

# **Omnicom Group**

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## **EXECUTIVE SUMMARY**

Omnicom Group is a leading global advertising, marketing, and corporate communications company whose branded networks and specialty firms provide services to over 5,000 clients in more than 100 countries. As a company that actively promotes socially-responsible practices in an industry ranked among the most stressful, Omnicom could benefit by implementing an employee wellness program. Programs that focus on reducing stress – a problem which costs U.S. employers approximately \$300 billion per year – have many benefits, including a high ROI and increased chances of success in the current economic recovery. This paper first provides background information on Omnicom Group, then a discussion of stress and specifically job stress, and finishes with a description of the proposed Omnicom Employee Wellness and Stress Reduction Pilot Program.

## **COMPANY PROFILE**

### **GENERAL OVERVIEW**

Omnicom Group was founded in 1986, combining three leading American advertising agencies. BBDO Worldwide (founded in 1928 as Batten, Barton, Durstine &

Osburn) developed the Pepsi Generation campaign. Doyle Dane Bernbach Group (DDB) was valued for its strong European ties, and had created Volkswagen's fahrvergnügen advertisements. Needham Harper Worldwide had connections in Asia, but was most famous for its McDonald's "You Deserve a Break Today" commercials. BBDO remained separate after the merger, but DDB and Needham combined to form DDB Needham Worldwide; the public relations firms and direct marketers of each company were tucked under the umbrella of the Diversified Agency Services (DAS). Bruce Crawford, a previous chairman of BBDO, became chairman and CEO in 1989. Crawford transformed DAS into an integrated marketing giant and ran Omnicom as a holding company of independent operating units, working together through cross-referrals.

The 1990's are best described as a merger spree for Omnicom. The company acquired advertising agency Goodby, Berlin & Silverstein (now Goodby, Silverstein & Partners) in 1992 and TBWA Advertising in 1993. In 1994 Omnicom added Wwav Group, the largest direct-marketing agency in the United Kingdom, to its roster. In 1995 the company acquired Chiat/Day and fused it with TBWA to form TBWA International Network. 1995 also marked Omnicom's acquisition of Ross Roy Communications, later known as Interone Marketing Group. Omnicom established itself in the Public Relations industry in 1996 with its purchase of Ketchum Communications (now Ketchum), and continued that trend in 1998 with the acquisition of PR firm Fleishman-Hillard. In 1997 John Wren became the new CEO of Omnicom, and holds the position to this day.

Today, Omnicom is the world's top corporate media services conglomerate, serving more than five thousand clients and operating in more than one hundred countries in the fields of advertising, marketing, specialty communications, interactive/digital

media, and media buying services. Omnicom Group includes the three global advertising brands BBDO Worldwide, DDB Worldwide, and TBWA Worldwide. The company's leading U.S.-based national advertising agencies include Arnell Group, Goodby, Silverstein & Partners, GSD&M, Martin Williams, Merkley + Partners, and Zimmerman Partners. Omnicom is also known for its Diversified Agency Services (DAS), which now includes more than one hundred companies, providing services in direct marketing/consultancy, public relations, promotional marketing, and specialty communications. Omnicom also includes several media specialist companies and two full service media companies, OMD Worldwide and PHD Network, which comprises the Omnicom Media Group (OMG).<sup>1</sup> Omnicom Inc. currently has over 60,000 employees.<sup>2</sup>

#### OMNICOM'S WORK

Omnicom has received much recognition in its twenty-four years of existence as being one of America's best and most creative companies. *Forbes* elected Omnicom to the Forbes Platinum 400 list of the Best Big Companies in the United States. *The Wall Street Journal* ranked Omnicom Group Number One in its peer group for its ten-year average annual total return to shareholders. In 2006 (the twentieth anniversary of Omnicom's founding) many of the company's clients and affiliates ran ads congratulating Omnicom for their past successes (See Figures 1-3).<sup>3</sup> In February 2010

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<sup>1</sup> Anderson, Adam. "Omnicom Group Inc." In Hoover's Company Records, <http://proquest.umi.com.proxyau.wrlc.org/pqdweb?index=0&did=168180921&SrchMode=1&sid=1&Fmt=3&VInst=PROD&VType=PQD&RQT=309&VName=PQD&TS=1272910480&clientId=31806> (accessed March 5, 2010).

<sup>2</sup> *The holding company breakthrough: Omnicom at 20 years*, report (Advertising Age, 2006), 5.

<sup>3</sup> Anderson, "Omnicom Group Inc."

The Big Won, which tracks agency performance across all marketing disciplines and across all geographies, ranked Omnicom as the top performing holding company.<sup>4</sup>

Omnicom's agency brands are also regularly recognized as being some of the world's most innovative companies by *Advertising Age*, *Adweek*, *USA Today*'s Super Bowl Ad Meter, *The Gunn Report* and Nielsen IAG Research, among others.<sup>5</sup>

*Advertising Age* recognized OMD as Media Agency of the Year and LatinWorks as Multicultural Agency of the Year. *Advertising Age* also named BBDO Worldwide, Goodby, Silverstein & Partners, and TBWA Worldwide Agencies of the Decade. *Adweek* also ranked OMD as their Global Media Agency of the Year; *Adweek* also honored TBWA's "Get a Mac" campaign as their Campaign of the Decade.<sup>6</sup> Omnicom agencies won 5 of the top 10 spots in *USA Today*'s Super Bowl Ad Meter for 2010, with BBDO's Mars' Snickers' "You're Not You When You're Hungry" spot featuring Betty White and Abe Vigoda ranking number one. The other four top ten spots included DDB Worldwide's "Fence" and "Bridge" ads for Budweiser, BBDO's "Fiddling Beaver" for Monster, and Goodby, Silverstein & Partners' "Underdog" for Doritos, which was produced as a partnership with The Marketing Arm.<sup>7</sup> All three of these agencies were recognized in 2009's *Gunn Report*; BBDO as Most Awarded Network in the World, DDB as Most Awarded Agency, and Goodby, Silverstein & Partners as Most Awarded

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<sup>4</sup> "Omnicom Group Agencies Capture Adweek, Advertising Age, Campaign and Media Awards." PRNewswire.com. <http://www.prnewswire.com/news-releases/omnicom-group-agencies-capture-adweek-advertising-age-campaign-and-media-awards-82633212.html> (accessed March 03, 2010)

<sup>5</sup> "Fast Company Honors Omnicom Group Agencies TBWA and Goodby, Silverstein & Partners." PRNewswire.com. <http://www.prnewswire.com/news-releases/fast-company-honors-omnicom-group-agencies-tbwa-and-goodby-silverstein-partners-84515172.html> (accessed March 03, 2010).

