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Kristen Backhaus

State University of New York at New Paltz

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Current Empirical Research

Aquarius advertising revisited: a case becomes an experience

Kristin Backhaus

State University of New York at New Paltz,
Saugerties, NY, USA

Correspondence: Kristin Backhaus, State
University of New York at New Paltz,
12 Sawyer, Saugerties, NY 12477, USA.
E-mail: backhaus@newpaltz.edu

Abstract

This experiential exercise is based on a traditional organization theory case related to structural contingency theory. The exercise provides a means by which students can play the role of advertising agency professionals and their clients. The objectives of the exercise are to demonstrate structural contingency theory; to illustrate the relationship between contextual factors in an organization's environment and its internal organization design; to demonstrate the effects of structural deficiency on communication and project completion in a creative organization; and to demonstrate the need for horizontal linkages for effective project completion. The exercise is appropriate for both undergraduate and graduate students.

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Keywords: experiential exercise; organization theory; structural contingency theory; case study; organization design



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Introduction

Organization design is a primary topic within the Organization Theory (OT) course (Paulson and Baker, 1993). The main emphasis within the topic of organization design is structural contingency theory. Structural contingency theory states that there is no single best way to structure an organization (Burns and Stalker, 1961). Rather, a firm's organization design choices are based on a number of contingencies, including firm size, technology, environment, strategy and culture (Miller, 2007).

According to research conducted by Paulson and Baker (1993) OT courses that focus on organization structure and design are taught primarily through lecture, with occasional use of experiential exercises and cases. Although lecture is useful for introducing theory, experiential exercises become vital in conveying the real meaning of the theory. Experiential exercises allow students to engage in a multi-sensory learning style (Cantor, 1997) that can increase their overall ability to assimilate difficult subject matter. An experiential exercise that supports the concepts explained in a complicated theory reinforces learning.

The case method is another useful means of conveying organization design concepts. Cases can be a valuable means of conveying real-life situations that embody the principles being taught (Jain, 2005). Students can enhance their analytical skills through case method instruction (Ghemawat, 1998). There are a variety of excellent organization design cases that allow students to apply structural contingency theory. These cases are useful because

many undergraduate students have little organizational experience, and have trouble understanding the real meaning of these contingencies, and why they matter to organizational design.

A well-known organization design case is “Aquarius Advertising Agency,” originally developed by Veiga and Yanouzas (1984) and included in Daft’s (2008) textbook, *Organization Theory and Design, 9th Edition*. This short case illustrates the problems an organization faces when it has an inappropriate organization design, and provides an opportunity for students to suggest a more suitable organization design. Due to the brevity and simplicity of the case, it is uniquely well suited for adaptation to an experiential exercise. The exercise described here is an experiential adaptation of “Aquarius Advertising Agency.” The exercise was designed to complement the case and to provide students with an opportunity to experience and reflect on the issues of structural contingency theory. It is appropriate for undergraduate or graduate students studying organization design and structural contingency theory.

Objectives of the exercise

The objectives of the exercise are: to demonstrate structural contingency theory; to illustrate the relationship between contextual factors in an organization’s environment and its internal organization design; to demonstrate the effects of structural deficiency on communication and project completion in a creative organization; to demonstrate the need for horizontal linkages for effective project completion. More broadly, the objective is to have students experience the frustration of working in an organization with an inappropriate structure.

Group size

The exercise is very adaptable in terms of group size, because the numbers of department members and the number of projects can be altered. I have conducted the exercise in a class of 50 students by running two separate groups. To run the exercise effectively, each group should be between 20 and 25 students, although this number is flexible.

Materials

No materials other than the case, paper and pencils/pens are necessary.

Preparation before class

The exercise works well after students have been introduced to the concept of organization design

and structural contingency theory. It is best if students have an understanding of functional, divisional, matrix and horizontal structures. They should also be familiar with horizontal linkages.

Prior to class, students must read the “Aquarius Advertising Agency” case.

The instructor divides the roles among the students, using the list of roles and department members in Appendix A. The instructor also photocopies the project assignments that are contained in Appendix C, or develops new project assignments. Project assignments would vary based on preferences of the instructor. The assignments in Appendix C were created to be simple and understandable for traditional undergraduate students. Instructors adapting the exercise for graduate students may wish to use more complex or sophisticated project assignments.

