the delimiting area not only exists but the trading zone can also be substantial enough to enhance the exchange of different work and business models. In this sense, projects, client driven as well as Group initiated, cut through the layered organisation of units, agencies, and networks within the Group and catalyse cross-brand learning beyond the actual duration of a particular project. The practice of recombining teams in various collaborative projects, over time generates *latent* networks that might be activated in similar circumstances. In fact, the trading zones established by projects do not simply broaden the spectrum of available information but, more importantly, establish contact to sources of translation and interpretation of new information. As a sort of a by-product, projects hence benefit the Group's ability to challenge the assumptions of its own organisational behaviour. In other words, the organisational practice of projects feeds a basic cognitive source of the adaptability of networks, that is, reflexivity.

Reflexivity
Although reflexivity is, almost by definition, difficult to achieve intentionally, particular organisational designs and ways of channelling information can nevertheless provide favourable preconditions. At WPP two different organisational approaches enhance the reflexivity of the Group. On the one hand, reflexivity is, so to speak, 'organisationally crystallised' within WPP since the incorporation of consultancy expertise through the acquisition of The Henley Centre. This takeover was aimed not only at offering a wider portfolio of services to clients but also to assist the growth of the Group itself by scanning the economic environment more generally and proposing and monitoring investment projects in particular (Perry, 1990, page 46).

On the other hand, and of no less importance, reflexivity results from 'organisationally interpenetrating' monitoring and challenging of established routines and experimenting with new ones. With a dedication that appears exceptional relative to industry standards (see Grein and Ducoffe, 1998, page 313), WPP earmarks about 20% of operating profits (which amounted to roughly £200 million in 1999) for programmes that serve these monitoring and experimenting purposes roughly defined (*Campaign Live* 17 September 1998). First, WPP started to provide space for experimenting through its twenty-one Test Beds which are piloting new approaches to client service, resource management, and cross-functional collaboration. Second, although primarily designed to attract young talent, the WPP Fellowship Program fosters the development of cross-disciplinary skills which are essential in project-based work teams (*Fast Company* 4 September 1999).

Third and most recently, WPP introduced a series of interactive workshops, called SparkLabs. These workshops are designed to help rethink and reconceptualise working routines and conventions more generally. What appears to be particular about these workshops is the fact that they are led by professionals from worlds outside the Group's own communication business. These workshops are led by musicians or performers who introduce their own practices and philosophies that are neither moderated nor translated by professional coaches. In other words, these workshops are aimed at a direct confrontation with other world views and justificatory principles. So far, most of these workshops have taken place in a particular location which has been chosen for its extraordinary wealth of cultural stimuli: Soho. Here is, literally, the place where the sketch of WPP, the Group, and the portrait of Soho, the Village, are 'stapled'.

The subsequent portrait, however, is not aimed at presenting a chain of historical necessities that transformed Soho into a successful local cluster that has become a match for the global Groups. Instead, it seeks to demonstrate that the adaptability of the Village is fed from the same sources as the adaptability of the Group. The Village, in other words, will be conceptualised as a locational heterarchy that, like the functional heterarchy of the Group, is characterised by a fragile balance between the disintegrative dynamics of *diversity* and *rivalry* which, temporarily at least, are held in check by the integrative practices of *tags* and *projects*. And, as with the Group, *reflexivity* provides the basic cognitive precondition of the Village's adaptability. By proceeding along the same conceptual route that we have just followed in the analysis of WPP, each of these features will now be discussed in turn for the Village.

The locational heterarchy: the Village
Diversity
Similar to the expansion and differentiation of the Group, the story of the Village can be read as a story of the evolution of an increasingly diverse organisational ecology. Above all, the broadening of the spectrum of *organisational forms* as well as *ownership forms* elucidates this increase in organisational diversity.