<sup>6</sup> "Omnicom Group Agencies Capture Adweek, Advertising Age, Campaign and Media Awards"

<sup>7</sup> Omnicom Group. "Omnicom Group Agencies Capture Five of Top 10 Spots in USA Today Super Bowl Ad Meter, Including No. 1." Press release. Yahoo! Finance. <http://finance.yahoo.com/news/Omnicom-Group-Agencies-prnews-56827052.html?x=0&.v=1> (accessed March 1, 2010).

Interactive Agency.<sup>8</sup> Omnicom's global advertising agency networks have also consistently taken the lead at the International Advertising Festival at Cannes.<sup>9</sup>

#### OMNICOM TODAY

Omnicom emphasizes its socially responsible practices, financial contributions to various causes, and volunteerism. On its website, Omnicom states:

*As a leader in the communications industry, Omnicom Group is committed to ensuring that we use our position to promote socially responsible policies and practices and that we make positive contributions to society across all our operations. Omnicom encourages socially responsible practices at all of its companies.*

*Omnicom companies have a long history of supporting charitable organizations and causes with pro bono communications support, charitable contributions and employee volunteerism. We believe that our talented employees the world over can greatly assist worthy social causes by helping to raise awareness, recruit members, volunteers and increasing support among influential audiences.<sup>10</sup>*

Omnicom also is known for its 'step back policy,' meaning that it lets its acquired companies, for the most part, maintain their independence. Omnicom's approach is to,

<sup>8</sup>"Omnicom Agencies Lead The Gunn Report Again in 2009." PRNewswire.com. <http://www.prnewswire.com/news-releases/omnicom-agencies-lead-the-gunn-report-again-in-2009-70458577.html> (accessed April 03, 2010).

<sup>9</sup> "Omnicom Group - Company Overview." Omnicom Group - Home. <http://www.omnicomgroup.com/AboutOmnicomGroup/CompanyOverview> (accessed March 03, 2010).

<sup>10</sup> "Omnicom Group - Corporate Social Responsibility." Omnicom Group - Home. <http://www.omnicomgroup.com/AboutOmnicomGroup/CorporateSocialResponsibility> (accessed March 07, 2010).

“get companies that are run by entrepreneurs, let them continue to be good companies and give them additional tools to succeed.”<sup>11</sup>

Omnicom has continued to grow both domestically and internationally despite the economic downturn and the recent cost-cautious approach by advertisers. The company was largely insulated from the recession due to growing share of its business coming from emerging markets and none of its five thousand-plus clients representing more than 2.8 percent of revenues (2008 numbers). Part of Omnicom’s success is due to consistently strong creative work in traditional media advertising by its agency networks. The majority of the company’s growth, however, is in areas such as customer relationship management (CRM) and specialty communications. Omnicom is shifting its focus from consolidation and acquisition to providing a wide variety of services to its largest clients, which will be a key component to the company’s continued growth. CEO John Wren envisions Omnicom’s agency networks becoming more full-service communications firms, and is considering integrating Omnicom’s specialized service units into its global agencies in order to do so. Omnicom is far from abandoning all merger efforts, however, as it is still, above all, a holding company; Omnicom made twelve acquisitions in 2008 alone.<sup>12</sup> In 2009, Omnicom’s worldwide revenues totaled \$11.7 billion, and Net Income totaled \$793.0 million. 44 percent of 2009 revenue came from brand advertising, while the other 56 percent came from marketing services; revenue was also balanced between

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<sup>11</sup> *The holding company breakthrough: Omnicom at 20 years*, report (Advertising Age, 2006), 18.

<sup>12</sup> Anderson, "Omnicom Group Inc.: Overview."

the United States at 53 percent and the rest of the world at 47 percent. Omnicom's diluted earnings per share for the year was \$2.53.<sup>13</sup>

## JOB STRESS

### STRESS BACKGROUND

Stress, as we think of it today, is a very new concept with regard to the history of humanity. Originally, the word *stress* was used only in physics, and referred to the tension or force placed on an object that was required to bend or break it. The word was first used in the context we think of it today in psychologist Hans Selye's book *The Stress of Life* (1976), in which he described his research aimed at understanding the human physiological response to chronic stress and its relationship to disease.

Today, *stress* is often used to describe, "The level of tension people feel is placed on their minds and souls by the demands of their jobs, relationships, and responsibilities in their personal lives." The definition of stress changes slightly from culture to culture. While Western cultures tend to describe stress as a "loss of emotional control," Eastern philosophies consider stress to be an "absence of inner peace." Either way, holistic medicine experts from around the world agree that stress is the "inability to cope with a perceived (real or imagined) threat to one's mental, physical, emotional, and spiritual well-being, which results in a series of physiological responses and adaptations."