Conducting the exercise

1. Assign roles to students as indicated in the list in Appendix A. The number in parentheses indicates how many people should be assigned to the role or department. Students should be provided with a brief description of their role, or their department’s task (provided in Appendix B).
2. If possible, have each department find a location in which to set up their operations. In our facility, students can disperse into the hallway and study alcoves surrounding the classroom. After finding a location, ask each department to return to the classroom and post their location on the blackboard in an “Office Directory.” This allows the leaders to find each department more quickly.
3. Ask the accounts manager and the three account executives to set up their “offices” in the classroom. The clients can remain in the classroom in their own area.
4. Provide the clients with their instructions and a written description of the project they want Aquarius to do for them (see Appendix C). Explain to the clients that although they will be assigned an account executive to oversee their account, it is their right to contact any of the specialists within the company at any time to see how the project is coming along, or to make changes in the project.
5. Instruct the clients to present their project needs to the accounts manager. They can either provide the written outline of the project to the accounts manager or orally describe their needs. It will be at the discretion of the clients to decide



how to convey their information to the accounts manager.

6. At this point, the exercise should begin to run on its own. The accounts manager should delegate projects to the account executives. The exercise comes to life when the accounts manager decides how to delegate the responsibility to the executives, and when these executives begin to determine how to delegate the work to the specialists in each of the departments.
7. Tell the accounts executive that the organization has about 30–40 min to complete their projects and reconvene to give 1 min presentations to the clients.
8. After allowing 30–40 min for completion of the projects, reconvene the class and have account executives give presentations of the completed work to the clients. Allow about 1 min for presentations. When presentations have been completed, it is time for debriefing.

Debrief

After the exercise is completed, discuss with students the following issues.

1. Clients, were your needs met?

Most often, the clients indicate that their needs were partially met. You may probe by asking clients about the aspects that were unfulfilled, or whether they felt that they were given a quality product.

2. Accounts manager, how did you assign tasks to the account executives? Why did you do it this way?

Much of the outcome of the exercise depends on the way in which the accounts manager delegates the work. He/she may give a written account of the clients' needs to the executives, or may have clients meet directly with the executives. The accounts manager may feel responsible for overseeing the entire exercise, or may simply delegate it out and sit around and watch. It is helpful to draw out from the manager what he/she thought was important to do in order to oversee proper completion of client project needs.

3. Account executives, how did you assign tasks to the departments? Did you handle it in a top-down, centralized way, or did you discuss it with the specialists? Also, did you monitor their progress on the tasks? Did you get together with the client again? Did you encourage specialists to have inter-departmental meetings? Why or why not?

The account executives usually take their power very seriously and give very clear directives, essentially negating any creativity on the part of their specialists. They have read the case, so they know that things can get out of hand so they often try to control with an iron fist. It is helpful to get them to talk about what they were trying to accomplish and how they think their techniques affected the specialists and the outcomes. It is also fascinating to see whether they thought it would be helpful to have inter-departmental meetings. They tend to handle each department separately, which slows the processes very badly, often making it nearly impossible to complete the tasks in the assigned time.

4. Specialists, how did you approach your task? How did you interact with your account executive? Did you go to him/her for help or clarification? Did you meet with your client directly? How did that work out? Did it help or hinder your progress? How did it affect your creativity? Did you use any of the horizontal linkages that we have learned about (i.e. liaisons, meetings, task forces, committees, direct contact)?

How did the physical proximity of other departments affect your interaction with them? How do you think this relates to a real-life organization?

Typically the specialists are frustrated and frenzied from trying to figure out how to complete their task with incomplete information. Sometimes they reach out to the other departments to collaborate on a task, but it is not uncommon for the art department, for example, to develop artwork with no ad copy, or for the TV/Radio Department to develop a radio ad without consulting the copywriters, even though they know those departments exist.

The farther they spread out around the building, the more difficulty they have in working collaboratively, but they rarely decide to pull together to meet in one common area.

5. Clients, did you go directly to the specialists? What did you do when you met with them? What effect did your visit have on their progress? Did your visits create further confusion? Specialists, how did client visits affect you? Account executives, did you know the clients were working directly with the specialists? Did it affect your perceptions of control over the process?

The clients can create a real distraction to the specialists and can effectively derail the entire process, just as the Aquarius case tries to illustrate. If the account executive



is trying to maintain control over the process, the clients can create frustration for them, as well.