Organisational forms

With regard to the diversification of organisational forms, a critical section in the development of the organisational ecology of the Village is the introduction of "account planning" (Davidson, 1992, page 36). What account planning does is to involve the perspective of the customer in the production process which has so far been confined to the—prototypically antagonistic—perspectives of the 'creatives' on the one hand and the 'account manager' representing the interests of the client firm on the other. Hence, the introduction of account planning decisively increases the intraorganisational diversity and broadens the interface of the agencies with their environment. This interface is no longer restricted to the reference communities of the creatives in the art sphere, on the one hand, and the exchange of the account managers with the clients, on the other. With the introduction of account planning, the agencies have opened wider the window to the world of strategic thinking and research on the perception and behaviour of the consumer.

Although account planning has also caught on in the United States and continental Europe, it still seems much more firmly established in British advertising (A2, A17). In British agencies account planning is not only regarded as an indispensable input in the process of designing campaigns but has also been established as a distinctive professional profile. In British agencies, the design process is, ideally, a collaborative effort of specialised professions, whereas in continental Europe the division of labour is less pronounced. As an art director who moved from Hamburg to London explains: "In the German agencies, the division of labour is less strict than in England. In Germany it's rather lumping everything together .... In the morning you're involved in the production of a film, in the afternoon you have to design a flyer, a package ... whatever is needed most urgently" (A21). Expressed in conceptual terms, the intraorganisational diversity is higher in British agencies. Although cooperation is key, London agencies are keen to keep these three logics ('art', 'client', 'customer') separate. The work organisation is aimed at reinforcing the particular identity of creatives, account managers, and account planners, respectively. Despite intense cooperation, as a managing director put it, "they should remain strangers to some extent" (A9).

However, it is not only the historical fact of this innovation that appears remarkable but also the diversity of the mutations of the new task-profile account planning. It has not only been introduced—or rejected—in agency-specific ways as a new employment profile within London advertising agencies. More recently, account planners in London have started organisationally independent account-planning agencies that offer their services to advertising agencies. In this way, diversity enlarges the 'genetic pool' for the evolution of new organisational mutations. Expressed differently, the increasing organisational diversity in the Village broadens the scope for new entrepreneurial activities (see Aldrich, 1999, pages 81–82).

Ownership forms

In addition to the rather diverse spectrum of organisational forms, the Village is also populated with comparatively exotic ownership forms. The traditional set of independent owner agencies, on the one hand, and agencies which are partially or wholly owned by one of the large networks and/or global Groups on the other, is in London complemented by two other forms. First, the London ecology also hosts agencies which are part of agency networks that form rather loose federations without any cross-ownership or unilateral ownership links. A case in point is AMIN (Advertising Marketing International Network) which consists of some fifty independently owned agencies based mainly in North America and in Europe and which is currently coordinated by a Soho agency. Second, and more remarkable, in 1995 the world's first

employee-owned agency, St. Lukes, was founded in London. The story of the founding process of St. Lukes is itself a graphic illustration of organisational rivalry within the Village.

Rivalry

St. Lukes emerged from the London office of Chiat/Day, once the US iconoclast whose reputation for intelligent creative work earned it the title 'Agency of the Decade' awarded by *Advertising Age* in 1989. Despite its origins as a small creative boutique founded in 1968, Chiat/Day had grown to the sixteenth largest agency in the USA in 1995 (*Advertising Age* 10 April 1995). On 31 January 1995, however, Chiat/Day announced its merger with TBWA, the third largest advertising network which itself is owned by Omnicom. A major force behind this merger was Chiat/Day's single most important client, Nissan, which became increasingly concerned with the geographical limitations of the Chiat/Day network (Law, 1998, page 53). According to the initial plan, the London offices of TBWA and Chiat/Day would have to merge as part of the deal.

However, this plan met with the resolute resistance of the Chiat/Day London office. The managing director of the London office, Andy Law, and the account director, David Abraham, refused to be, as they saw it, assimilated by the 'suit-culture' of the TBWA network and controlled by the 'Wall Street pirates' Omnicom. After making sure that their major client, Midland Bank, would stick with them, Law and Abraham bought out the London office of Chiat/Day for £1.2 million to create an agency that would achieve no less than to "change the DNA of the ad business" (*The Observer* 24 August 1997).