Not all stress, however, is bad for people. In fact, humans require a certain degree of stress to stay healthy, as long as it is the right kind. There are three kinds of stress: eustress, neustress, and distress. Eustress is good stress; a person experiences eustress during any situation in which he or she feels motivated or inspired. Examples of eustress

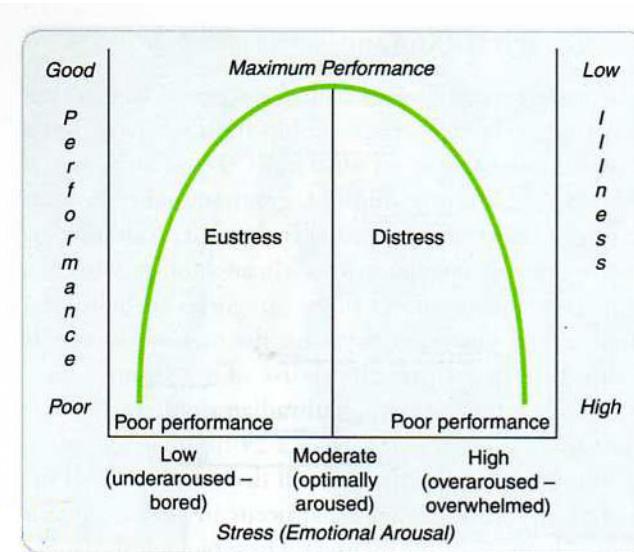
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<sup>13</sup> "Omnicom Group - Financial Highlights." Omnicom Group - Home. <http://www.omnicomgroup.com/AboutOmnicomGroup/FinancialHighlights> (accessed March 02, 2010).

include falling in love or meeting someone famous. Neustress includes sensory stimuli that have no consequence for that particular person—news of a natural disaster somewhere far away can be considered neustress. The third type of stress, distress, is what we consider bad stress and abbreviate simply as *stress*. There are two types of distress: acute stress and chronic stress. Acute stress is intense and disappears quickly, while chronic stress is less intense but lingers for prolonged periods of time; chronic stress is most associated with disease.

The relationship between eustress, distress, and health is perhaps best explained by the Yerkes-Dodson principle, as in Table 1 below. As stress increases (moving from eustress to distress), performance and health decreases and there is a greater risk of disease and illness. All aspects of performance decrease in efficiency and health is at serious risk. The key is to find the optimal stress level at the midpoint, prior to where eustress turns into distress. Stress-related hormones in optimal doses can actually *improve* physical performance, alertness, and mental-processing skills like concentration.

**Table 1**



## CAUSES OF JOB STRESS

Paul Rosch, M.D., director of the American Institute of Stress, defines job stress as, “occupational duties in which the individual perceives having a great deal of responsibility, yet little or no authority or decision making latitude.” Today, job stress is at an all time high. The National Safety Council lists the following as causes of job stress:

- Too much responsibility with little or no authority
- Unrealistic expectations, deadlines, or quotas
- Corporate downsizing, restructuring, or job relocation
- Inadequate training
- Lack of appreciation
- Inadequate time to complete job responsibilities
- Inability to voice concerns
- Lack of creativity and autonomy
- Too much to do with too few resources
- Lack of clear job descriptions
- Commuting and traffic difficulties
- Keeping pace with technology
- Inadequate child care
- Poor working conditions (lighting, noise, ventilation)
- Sexual harassment and racial discrimination
- Workplace violence<sup>14</sup>

By far the largest cause of work-related stress is a feeling of lack of control. Those who feel like they have no control at their job are most likely to get stress-related illnesses. Another dominant cause of job stress is increased responsibility. Many people take on more than they can handle in hopes of getting promoted, and end up

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<sup>14</sup> Seaward, Brian L. *Managing Stress*. 6th ed. New York City: Jones and Bartlett, 2009. 4-24.

overwhelmed. Uncertainty and insecurity about job performance and work roles are also major stressors. Another common stress inducer is poor communication; being unable to talk about needs, concerns, and frustrations can create stress. Lack of support from supervisors and coworkers can also be stressful, as it makes it harder to solve problems that may be causing the stress. Other things that can contribute to job stress relate to the increasing amount of time that Americans spend at work, and include time away from family, less time to take care of oneself, and little space in the week for relaxation.<sup>15</sup>

#### EFFECTS OF JOB STRESS ON EMPLOYEES

Prior to 1955, the leading causes of death were infectious diseases such as polio, rubella, tuberculosis, typhoid, and encephalitis. Increasing levels of technology, however, eradicated or reduced these diseases through vaccines and medications. Technology also brought people a slew of items meant to increase leisure time, such as washing machines, vacuum cleaners, and electronic kitchen appliances. But as the mass production of such high-technology items increased, so did the competitive drive to increase human productivity and effort. Leisure time actually decreased, and unhealthy and stressful lifestyles began to flourish. Today, the leading causes of death include heart disease, cancer, lung ailments, accidents, cirrhosis, and suicide—all of which have been linked to stress.<sup>16</sup>

In the short term, stress can cause a fast heartbeat, a headache, stiff neck and shoulders, back pain, fast breathing, sweating, and digestive problems. Over time, stress can affect one's physiological symptoms, increasing the likelihood of getting sick and

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<sup>15</sup> "Managing job stress." WebMD.com. <http://www.webmd.com/hw-popup/managing-job-stress> (accessed February 22, 2010).

<sup>16</sup> Seaward, *Managing Stress*. 4-5.

rapidly advancing the disease process, worsening symptoms of chronic illnesses such as AIDS and cancer. Stress is also linked to high blood pressure, coronary artery disease, heart attacks, and heart failure. Chronic tension from stress can lead to muscle pain and worsen rheumatoid arthritis. Stomach, lung, and skin problems are all exacerbated by stress. The reproductive system is also affected by long-term stress; stress is linked to low fertility and problems during pregnancy. Some health experts now estimate that as much as 70 to 85 percent of all illness and diseases are stress-related.

Stress manifests itself in one's thoughts and emotions in addition to one's body. People who are stressed may feel cranky, frustrated, worried, sad, or paranoid. Stressed employees' problem-solving skills are compromised. Team members are less able to work well together if they are stressed. Employees who are stressed are less able to focus on tasks, and more likely to experience chronic sleepiness at the office.<sup>17</sup> Stress can be dangerous; between 60 and 80 percent of all industrial accidents are stress-reduced. All in all, 43 percent of all adults suffer negative health effects because of stress, and 75 to 90 percent of all office visits to primary care physicians are for stress-related complaints or disorders.<sup>18</sup>

#### EFFECTS OF JOB STRESS ON EMPLOYERS

Stress is not just a problem for employees, but has huge ramifications for businesses and their bottom lines. The United States Department of Health and Human Services (HHS) estimated that \$1.66 trillion was spent on health care in 2003, and attributes a majority of those costs to largely preventable, chronic diseases and conditions

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<sup>17</sup> "Stress Management-Effects of Stress." WebMD.com. <http://www.webmd.com/balance/stress-management/stress-management-effects-of-stress> (accessed February 22, 2010).