6. Overall, how did the departmentalization of the specialists affect the ability to collaborate? If work was delegated by the account executive in a sequential manner, how did that affect the timing of the exercise? If the account executive gave assignments to each separate department, how did that affect each specialist's ability to get a "big picture" view? Could economies of scale have been established by distributing the work differently? What would have been a better way to organize the workers to complete the tasks more quickly and creatively? How did the timing of the exercise affect your creativity? Did you have time to be creative?

All of these questions work to draw out the themes of Aquarius. Through a question and answer process covering these issues, students begin to see that a functional structure is ill-suited to a rapidly changing environment and creative tasks. They recognize that the bureaucratic structure of Aquarius inhibits the ability of employees to coordinate projects and share ideas. Through their experience and the discussion, students have a better understanding of the reasons why flatter, more horizontal structures foster creativity. Because creativity must be a core competency of Aquarius, students recognize that other structural configurations like teams, horizontal groupings, matrices, would be more effective.

Reference

Veiga, J.F. & Yanouzas, J.N. (1979). Aquarius Advertising Agency. In J.F. Veiga and J.N. Yanouzas *The dynamics of organization theory: Gaining a macro perspective*. St. Paul: West Publishing, 225-231.

Appendix A

Aquarius advertising exercise roles

The numerals in parentheses are suggested numbers of students for each department or role.

Leadership roles:

- Accounts manager (one)
Account executives (three)
Clients (three or more, depending on class size)

Department members:

- TV/Radio Production Department (minimum of three)
Copy Department (minimum of three)

Student feedback

This exercise has been tested in three sections of an undergraduate course in OT in a school of business located in a Northeastern public college. In an evaluation of the exercise, 89% of students either agreed or strongly agreed that the exercise improve their understanding of the structural contingency issue in Aquarius advertising. In open-ended comments about the exercise, students said that the exercise illustrated the importance of having the right structure for the task, helped them understand how frustrating it is to work within a system with structural deficiencies, how important organizational communication is, and what horizontal linkages are for. Students reflected an overall positive attitude toward the project and requested more activities of this nature.

Conclusion

Using multiple teaching methods is often helpful in conveying complicated theories to students. Structural contingency theory is challenging for students to comprehend, and the use of lecture, case and experiential exercise enhances their understanding and application of the theory. Adaptation of OT cases to experiential exercises offers a method of teaching unfamiliar students a variety of abstract theories. The process followed in this example may be adapted to other case studies, maximizing the value of the cases for student learning outcomes.

- Art Department (minimum of three)
Newspapers/Magazine Production Department (minimum of three)
Research Department (minimum of one)
Media Department (minimum of one)
Merchandising Department (minimum of two)

Appendix B

Instructions for students

Client instructions

You have hired Aquarius Advertising Agency to prepare an advertising campaign for your organization. The project is provided on a separate page. Your task is to meet with the accounts manager to provide him/her with your project needs and to describe what you want from Aquarius. The



accounts manager will assign an account executive to your case. You really should go through the account executive for any inquiries or project changes, but if you want, you can go ahead and work directly with the various specialists that may be working on your account. After all, you want your project to come out well, don't you?

Accounts manager instructions

You are the accounts manager for Aquarius. It is your job to assign projects to account executives and to monitor the progress of the projects. You have full authority to determine which executive should get a project, and you also have the responsibility to be sure that the projects are completed according to the clients' wishes within the allotted time.

Account executive instructions

You are an account executive for Aquarius. You report to the accounts manager, who will assign you the clients and accounts for which you are responsible. It is your job to delegate the work for each project to members of the Aquarius organization in any way that makes sense to you. You will notice that there are specialists with expertise in a variety of different areas, which will be helpful as you decide how to assign the projects.

Department member instructions:

All department members will receive work assignments from accounts executives. Your specific role in the organization is as follows:

TV/Radio Production Department

Responsible for development of television and radio advertising. You plan the advertising campaigns according to client needs in conjunction with other specialist departments.

Copy Department

You write ads for all of the various media, including newspaper, magazines, television, radio, billboards and Internet. You work in conjunction with the other specialist departments to complete ad campaigns.

Art Department

You develop the art (images, pictures, etc.) for ad campaigns. You work in conjunction with the

other specialist departments to complete ad campaigns.

Newspapers/Magazine Production Department

You work with magazines and newspapers and other specialist departments to develop ad campaigns.

Research Department

You are responsible for conducting market research and work together with other specialist departments to develop ad campaigns.