Although some features of St. Lukes, the agency Law and Abraham founded, appear to be a resumption or radicalisation of the premerger Chiat/Day philosophy, others go beyond it and represent genuine innovations in the advertising business. As to the latter, the ownership structure of St. Lukes is unique. Core elements of the agency's ownership constitution are the six-member board elected by the staff called the Quest, short for Qualified Employee Share Ownership Trust (that legally defines the St. Lukes status) and the equal share handouts to every staff member who has been with the agency for more than six months at the end of each year. The cooperative ownership constitution structure is also converted into an inclusive management style.[6]

A less direct and less spectacular effect of these experiments is the fact that St. Lukes has reoriented its search horizon for innovative organisation concepts. The founders of St. Lukes turned their focus away from their own industry when searching for business practices that they regarded as particularly promising because of their high degree of self-reflexivity, particularly with regard to the broader role in society and economy. More specifically, rather than targeting the most promising hot spots in the trade, they were focusing on companies such as The Body Shop and Ben & Jerry's which, in their view, took the idea of stakeholders seriously (Law, 1998, page 221). They also deliberately set up the St. Lukes office outside the centre of the Village and claim to avoid the insider and gossip circles of what is regarded as the Soho media establishment that orbits around a few creative gurus. In other words, they claim to operate outside of what economic geographers usually celebrate as the Marshallian 'the secrets are in the air' atmosphere.

[6] Ownership constitution is converted into management structures, management structures are translated into physical structures. Instead of personalised office spaces, the basic physical units of St. Lukes are the 'project rooms'. Seeing itself as a "clubhouse for clients" (Law, 1998, page 140), St. Lukes dedicates each client a purpose-built separate project room. The Midland Bank room, for example, mimics the spatial grammar of a counter hall, the Eurostar room of the actual train compartments, etc.

The unorthodox ownership constitution and management style of St. Lukes triggered enormous interest from the wider business community and, equally enormous scepticism from the trade in general and the Village in particular. The continual arrival of new mavericks and enfants terribles had raised the level at which the Village was prepared to have a serious second glance at, yet another, revolutionary idea. Initial reactions to St. Lukes from trade representatives ranged from "too New Age to be true" (*The Observer* 24 August 1997), "evangelical" (*New York Times* 12 February 1998) to "Moonies sucked in by the 'virtual office' mantra" (*Campaign* 9 February 1997).

Such scepticism, however, met with increasing respect for an agency that not only delivered creative work but also seemed to flourish in commercial terms. Its tongue-in-cheek "act your shoe size not your age" campaign for Clark's Shoes, for example, earned unanimous credits in the trade press. And, despite its unorthodox approach, St. Lukes was able to add to its client list "some of the hardest-nosed advertisers in the business" (*Campaign* 9 February 1998) such as Coca-Cola, United Distillers, British Telecom, and Eurostar. In the same way that the "Labour isn't working" campaign for the Conservative Party in 1978–79 was important for Saatchi & Saatchi, the New Deal campaign "as more sign up, fewer sign on" for the Labour Party was important for St. Lukes. This prestigious £18 million contract was regarded as a most notable accomplishment for St. Lukes (*Financial Times* 19 February 1998). In recognition of these achievements, 'the moonies' were voted 'Agency of the Year 1997' by *Campaign*.

And, although St. Lukes does not have the status of a model, it turned into a serious 'what can we learn from' issue. In this way, the 'angry young agency' which sweeps aside conventions and established practices of the Village, ironically plays an important role for the Village as a gatekeeper. St. Lukes has shifted the viewfinder to, from the point of view of the advertising business, unknown corporate territories and hence, but not by intention, broadened the information horizon of the Village. The sustained rivalry between various ownership and organisational forms, consequently not only preserves the diversity of the organisational ecology but also enriches the ecology of values and belief systems of the Village.