<sup>18</sup> Seaward, *Managing Stress*. 4-23.

such as heart disease, diabetes, obesity and asthma—all of which have been linked to stress. Employers pay for these repercussions in the form of higher health insurance costs and lower productivity.<sup>19</sup> In total, job stress costs U.S. businesses approximately \$300 billion per year through employee turnover, diminished productivity, absenteeism, and direct insurance, medical, and legal fees.<sup>20</sup> This number can be expected to rise if the number of workers' compensation claims associated with stress continues to increase; 90 percent of such claims are awarded in settlements.<sup>21</sup>

Past research shows that 75 percent of Americans list work as a "significant source of stress," and more than 50 percent say stress impinges on their work productivity.<sup>22</sup> But in today's economic climate, those numbers may be even greater. Record-high unemployment rates, bankruptcies, foreclosures, and shrinking retirement accounts have contributed to overwhelming stress levels for many people; some experts have coined this increased financial stress, "recession depression." Common symptoms of "recession depression" include severe distress, sleepless nights, short tempers, increased irritability and chronic worry—which lead to increased absenteeism, poor employee health, and decreased productivity. In fact, 80 percent of financially distressed workers spend an average of twenty hours per month distracted from their jobs, costing employers an average of \$7,000 per year in lost productivity.<sup>23</sup>

## **IMPLEMENTING AN EMPLOYEE WELLNESS PROGRAM**

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<sup>19</sup> "Advantages of Corporate Health Promotion Initiatives." CompanyWellnessPrograms.com. <http://www.company-wellness-programs.com/advantages-of-corporate-health-promotion-initiatives-2/> (accessed April 03, 2010).

<sup>20</sup> "Special workplace benefits help relieve stress, improve bottom line." PhysOrg.com. <http://www.physorg.com/news152813301.html> (accessed March 03, 2010).

<sup>21</sup> Seaward, *Managing Stress*. 23.

<sup>22</sup> "Special Workplace Benefits Help Relieve Stress, Improve Bottom Line."

<sup>23</sup> Leibow, Cathy. "Thinking beyond traditional borders - Articles - Employee Benefit News." EmployeeBenefitNews.com. <http://ebn.benefitnews.com/news/thinking-beyond-traditional-borders-2682208-1.html> (accessed April 03, 2010).

## BENEFITS OF IMPLEMENTING AN EMPLOYEE WELLNESS PROGRAM

Successful company health and wellness programs that include strategies for stress reduction can enhance worker morale, increase productivity, diminish organizational conflict, attract and retain superior employees, and dramatically lower the rate of staff member turnover. Perhaps most importantly, reduction of employee stress together with the promotion of good health has been proven to positively affect the bottom line. Researcher and health management expert, Ron Goetzel, explains that “with an investment of \$100 to \$150 per staff member per year in Corporate Health Promotion Programs, an employer can expect an average ROI of approximately \$3 for every \$1 invested”— a savings of about \$300 to \$450 per staff member per year.<sup>24</sup> Other studies reveal even greater cost savings, from \$2.30 up to \$10.10 per person due to decreased absence rates, fewer sick days, lower health and insurance costs, and improvements to employee performance and productivity.<sup>25</sup>

Employee wellness and stress-reducing programs don't have to be expensive. Simple, low-cost strategies include: wellness seminars on topics such as diabetes, nutrition, and exercise; establishing initiatives such as increased fitness or quitting cigarettes; offering onsite chair massages or simple stretching exercises that can be done at a desk; and altering snack machine options to offer healthier, low-fat snacks and drinks. Another benefit of employee wellness programs is that there are a wide variety of complementary alternative benefits that can be effective in reducing employee stress. Such benefits may include flexible work hours and working from home; subsidized

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<sup>24</sup> "Advantages of Corporate Health Promotion Initiatives."

<sup>25</sup> "Company Health and Wellness Program Return On Investment." CompanyWellnessPrograms.com. <http://www.company-wellness-programs.com/company-health-and-wellness-program-return-on-investment/> (accessed February 22, 2010).

health care classes and health club memberships; onsite fitness centers; paid leave time and special services for employees who are new parents; laundry and dry-cleaning services; grocery delivery; and discounted tickets to after-hours social activities, such as movies, plays, museums, sporting events and amusement parks.

Implementing employee wellness programs, however, goes beyond the potential low-cost strategies, customability of options, and even the bottom line. Researchers claim that such programs build a sense of community among employees; workers who take part in company health and stress reduction initiatives are more likely to build camaraderie and understanding with their fellow officemates. Company wellness programs also help promote employee loyalty to the organization by providing desirable treatment of workers. Cindy Schipani, professor of business law at Michigan's Ross School of Business, takes it one step further: "In addition to improving the lives of their employees and benefiting shareholders, providing employees ways to reduce stress and promote health may also have a positive impact on society."<sup>26</sup>

#### SUCCESS STORIES

Many companies that have implemented health and wellness programs have received impressive returns on the investments. DuPont's Health and Wellness Pilot Program saw a return of \$2.05 for every dollar invested by the end of its second year. Workers enrolled in British Columbia Hydro's Company Health and Wellness Program had a turnover rate of just 3.5 percent compared with the company average of 10.3 percent. Pacific Bell experienced a dramatic decrease in its overall rate of absence after implementing a Corporate Health Promotion Program. Coors Brewing Company also

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<sup>26</sup> "Special Workplace Benefits Help Relieve Stress, Improve Bottom Line."

noticed a decrease absence rate; participating Company Health and Wellness Program workers are 18 percent less likely to miss work than their non-participating counterparts.<sup>27</sup>

Coca-Cola has recently amended its past wellness programs, forming a more cohesive strategy in 2009. The company's new plan emphasizes creating a wellness philosophy first, and then building programs around that philosophy; for Coke, that meant blending health care benefits and wellness programs. With past wellness programs, Coca-Cola failed to communicate to its employees that, "having a healthy worker within [its] workforce was importance to the company." Now, much of Coke's new wellness campaign involves what Mary Williams, Senior Counsel of Global Compensation and Benefits, calls a "full blown marketing blitz aimed at... employees." Jobsite posters, e-mail blasts, and ads running on in-house television monitors are all ways that Coca-Cola encourages employees to participate in wellness programs. Perhaps the most effective way, however, is monetary compensation; last year Coke provided \$120 to any employees who completed a wellness assessment, and this year is offering \$180 to those who participate in certain wellness programs such as online seminars or health coaching. Today, the company program has an impressive 50 percent participation rate. Examples of wellness initiatives include fitness challenges (in which employees earn points for getting enough sleep at night and eating healthy foods) and a pilot disease prevention pilot program (in which employees receive multiple health tests, such as mammograms and electrocardiograms, at a convenient, single location). In the past two years, Coca-

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<sup>27</sup> "Company Health and Wellness Program Return On Investment."