Merchandising Department

You develop special promotions, produce catalogs, and work with merchandise vendors. You work together with other specialist departments to develop ad campaigns.

Appendix C

Project descriptions

Ward's autobody

You own a large, local autobody repair shop. You are hiring Aquarius to do an advertising campaign for you. You need a new slogan included in the campaign and you would like to advertise in all major forms of media in your geographic area including radio, TV and newspaper. You also think that it might be cool to have some sort of giveaway to promote business; maybe a cute keychain or other gadget?

About 10 min after you have met with the account executive, you happen to think of a new idea. Please go see the TV/Radio/Internet specialists and let them know you want them to do a mock up of a new webpage.

Consolidated savings bank

You are a local savings bank. You are hiring Aquarius to do an advertising campaign for your new Personal Teller Machine (PTM) service. This is a 24 h a day, 7 day a week live teller system. A real-life bank teller is available at the central branch, and through a remote technology system she/he can conduct regular bank teller services like check cashing, deposits with cash back, payments, etc. The technology involves a webcam and an ATM-type console. You want to publicize this new service

through radio, TV and newspaper ads. You also want to have a special promotional campaign that offers some type of prize for using the new technology.

About 10 min after you have presented your needs to the account executive, you remember that you also wanted to have the Art Department design a cute logo for the PTM technology. You decide to talk to the Art Department specialist about it.

Overnight comfort motel

You run a small chain of modest roadside motels that are known for being simple but clean and cheap. An unfortunate event recently happened in which a few customers at your hotel found bedbugs in their beds. The customers' story was picked up by the national news programs. You have purchased new mattresses and had the rooms fumigated, but you now need to have a new advertising campaign that will counteract the bad press. You want to advertise in the newspapers, radio, Internet and television.

About 10 min after presenting your needs to the account executive, you are worried that the ad

campaign will worsen your problem. You really want to talk to the specialists that are writing the ad copy for your campaign to see if it is ok. They'd better not be including anything about bedbugs in their campaign. You want everyone to forget they'd ever heard about it.

Appendix D

Aquarius Advertising Agency – abridged version*

The Aquarius Advertising Agency is a middle-sized firm that offered two basic services to its clients: (1) customized plans for the content of an advertising campaign (e.g., slogans and layouts), and (2) complete plans for media (such as radio, TV, newspapers, billboards and Internet). Additional services included aid in marketing and distribution of products and marketing research to test advertising effectiveness.

Its activities were organized in a traditional manner. The organization chart is shown in Figure D1. Each department included similar functions.