However, in the same way that rivalry within the Group is prevented from turning into organisational disintegration, rivalry within the Village is restrained by two closely related practices. On a cognitive level, tags provide coherence and a shared self-understanding that distinguishes the Village from a simple spatial concentration of similar economic activities. On an organisational level, the practice of collaborating, at least temporarily, on projects prevent rivalry from disentangling the web of economic exchanges within the Village into mere arm's-length market transactions.

Tags

Soho, or London more broadly, is not only inextricably interrelated with the localised production of advertising but also with a particular style of advertising products, their specific 'look and feel'. This recursive relation between place and products reflects a phenomenon which, although not a novelty in general, is of particular and increasing importance in the cultural industries (Scott, 1997, page 324–327) and has, as Molotch (1996, page 229) argues, profound economic impacts: "The positive connection of product image to place yields a kind of monopoly rent that adheres to places, their insignia, and the brand names that may attach to them…. Favourable images create entry barriers for products from competing places."

In the same way that Madison Avenue is still associated with the first wave of US multinationals, London is seen as the epicentre of the second wave set off by a new breed of small shops which created a new type of advertising. The tag 'second wave' represents a combination of irony, self-deprecation, and wit on the one hand, and

thorough account planning on the other. The tag stands for an aesthetic that is based on unusual and subtle visual presentations opposing the bombastic, declaratory, or literal style of the first wave. "It should be seen as part of the same phenomenon of expressive revolution", Shaprio et al (1992, page 191) argue, "in which, in that period, a whole range of British cultural developments in music, fashion, TV, cinema and literature caught, and created, the mood of the time. It not only countered the American style, but opposed an ethos of creativity to its market-research-led blandness."

To be sure, the boundaries in this rather simplistic bipolar geography of styles have become somewhat blurred (and perhaps they have never been as clear as the quotations suggest, which are not entirely free from British–American cultural stereotyping). Nevertheless, the London advertising industry's brand image is still firmly anchored in (British) irony and (British) planning. The unfailing radiation of this tag is reflected in the fact that it is a prime location within an internationalisation strategy that is not client driven. In other words, continental European and American agencies, in partic-ular, are moving to London not in order to follow their accounts but in order to tap into the creative resources of the Village. Scholz & Friends, one of the top three German networks, for example, was motivated to set up an office in London by the "stimulation" and "creative buzz", and the fact that "London is continuously creating trends in music, culture and art" (*Horizont* 6 September 1999, page 57). And an art director of the French Publicis network adds: "London is so important, because it sets the agenda in youth culture ... . And here you are absorbing that all the time" (A24).

Projects

Although some of these attributions and the invocation of London as the 'Capital of Cool' might resonate with the ostentatious image of the city's advertising business, the Village offers a pool of creative talent and creative services whose richness and depth are unmatched in Europe and probably surpassed only by New York (Llewelyn-Davis et al, 1996; Nachum and Keeble, 1999, page 21–24). In the same way that projects have become a basic unit for organising production within the Group, the creative pool of the Village is transformed into productive resources on the basis of projects. Although the spatial scope of these projects is not limited to the boundaries of the Village, the search process for project partners starts and, to a considerable extent is successfully completed, in the Village.[7]

The space of projects

Amongst the various economic and technical factors that reproduce the colocation of creative services one in particular sticks out: time (see Sassen, 1995; Scott, 1999, page 1971).[8] The interaction patterns of advertising agencies with service suppliers is characterised by (1) the short-term demand for specialised inputs and (2) the simulta-neity of demand for a diverse range of inputs. In the advertising industry, time pressures typically come to a head in two constellations. First, it is not uncommon that extraordinarily attractive offers of media time and space are made at very short notice. Second, and this mirrors the reflexive approach of the second wave, campaigns are increasingly designed to react to political, cultural, or sporting events — or the campaigns for competing products. The impact and, in fact, the efficiency of such a

[7] An important source of information for mapping and understanding the space of projects were the files of the security and reception desks of the interviewed agencies which helped me to understand the physical interaction pattern with suppliers and clients.
[8] Given the significantly lower interaction frequency, spatial proximity to customers is not imperative in locational considerations. On the contrary, representatives of client firms seem to prefer to have—in the words of an art director—a "fun day out" (A12) in the context of a presentation of their advertising agency in Soho.

reactive campaign is dependent on the immediacy of the reaction. In both instances, the advertising agency is forced to (re)activate a project network and to coordinate simultaneous inputs from a diverse range of project partners.