Cola has also started offering high-deductible health plans and health savings accounts.<sup>28</sup>

See Figure 4 for more examples of companies whose health and wellness programs have seen success.

#### WHY OMNICOM SHOULD IMPLEMENT AN EMPLOYEE WELLNESS PROGRAM

Omnicom will receive a multitude of benefits if it implements Employee Wellness and Stress Reduction Programs in its child companies. Such programs, however, are particularly important for its companies in advertising and public relations services. Jobs in these industries are often fast-paced and exciting, but can be stressful as well. In fact, CareerCast.com lists “Advertising Account Executive” as the fourth most stressful job, after surgeon, commercial airplane pilot, and photojournalist.<sup>29</sup> Layoffs are common when accounts are lost, major clients cut budgets, or agencies merge. Job uncertainty, one of the major causes of job stress, is an unfortunate effect of such layoffs. Long hours are common, particularly for those who frequently must meet deadlines; employees often have no other option but to work evenings and weekends. Additionally, being creative on a tight schedule can be emotionally draining, as can frequent travel for meetings with clients and media representatives.<sup>30</sup>

Omnicom has the resources to implement an employee wellness program. In 2009 Omnicom had a net income of \$793 million and \$1,587 million in cash or cash equivalents. While net income did decrease \$207.3 million from 2008, the American

<sup>28</sup> "Coca-Cola retools wellness strategy." Employee Benefit News.com. <http://ebn.benefitnews.com/news/coca-cola-retools-wellness-strategy-2683189-1.html> (accessed April 05, 2010).

<sup>29</sup> Lee, Tony. "The Most and Least Stressful Jobs of 2009 | CareerCast.com." Careercast.com. [http://www.careercast.com/jobs/content/JobsRated\\_StressfulJobs](http://www.careercast.com/jobs/content/JobsRated_StressfulJobs) (accessed February 22, 2010).

<sup>30</sup> "Advertising and Public Relations Services." U.S. Bureau of Labor Statistics. <http://www.bls.gov/oco/cgs030.htm> (accessed March 03, 2010).

Psychological Association (APA) recently found that, "Employers who understand the link between employee well-being and organizational performance are best positioned for success in the economic recovery."<sup>31</sup> Because Omnicom is a strategic holding company and has so many firms under its umbrella, it can easily control costs and customize an employee wellness and stress reduction program by applying it only to the companies it sees fit. Omnicom may choose, for example, to test a pilot program at TBWA Worldwide before expanding it to BBDO Worldwide and DDB Worldwide. Omnicom can also control program costs by balancing more expensive initiatives, such as implementing new flexible work hours and options to work from home, with ones that are less expensive, like wellness seminars.

In fact, The Integer Group, part of Omnicom, has already implemented programs that reduce employee stress. Integer, based in Denver, is one of America's largest retail promotions agencies and has consistently been named one the best medium-sized companies to work for; The Society for Human Resource Management (SHRM) and Great Place to Work Institute (GPTW) ranked it 8 of the top 25 in 2007. "We believe that a positive workplace fosters positive people," President Marc Ducnuigeen explains. "Engaged and energized employees are inspired to create great work; and when great work is produced, we deliver exceptional results for our clients, which is why we are in business." Integer does this with a focus on company communication (aided by an open-door communication policy), an annual "How Are We Doing?" survey, monthly lunches and happy hours, and Wind Downs (events during work hours that focus on sharing news

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<sup>31</sup> American Psychological Association. "Five Organizations Receive APA's Psychologically Healthy Workplace Award, Ten Honored for Best Practices." Press release.  
<http://www.apa.org/news/press/releases/2010/03/workplace-awards.aspx> (accessed March 15, 2010).

and celebrating successes). The company also focuses on its employees through Integer State, an internal training program modeled after college curriculums that offers more than fifty courses, including some on work-life balance. Integer also encourages employees to get involved with the community through iCare, its internally based outreach program.<sup>32</sup> Integer has shown that programs meant to improve employee satisfaction are beneficial for both the employees and the company. Company benefits include national recognition, motivated and inspired employees (which is especially important in a creative industry such as advertising), and decreased turnover. Omnicom should take Integer's lead and begin developing employee wellness programs in one or more of its child companies.

#### **SUGGESTED EMPLOYEE WELLNESS AND STRESS REDUCTION PILOT PROGRAM**

Omnicom Group should develop a pilot Employee Wellness and Stress Reduction Program to offer to all of its agencies and firms. Because the company has traditionally given its acquired companies freedom and independence, this point of *offering* is important. Rather than automatically implementing the new program in all of its firms, Omnicom should provide incentives for implementation and work with each company to create appropriate, tailored programs. Because Omnicom Group companies are so diverse, the cost and specific components of each Wellness and Stress Reduction Program will vary.

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<sup>32</sup> PR Newswire. "The Integer Group(R) is Named Best Company to Work for in America for Third Year in a Row." In ABI/Inform, <http://proquest.umi.com/pqdweb?index=0&did=1294315601&SrchMode=1&sid=2&Fmt=3&VInst=PROD&VType=PQD&RQT=309&VName=PQD&TS=1272916579&clientId=31806> (accessed March 15, 2010).