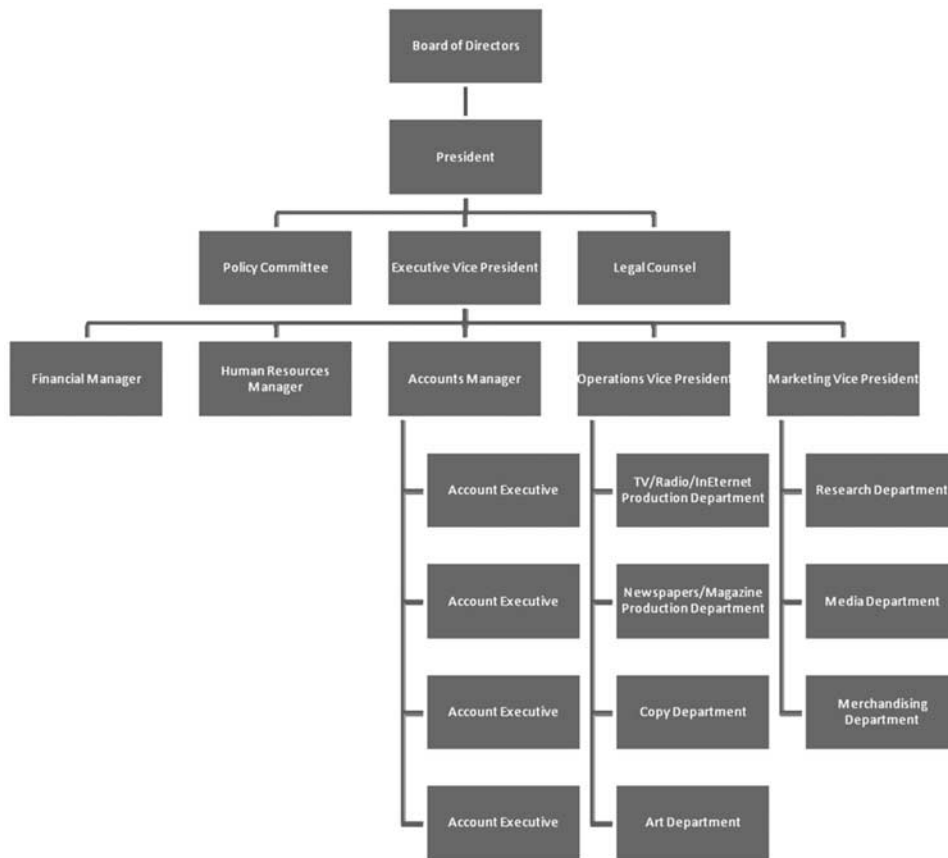


Figure D1 Aquarius Advertising Agency organization chart.

Table D1 Sociometric index of Aquarius personnel and clients

	Clients	Account manager	Account executives	TV/Radio specialists	Newspaper/Magazine specialists	Copy specialists	Art specialists	Merchandising specialists	Media specialists	Research specialists
Clients	X									
Account manager		F	F	N	N	O	O	O	O	O
Account executives		X	F	N	N	N	N	N	N	N
TV/Radio specialists			X	F	F	F	F	F	F	F
Newspaper/Magazine specialists				X	N	O	O	N	N	O
Copy specialists					X	O				
Art specialists						X	N	O	O	O
Merchandising specialists							X	O	F	F
Media specialists								X	X	F
Research specialists										X

F= Frequent – daily; O= Occasional – once or twice per project; N=None.

Each client account was coordinated by an account executive, who acted as a liaison between the client and the various specialists on the professional staff of the operations and marketing divisions. The frequency of direct communications and contacts among clients and Aquarius specialists, clients and account executives, and Aquarius specialists and account executives is indicated in Table D1. These sociometric data were gathered by a consultant who conducted a study of the patterns of formal and informal communication. Each intersecting cell of Aquarius personnel and the clients contains an index of the direct contacts between them.

Although an account executive was designated to be the liaison between the client and specialists within the agency, communications frequently occurred directly between clients and specialists and bypassed the account executive. These direct contacts involved a wide range of interactions, such as meetings, telephone calls, e-mail messages, etc. A large number of direct communications occurred between agency specialists and their counterparts in the client organization. For example, an art specialist working as one member of a team on a particular client account would often be contacted directly by the client's in-house art specialist, and agency research personnel had direct communication with research people of the client firm. Also, some of the unstructured contacts often led to more formal meetings with clients in which agency personnel made presentations, interpreted and defended agency policy, and committed the agency to certain courses of action.

Both hierarchical and professional systems operated within the departments of the operations and marketing divisions. Each department was organized hierarchically with a director, an assistant director and several levels of authority. Professional communications were widespread and mainly concerned with sharing knowledge and techniques, technical evaluation of work and development of professional interests. Control in each department was exercised mainly through control of promotions and supervision of work done by subordinates. Many account executives, however, felt the need for more influence, and one commented:

Creativity and art. That's all I hear around here. It is hard as hell to effectively manage six or seven hotshots who claim they have to do their own thing. Each of them tries to sell his or her idea to the client, and most

of the time I don't know what has happened until a week later. If I were a despot, I would make all of them check with me first to get approval. Things would sure change around here.

The need for reorganization was made more acute by changes in the environment. Within a short period of time, there was a rapid turnover in the major accounts handled by the agency. It was typical for advertising agencies to gain or lose clients quickly, often with no advance warning as consumer behavior and lifestyle changes emerged and product innovations occurred.

An agency reorganization was one solution proposed by top management to increase flexibility in this unpredictable environment. The reorganization would be aimed at reducing the agency's response time to environmental changes and at increasing cooperation and communication among specialists from different departments. The top

managers are not sure what type of reorganization is appropriate. They would like your help analyzing their context and current structure and welcome your advice on proposing a new structure.

*Originally published as: Veiga, J.F. and Yanouzas, J.N. (1979). Used with authors' permission.

About the author

Kristin Backhaus is Associate Professor of Management at the State University of New York at New Paltz. She teaches courses in human resources, organization theory, strategic management and leadership. Her research interests include cognitive styles, employee recruitment, employer branding and experiential learning exercises. She is currently Director of the School of Business Leadership Institute and advisor to the student SHRM chapter at SUNY New Paltz. Kristin Backhaus can be reached at backhaus@newpaltz.edu.