However, although time is obviously a major driving force behind colocation in the Village, the deterministic tone that echoes through much of the current literature on local clusters does not appear entirely appropriate. Two important reservations emerge from the practitioners' side. First, rather than in terms of necessity, people in the advertising business talk about spatial proximity to supplying services in terms of convenience. In the words of a managing director: "The creatives like the fact that [the creative services] are at their doorstep. That makes life feel easier for them and more manageable ... speed is important and the concentration here helps to deal with that. But I'd rather say this concentration is convenient, not necessary for us" (A10).

Second, rather than reducing the concentration of the Village simply to a matter of spatial proximity that allows an acceleration of the speed of physical interaction, Soho is associated with a certain pace of action and a certain attitude towards work practices that are driven by extraordinary time pressures. The owner of a small Soho agency illustrates this: "People have a completely different attitude. Here, when we are busy, there is an atmosphere, there is an urgency about it, and people will work to get the job done" (A7). And a film director answers the question, what he would miss most by moving out of Soho: "The pace ... there is a certain pace here, things move incredibly fast" (A29). Apparently, particular place-bound conventions with regard to the organisation of work (see Storper, 1997) are seen as essential preconditions for a cyclical project-based production process. In addition, quintessentially cosmopolitan features, such as the 24-hour-and-7-days-a-week availability of key services, facilitate this type of cyclical work regime.

The organisation of projects
Yet the organisational challenges of project-based production are not confined to its cyclical nature and the increasing demand for speed, which is particularly high in an (advertising) culture in which reputation is also derived from quick-wittedness and the talent for creative repartee. In addition, the design of a campaign typically involves simultaneous inputs and feedbacks from a broad spectrum of specialist services, ranging from film production and direction, composition and photography, through graphic design, lithography, and printing, to translation services and legal advice. The provision of those services (such as printing), which are characterised by a comparatively small scope for creative inputs which are not prespecified, follows the familiar pattern of 'made-to-order' supplier relations. In these cases, the advertising agency performs the task of *orchestrating* the services of suppliers.

There is, however, a whole range of services whose particular contents cannot be specified in advance and which afford a genuine creative input. These services, such as film production and direction, demand a form of governance of the relation between advertising business and supplier that is only inadequately captured by the orchestral metaphor. Orchestration connotes prescripted musical scores and a single conductor as leader. The cooperation with suppliers of these idiosyncratic inputs, however, involves turbulence, ambiguity, and a "redistribution of improvisation rights" (Weick, 1998, page 549) that is incompatible with the static (hierarchical) synchronisation of an orchestra (Hatch, 1999). Hence, following Weick's (1998) suggestion that we should regard jazz improvisation as a "prototype organisation" designed to maximise innovation, the relation between the advertising agency and the suppliers of creative inputs will be approached in terms of *improvisation* as practised in jazz (Barrett, 1998, pages 607 – 616).

Provocative competence Essentially, improvisation implies deliberate interruption of habit patterns and resisting the temptation to rely exclusively on routines and patterns of past success. In other words, provocative competence avoids the "competency trap" (March, 1991) that is the tendency to exploit past success, thereby squashing exploration of future possibilities. Resistance to this temptation is critical in an industry in which the reputation of the creative personnel is (given a certain level of quality) built on a degree of unpredictability rather than on idiosyncratic trademarks or a particular house style.[9]

Embracing errors as source of learning In improvisation, errors are considered inevitable and something to be assimilated and incorporated into the performance. In such an "aesthetic of imperfection" (Barrett, 1998, page 611), errors are points of creative departure and reintegration into the creative process.