Nevertheless, Omnicom should start by creating a basic “one size fits all” pilot program. This program will share certain elements with those of Coca-Cola and Integer. Omnicom’s program should be similar to Coca-Cola in terms of actively communicating the benefits employees will receive to the workers themselves; this can be done through a variety of ways, such as email-blasts, posters, blog posts, videos. Monetary incentives are perhaps the most effective way to encourage participation, but the cost to the company does not necessarily have to be great—even a \$50 per person bonus for signing up for a health assessment or various seminars could be sufficient. While borrowing concepts from Coca-Cola’s Employee Wellness Program to encourage initial employee participation, Omnicom should look in-house to Integer for inspiration on developing program specifics. Omnicom could start by finding out what employees desire from a Company Wellness and Stress Reduction Program through a survey similar to Integer’s annual “How are we doing?” poll. Integer’s focus on company communication, monthly lunches, happy hours, Wind Downs, and iCare should also all be adopted into Omnicom’s pilot program. Classes on subjects like meditation, yoga, tai-chi, time management, art therapy, nutrition, sleep hygiene, and fitness could be offered in a format similar to those of Integer State.

In the future, Omnicom should aim to focus less on a specific Employee Wellness Program and more on integrating aspects of such a program into the very fabric of the company. Reducing stress will become less important as Omnicom companies incorporate policies and practices that prevent stress in the first place. Such policies and practices could include investments like installing office health centers, hiring in-house stress-reduction experts and health-care professionals, and serving healthy food in the

cafeteria. Hopefully someday the culture of the marketing industry (advertising in particular) will become less focused on deadlines and competition, and more concerned about the wellness of its people.

In the short term, however, Omnicom's pilot program must be simple and cost-effective. The recommended program is three-pronged, consisting of wellness seminars, flexible hours, and 'Fun Extras.' Wellness seminars on a variety of stress-reduction techniques will allow employees to choose to learn what they are interested in, which increases the chances that they will actually apply these techniques to their own lives. Flexible hours can include options to work from home one or more days a week, or allowing employees to still work at the office but on a less traditional schedule that is more convenient for them (such as 7:30 AM to 3:30 PM, 11:00 AM to 7:00 PM, etc). Instituting flexible hour options will require the most effort out of the three program aspects, but is included because of its proven effectiveness at reducing employee stress. 'Fun Extras' are inexpensive methods designed to boost employee morale, such as office team sport events, movie nights, and bring-your-pet-to-work days. While they can seem silly, fun extras like these contribute to happier workplaces, which in turn reduce absenteeism and turnover. In fact, there's a direct correlation between fun and bottom-line results; 93 percent of employees at the Fortune 100 Best Companies to Work For describe their workplace as friendly.<sup>33</sup>

Omnicom's pilot program should be limited to its companies in the United States for purposes of simplicity. It should first be rolled out in its leading advertising agencies,

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<sup>33</sup> Leibow, Cathy. "Laughter is the best medicine - and productivity booster." Employee Benefit News. <http://ebn.benefitnews.com/news/laughter-is-the-best-medicine-and-productivity-booster-2683028-1.html> (accessed April 16, 2010).

since the advertising industry is listed as one of the most stressful. Good candidates include Arnell, Element 79, Goodby, Silverstein & Partners, GSD&M Idea City, and Zimmerman Advertising.

#### **SPECIFIC CONCERNS FROM A GENERAL MANAGEMENT PERSPECTIVE**

##### **MARKETING**

Marketing considerations for Omnicom's Pilot Employee Wellness and Stress Reduction Program include the need for substantial in-house marketing that will encourage employees to take part in the program. The Wellness Program can also be a way for Omnicom to market itself as an innovative and increasingly socially responsible company to its various external stakeholders, and should be included in each year's annual report.

##### **FINANCE**

Focusing on lower-cost strategies in its pilot program will allow Omnicom to make big changes without committing to a huge budget. Participating companies can expect to spend approximately \$85,000 a year.

##### **HUMAN RESOURCES**

It will not be necessary to hire new staff to institute the pilot program. Outside professionals, such as yoga and meditation teachers, therapists, and stress reduction experts, will come into the office to teach wellness seminars. But Human Resources departments will have additional responsibility in that they should be more mindful of

potential employees' personalities and stress-handling capabilities; higher-stress individuals are perhaps not the best additions to Omnicom companies that are trying to develop healthier, lower-stress office environments.

#### INFORMATION TECHNOLOGY

The IT departments of participating Omnicom companies will be responsible for facilitating effective communication between employees working at the office and those working from home. This may include seminars on video conferencing and online document sharing.

#### MANAGEMENT

Cooperation and enthusiasm from managers is essential for Omnicom's Employee Wellness and Stress Reduction Pilot Program to be effective. Managers should communicate the benefits of program participation to employees, and give them the time to take part in seminars and Fun Extras. Managers will also need to coordinate flexible work hours with interested employees.

#### CONCLUSION

The research makes it clear that American workers, in general, are stressed. If Omnicom is truly a socially responsible company, it should focus on the key ingredient to its success—its employees. Omnicom is already a leader in advertising, media services and so much more. Becoming a leader in employee health and wellness is the next logical

step, and doing so will likely encourage other large American companies, particularly those in the advertising and public relations industries, to focus on reducing employee stress.