Distributed tasks Structures are dynamic, interpretively open, and often ambiguous. Structure "exists more as an absence than a presence" (Hatch, 1999, page 84). In the same way that the song in jazz provides only a loose framework, design prototypes and 'dummies' in advertising projects leave room to depart and deviate. Yet they give enough structure to provide a dynamic synchronisation of the partners involved in the project. In this sense, structures in jazz, as in advertising, mimic the principles of 'soft assembly'.

Alternating between soloing and supporting One of the most widespread practices in jazz is 'taking turns'. Through the practice of swapping back and forth the roles of soloing and supporting other soloists, 'leadership' within the band is rotated. In advertising projects, in particular, the cooperation between the creative personnel, the account manager, the film producer, the film director, and composer is characterised by a similar migration of control and shifting between the roles of giving the project direction and being directed by other project partners. It is also through this practice that projects constitute the organisational arena of a 'trading zone' in which the various commercial, organisational, and aesthetic philosophies interact.

Hanging out Local jazz communities of peers serve as a sort of informal educational system for disseminating knowledge that goes far beyond musical competencies and techniques but also includes particular language and dress codes and, more generally, the code of conduct and habitus (Bordieu, 1977) of the particular community of practice. Essential to this form of learning is access to legitimate peripheral participation. A similar form of informal training takes place in Soho, as an art director of the London office of a US network illustrates: "It's almost like an ideas village ... like a university, without the academic side to it ... people want to work here because they know they're gonna be rubbing shoulders with top directors" (A19).

In this sense, projects, at their peripheries, provide sites for training and for gaining access and, at their core, they provide the organisational context for gaining reputation. In an industry in which careers are driven by reputation and skills rather than by formally certificated degrees, this role of projects is critical. In particular, the more creativity-based skills are developed further through 'learning-by-watching' in the periods of idleness that alternate with periods of frenetic activity in the course of a project (DeFillipi and Arthur, 1998, page 131). These periods of idleness are quite often used by senior project members to demonstrate specific routines to neophyte members. A film producer puts this in concrete terms: "I started as a runner ... making coffee, doing the photocopying and things like that ... there was always something going on, you could always try to be part of something different" (A32).

[9] The demand for 'originality' constitutes a basic ambivalence in advertising. The emphasis on uniqueness is countered by the attempts to acquire credit, that is basically to be accepted—and predictable (Alvesson, 1994, page 557).

Viewed through the narrow perspective of efficiency-focused learning mechanisms and strategies, such idleness simply appears a waste of time and resources that, consequently, has to be minimised (DeFillippi and Arthur, 1998, page 132; see also Grabher, 1995). In the evolutionary perspective developed here, however, the tolerance of this form of idleness and organisational redundancy in the context of project-based collaboration is a necessary precondition for the Village's adaptability and reflexivity.

Reflexivity

The permeability of the labour market

In the practice of recruiting personnel, as just indicated, certificates and formal qualifications are of only minor importance. Instead, the selection of personnel seems to be an effort to balance two antagonistic criteria that, once again, reflect a funda-mental ambivalence in the advertising business that demands originality and, at the same time, predictability. For junior positions predictability is assessed by examining proofs of creativity (typically the 'map' or the 'reel' containing a sample of drafts) and, on the senior level, it is an expectation based on reputation. Essential in building up and reproducing reputation are the project networks which are structurally suited to dispersing information widely and quickly. What applies to movie production seems also to hold true for the advertising business: "We're a big industry but a small industry, because we talk to one another" (Jones, 1996, page 65).

However, these attempts to judge predictability are thwarted by the imperative of the business permanently to produce originality. As a managing director illustrates: "Once people have the right skill set, you look for freshness" (A4).[10] The consistent demand for fresh perspectives and novel approaches opens the door, at least slightly for people without a specialist professional training background. As a consequence of the low *formal* barriers to entry and the comparatively low segmentation of the labour market of the Village, the spectrum of career patterns is extraordinarily broad and diverse. If a career in the Village may start off either with the position of a dispatch runner for an agency or with a Cambridge degree in philosophy, then neither predicts the future path nor eventual peak of a career in advertising.

Closely related to this labour-market structure is the border between trivial culture and 'high art' which appears unusually permeable in London. In other words, migra-tion of people, and organisational and aesthetic concepts between these worlds is not suppressed by rigid cultural attributions. Doing work in one of these worlds does not disqualify a person from working in the other, quite often the contrary. This holds particularly true for the relation between advertising and film production. Most suc-cessful (also in Hollywood terms) British filmmakers such as Adrian Lyne, Ridley Scott, Hugh Hudson, David Puttnam, or Alan Parker, for example, all have their roots in the advertising industry (and, in addition, do not shy away from admitting this biographical episode that in a continental European context probably would be regarded as a commercial contamination of an artist's curriculum vitae).

In fact, advertising provides a training site which is crucial for the success of British filmmaking which, in turn, is beneficial to the quality of television commercials. "Shooting commercials gives you a real ability to work with telling images that work very effectively on screen. [That's why] they're good ... popular directors. They organise their material well. It's all there. It's all visual in a sense" (a film expert, cited in Lash and Urry, 1994, page 138). British filmmakers were long hampered by their narrative and

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[10] The 'right' skill set is not restricted to technical skills and artistic talent but above all also includes interpersonal skills [condensed in the quip: "just imagine how you would feel to be trapped in an elevator with that person" (A21)] and motivation and persistence [another punch line: "when does someone stop to ring you up? Five, ten or twelve times after you didn't get back to him?" (A21)].

literary traditions in theatre. However, the subsequent generation, who were trained in advertising were perfectly suited to the contemporary cinema audience whose sensibility is attuned to the 'video mode' rather than to the 'literary mode' (Abercrombie, 1991).

The relative ease of migration between different communities of practice and genres facilitates exchange and catalyses novel combinations of established routines and perceptions. By drawing on a diverse range of skill sets, biographical backgrounds, and cultural orientations, the Village produces an effective evolutionary antidote against the risks of becoming locked into a hegemonic best practice.

The culturalisation of advertising

More recently, the reflexivity of the Village has been further enhanced by a development that for Lash and Urry (1994, page 141) culminated in an "implosion of the economic, advertising as a business service, into the cultural, advertising as a 'communications' or a 'culture' industry". As a result of this implosion, public discourse about advertising has expanded beyond the narrow boundaries of the business community. Although the critical evaluation of particular advertments has traditionally been an integral part of the trade journals, reviews of and comments on advertising campaigns in daily newspapers and popular magazines are of more recent origin.

In a similar style and format to the way movies, records, or theatre plays are reviewed, the London magazine *Time Out* and daily newspapers such as *The Guardian* and the *Independent* have cultivated a debate in which adverts rather than being seen as crude consumer propaganda are increasingly perceived as genuine artifacts of popular culture. Seen from a different perspective, the creative challenge for agencies is no longer simply confined to selling products but to become part of everyday parlance. In the words of a creative director: "What you eventually want is that ... people in the pub say, 'hey did you see that great commercial?' ... and that people play around with your slogans" (A22).

Although the direct impacts that this expansion and popularisation of the discourse have on particular advertising styles or philosophies might be insignificant, it reinforces a feedback loop that supports a continuous upgrading of the industry. Broadening the debate leads to a deepening of the 'advertising literacy' of the consumers who, in turn, make increasing demands on the sophistication and subtlety of advertising. In this sense, the advertising literacy of British consumers, which is unequivocally regarded as exceptionally high in international comparisons (*Sharp Stick* April 1998), and the more recent widening of the angles from which advertising is perceived, benefit the reflexivity of the Village.