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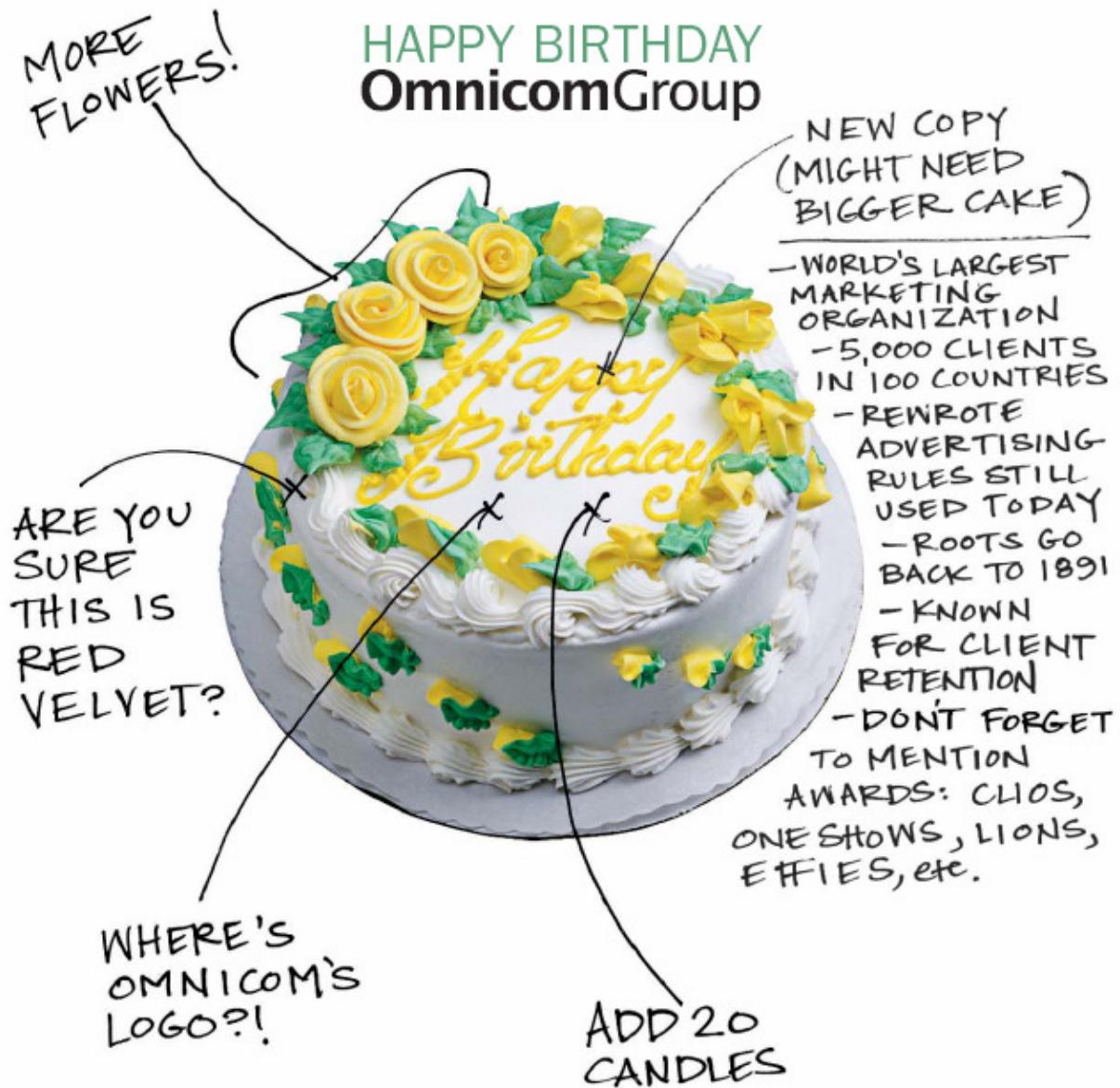
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Figure 1



Congratulations on 20 great years...and more to come. From your friends at Discovery Networks.



Figure 2



Congratulations Omnicom Group Inc.  
on two decades of worldwide creative excellence.



©TM trademarks. ©Mars, Incorporated 2008

**Figure 3**

**Some parents are better than others.**

Congratulations Omnicom, for successfully raising some of the most creative and awarded agencies in the world.  
Not bad for a 20-year-old.

**merkley + partners**

[www.merkleyandpartners.com](http://www.merkleyandpartners.com)

**Figure 4**

Organization Name	Company Health and Wellness Program ROI
<b>Canada Life Insurance</b>	Return of \$3.43 on Corporate Health Promotion Program, and an overall Company Health and Wellness Program ROI of \$6.85 on each business dollar invested on decreased turnover (32.4% lower), productivity gains and decreased medical claims
<b>DuPont</b>	Health and Wellness Program pilot sites saw a saving of 11,726 disability days and a return of \$2.05 for every dollar invested by the end of the second year.
<b>Canadian government</b>	\$1.95-\$3.75 per staff member per dollar spent on Company Health and Wellness Program.
<b>British Columbia Hydro</b>	Workers enrolled in a Company Health and Wellness Program had a turnover rate of just 3.5% compared with a Corporation average of 10.3%.
<b>Johnson &amp; Johnson</b>	\$224.66 per staff member per year for the four years examined after the program introduction, with the bulk of the savings being in the third and fourth years.
<b>Pacific Bell</b>	Overall rates of absence decreased after implementing a Corporate Health Promotion Program.
<b>Coca Cola</b>	Saved \$500 every year per staff member after implementing a Corporate Health Promotion Program, with only 60% of their workers participating.
<b>Coors Brewing Co</b>	\$5.50 return for every dollar spent on their Company Health and Wellness Program, and an 18% decreased absentee rate for participating workers.

## Financial Statements

### OMNICOM GROUP INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31, (Dollars in millions, except per share data)		
	2008	2007	2006
REVENUE .....	\$13,359.9	\$12,694.0	\$11,376.9
OPERATING EXPENSES.....	<u>11,670.5</u>	<u>11,034.9</u>	<u>9,893.4</u>
OPERATING PROFIT .....	1,689.4	1,659.1	1,483.5
NET INTEREST EXPENSE:			
Interest expense.....	124.6	106.9	124.9
Interest income .....	<u>(50.3)</u>	<u>(32.9)</u>	<u>(33.3)</u>
	<u>74.3</u>	<u>74.0</u>	<u>91.6</u>
INCOME BEFORE INCOME TAXES, MINORITY INTEREST AND INCOME FROM EQUITY METHOD INVESTMENTS .....	1,615.1	1,585.1	1,391.9
INCOME TAX EXPENSE .....	542.7	536.9	466.9
INCOME FROM EQUITY METHOD INVESTMENTS .....	42.0	38.4	29.6
MINORITY INTERESTS IN NET INCOME OF CONSOLIDATED ENTITIES .....	<u>(114.1)</u>	<u>(110.9)</u>	<u>(90.6)</u>
NET INCOME.....	<u>\$ 1,000.3</u>	<u>\$ 975.7</u>	<u>\$ 864.0</u>
NET INCOME PER COMMON SHARE:			
Basic .....	\$ 3.20	\$ 2.99	\$ 2.52
Diluted.....	\$ 3.17	\$ 2.95	\$ 2.50