Summary and conclusions

This paper was aimed at demonstrating that the localised cluster of advertising activities in the Village and the global communications Group both share an organisational logic that can be conceptualised in terms of a heterarchy. By applying the same set of conceptual tools in the analysis of the Village and the Group, I have portrayed heterarchies as a form of social organisation that thrives on a dynamic tension between integrative and disintegrative practices, between sources of coherence and incoherence. The Village and the Group both represent rich organisational ecologies with a high degree of *diversity* of organisational forms, philosophies, and practices. This diversity of organisations constitutes an evolutionary potential that in heterarchies is activated through a particular organisation of diversity. The latter has been described as *rivalry* which fuels a sustained engagement that recreates different ways to organise, interpret, and evaluate the same or similar business activities. These disintegrative dynamics,

however, are curbed by the practice of *tags* and *projects* which provide the cognitive sources for a shared self-understanding and the organisational basis for a minimum of 'practical coherence'. And, finally, instead of focusing on a single centre of control, it is instead *reflexivity* that acts as a sort of an 'immune system' of heterarchies (see, Luhmann, 1986).

In venturing this evolutionary framework, in the analysis of the Village and the Group, I also challenged some of the perspectives and assumptions of the currently most influential discourse on 'learning'. First, the current debate on the 'learning region' and the 'learning firm' seems rather preoccupied with identifying efficient mechanisms and routines for the absorption and application of knowledge. As such, it is focusing on organisational solutions to problems of adoption and adaptation. In contrast, the central performance criterion in the framework proposed here is adaptability. The concern for this ability to cope with unforseen challenges implies a reevaluation of organisational redundancies. What in the narrow perspective of efficiency-focused learning might appear as a waste of time and resources and, in fact, a symptom of inefficient learning, in the context of the heterarchy framework constitutes a basic organisational potential for adaptability. Phrased differently, heterarchies derive their evolutionary strengths from a certain tolerance of inefficiencies. Within both the Village and the Group the redundancy of business models, philosophies, and practices provides a rich genetic pool for the evolution of new organisational mutations; the *necessary* idleness in project-based work provides an arena for improvisation and reflection.

Second, in the accounts on learning regions, localities are, implicitly or explicitly, treated as sites in which spatial proximity offers the benefits of (transaction cost-) efficient diffusion of 'best practice' which, in turn, promotes organisational homogeneity and economic coherence within the locality. In the Village, however, spatial proximity does not lead to a quasi-epidemic spread of a hegemonic 'one best way' but rather triggers (agency-)specific ways of adoption, recombination, or outright rejection. Despite a dense pattern of frequent interactions, spatial proximity in the Village fuels rivalry, that is, an ongoing engagement with different ways to organise, label, interpret, and evaluate the same or similar activities.

Third, the accounts on learning stress the importance of long-term relationships for the generation of trust which, in turn, is regarded as a normative precondition for successful learning, particularly in the context of complex task profiles. However, although collaborative projects involving tasks of high complexity are the rule both in the Village and in the Group, long-term relationships obviously are not. If anything, it is short termism that is moulding careers, organisational affiliations, and external alliances within both organisational settings. How, then, can collaborative work practices prevail in the Village and the Group which are both characterised by the absence of long-term relationships? On the one hand, although project teams are dissolved after completing their task, the prevailing practice of recombining teams in various collaborative projects in the Village and the Group, over time generates *latent* networks that might be activated in similar circumstances and that connect people indirectly. On the other hand, trust is *diffused* in the communities of practice in the Village and the Group. Their particular codes of conduct, partially at least, compensate for the fact that the short time span of projects mostly does not provide enough time for establishing *personal* relations of trust (Meyerson et al, 1996).

Here also lies the broader relevance of studying the "morally lowest of all industries" (Jackson and Taylor, 1996, page 359): advertising is practising and refining forms of project organisation, whose paradigmatic importance goes far beyond the culture industries (Lester et al, 1998).

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