**OMNICOM GROUP INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

	ASSETS	
	December 31, (Dollars in millions, except per share data)	
	2008	2007
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents .....	\$ 1,097.3	\$ 1,793.2
Short-term investments at market.....	15.1	47.8
Accounts receivable, net of allowance for doubtful accounts of \$59.9 and \$54.7 .....	5,775.5	6,830.4
Work in process .....	672.0	801.0
Other current assets .....	1,005.0	1,031.8
Total Current Assets.....	8,564.9	10,504.2
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
at cost, less accumulated depreciation of \$1,031.1 and \$1,059.8 .....	719.6	706.7
<b>INVESTMENTS IN AFFILIATES</b>		
GOODWILL .....	297.3	247.1
INTANGIBLE ASSETS, net of accumulated amortization of \$278.4 and \$251.6.....	7,220.2	7,318.5
DEFERRED TAX ASSETS.....	221.0	195.7
OTHER ASSETS .....	45.2	40.5
Total Assets .....	250.2	259.0
	\$17,318.4	\$19,271.7
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable .....	\$ 6,881.2	\$ 8,080.5
Customer advances .....	1,005.5	1,122.8
Current portion of long-term debt .....	2.7	2.6
Short-term borrowings .....	16.2	12.0
Taxes payable .....	201.1	250.7
Other current liabilities.....	1,647.5	1,758.6
Total Current Liabilities.....	9,754.2	11,227.2
LONG-TERM DEBT .....	1,012.8	1,013.2
CONVERTIBLE DEBT .....	2,041.5	2,041.5
OTHER LONG-TERM LIABILITIES .....	444.4	481.2
LONG-TERM DEFERRED TAX LIABILITIES .....	312.1	174.8
MINORITY INTERESTS .....	230.6	242.1
<b>COMMITMENTS AND CONTINGENT LIABILITIES (SEE NOTE 11)</b>		
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred stock, \$1.00 par value, 7.5 million shares authorized, none issued..	—	—
Common stock, \$0.15 par value, 1.0 billion shares authorized, 397.2 million and 397.2 million shares issued, with 307.3 million and 323.0 million shares outstanding .....	59.6	59.6
Additional paid-in capital.....	1,600.5	1,619.5
Retained earnings .....	5,888.1	5,077.5
Accumulated other comprehensive (loss) income .....	(247.3)	430.7
Treasury stock, at cost, 89.9 million and 74.2 million shares .....	(3,778.1)	(3,095.6)
Total Shareholders' Equity .....	3,522.8	4,091.7
Total Liabilities and Shareholders' Equity.....	\$17,318.4	\$19,271.7

The accompanying notes to the consolidated financial statements are an integral part of these statements.

**OMNICOM GROUP INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Years Ended December 31, (Dollars in millions)		
	2008	2007	2006
<b>Cash Flows from Operating Activities:</b>			
Net income.....	\$ 1,000.3	\$ 975.7	\$ 864.0
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation .....	182.8	164.2	150.3
Amortization of intangible assets .....	53.1	44.4	39.7
Minority interest in net income of consolidated entities .....	114.1	110.9	90.6
Income from equity method investments,			
net of dividends received.....	(14.7)	(10.0)	(15.3)
Net gain on investment activity.....	(2.3)	(2.4)	(7.8)
Excess tax benefit from share-based compensation.....	(12.9)	(17.2)	(26.6)
Provision for doubtful accounts .....	26.5	21.2	10.7
Share-based compensation .....	59.3	68.7	71.1
Increase (decrease) in operating capital .....	(12.0)	243.8	564.5
<b>Net Cash Provided by Operating Activities</b> .....	<u>1,394.2</u>	<u>1,599.3</u>	<u>1,741.2</u>
<b>Cash Flows from Investing Activities:</b>			
Payments to acquire property, plant and equipment .....	(212.2)	(223.0)	(177.6)
Payments to acquire businesses and interests in affiliates, net of cash acquired.....	(441.4)	(358.8)	(236.3)
Proceeds from sale of short-term investments .....	37.5	183.3	530.4
Payments to acquire short-term investments.....	(13.1)	(42.0)	(350.2)
Proceeds from collection of notes receivable .....	—	—	13.5
Proceeds from divestiture of businesses .....	—	—	31.4
Other, net .....	(50.8)	—	—
<b>Net Cash Used in Investing Activities</b> .....	<u>(680.0)</u>	<u>(440.5)</u>	<u>(188.8)</u>
<b>Cash Flows from Financing Activities:</b>			
Proceeds from (repayments of) short-term debt .....	5.1	(0.9)	(3.5)
Proceeds from issuance of debt.....	2.4	3.4	996.6
Repayments of long-term debt .....	(2.0)	(2.0)	(300.4)
Excess tax benefit on share-based compensation .....	12.9	17.2	26.6
Payments of dividend .....	(192.0)	(182.8)	(175.8)
Payments for repurchase of common stock.....	(846.8)	(899.7)	(1,368.2)
Proceeds from stock plans .....	86.0	100.9	321.5
Other, net .....	(119.4)	(76.8)	(80.3)
<b>Net Cash Used in Financing Activities</b> .....	<u>(1,053.8)</u>	<u>(1,040.7)</u>	<u>(583.5)</u>
Effect of exchange rate changes on cash and cash equivalents .....	(356.3)	(64.4)	(65.2)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b> .....	<u>(695.9)</u>	<u>53.7</u>	<u>903.7</u>
<b>Cash and Cash Equivalents at Beginning of Year</b> .....	<u>1,793.2</u>	<u>1,739.5</u>	<u>835.8</u>
<b>Cash and Cash Equivalents at End of Year</b> .....	<u>\$ 1,097.3</u>	<u>\$ 1,793.2</u>	<u>\$ 1,739.5</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.