

PUBLIC RELATIONS AND ADVERTISING SUPPLEMENT

# Forbes

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AFRICA'S GROWING PR AND  
ADVERTISING INDUSTRIES  
AND THE TITANS LEADING  
THE CHARGE



Steve Babaeko and Ayeni Adekunle





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# STEVE, AYENI AND AFRICA'S GROWING MARKETING AND COMMUNICATIONS SECTOR

**H**old, buy or sell - forget oil. One of Africa's foremost resources is its new media industry, merging technology with the continent's formidable population, to attain a current worth north of \$10bn. At the centre of this remarkable growth in the budding sector is marketing communications: a discipline that encompasses advertising, public relations, and consumer marketing.

The Africa Report estimates that as of 2018, the Nigerian market contributes \$4bn to the African marketing communications industry. Two key players in this market are BHM and X3M Ideas. The former is a 13-year old agency managing some of the biggest PR accounts in-country and continent-wide, including companies quoted in bourses on the South and West coast such as Multichoice, MTN Communications Nigeria PLC and Nigerian Breweries.

X3M Ideas, on the other hand, is one of the biggest advertising agencies in Africa, renowned for a consistent stream of award-winning works for household brands Globacom and Diamond Bank (now merged with Access Bank).

The two companies have defied expectations and continue to scale new heights in balance sheet and

locational terms. With year-on-year revenue growth averaging 86% for BHM and 25% for X3M Ideas, the pair are steadily becoming integral to the continual growth of the marketing communications sector.

"At the helm of these companies are two veterans in Marketing Communications. Ayeni Adekunle, as CEO of BHM, is one of the pioneers who led Nigeria into the digital-first strategy era of Marketing Communications," says Kunle Bakare, Publisher of Encomium Magazine where Ayeni first had his stint as Journalist.

Named Nigeria's PR practitioner of the year in 2017, Ayeni is a member of the Nigerian Institute of Public Relations (NIPR) and the Chartered Institute of Public Relations UK (CIPR). On August 2, 2019, he was inducted as a Fellow of the National Institute of Marketing of Nigeria (NIMN), the highest membership cadre for the respected association.

His contributions to the marketing communication industry are strategically avant-garde, particularly his introduction of the Nigerian PR report - an annual, empirical analysis of the Public Relations sector, as well as BHM's launch of the first PR app in Nigeria. BHM itself was awarded PR agency of the year in 2017 and 2018 by the Lagos chapter of Nigerian Institute of Public Relations.

Just as formidable is Steve Babaeko: the founder of X3M Ideas has over 20 years experience in advertising, and is currently the only Nigerian named in Adweek's elite list of 13 Global Creative leaders in 2019. Back home, he is the Vice President of the Association of Advertising Agencies of Nigeria, AAAN, and for three years running, has served on the Grand Jury of the New York Advertising

Festival, as well as being a keynote speaker at the just concluded 2018 International Advertising Association conference.

Within six years of its launch, X3M Ideas has become one of the most profitable companies in Nigeria, recording a profit margin of 973% in 2015. In 2019, Babaeko announced "the South Central Africa project," essentially the birth of X3M Ideas SA (PTY) Limited in Johannesburg, South Africa. This audacious venture is consolidating X3M Ideas' presence in the SADC region, primarily South Africa, Mozambique, Zambia, Zimbabwe, and Botswana.

"Between these men, we're talking clientele that cuts across not just Africa but increasingly through brands domiciled in Europe and the Americas, as well as a combined earnings profile in billions. Theirs is a true African story that needs to be celebrated," said Moliehi Molekoa, Managing Director, Magna Carta South Africa.

By 2019, Africa's entertainment and media market should double in value to estimated total revenue of US\$8.1bn.

Self-made creatives, Ayeni and Babaeko are indisputable proof that with the right skillset and a progressive team, Nigeria's marketing communications industry has the potential to attain, and corner a multi-billion dollar piece of the pie. 

# HE WASN'T MEANT TO BE BORN. NOW AYENI ADEKUNLE IS BUILDING ONE OF AFRICA'S GREATEST MARKETING COMPANIES

BY FISAYO SOYOMBO

**H**ad everything happened according to plan, Ayeni Adekunle should never have been born. His biological mother – herself a product of a failed marriage – was 17 and fleeing from life as a hired domestic help, when she fell for the phony promise of a teaching job from a man her father's age.

Instead of a job, she ended up with a baby boy.

Aged 18, with a baby that had mysteriously survived numerous abortion attempts, including one against her will, Grace Ebum rejected the offer of marriage and relocated to a distant town in central Nigeria.

Two years later, the teacher's family assumed care of Ebum's boy – before finally disappearing with him unannounced, from the north-central state of Kogi, to Offa in the south-west. Ebum would not set her eyes on her child again until nearly 30 years later.

These days, that unplanned, unwanted boy can be found in Lagos, Nigeria's commercial nerve centre, building one of the most bullish companies in Africa's \$10-billion marketing communications industry.

His name is Ayeni Adekunle.

When Ayeni founded the company now fast earning him global acclaim, he had never seen a business school, much less studied in one. Numerous doomsday prophets around him predicted the fall of the business before it had even



taken off. Post-university, no one wanted to hire him. He endured rejection by many of Nigeria's top newspapers, including PUNCH, the country's most widely-read. But today nobody discusses marketing communications in Nigeria without the mention of, or a collaboration with BlackHouse Media (BHM), the company Ayeni started 13 years ago. He sits on the board of several companies, such as tech startup 618 Bees, F316 Consulting, SPV Communications and PinPoint Media. He is a Director at investment company Cognomen and an Incorporated Trustee of the African Creative Foundation (ACF). An unofficial adviser and coach to numerous Nigerian entrepreneurs, Ayeni is the classic grass-to-grace story, one of surviving against all odds, and persevering when withdrawing was the logical and easier option.

Anthony Adefarati Ayeni, the policeman-turned-security consultant whom Ayeni knew as father, raised all his children to chase their dreams with all vigour, to strive to earn public trust and then strive even harder to preserve it. Adefarati passed on in 2011 but till date, Ayeni picks him among the "biggest influences" on his life. Victoria Ige, his (non-biological) mother, died just as Ayeni was exiting university in 2004, and he acknowledges he would never have made it to varsity without her in the first place. It's clear Ayeni idolizes his parents — but has moments of introspection.

"Well, you can play the victim by blaming your biological father for abusing your mother and abandoning you, his son, or blaming your adopted parents for taking you away from them," he says, reclining into a chair at his residence in highbrow Ikoyi, Lagos, as he sets about telling the story of BHM.

"But you can also say, 'I almost never came to this world. Now that I'm here, I'm giving everyone the middle finger; I'm going to make it worthwhile.'"

Ayeni serves up generous tots of Cognac as we settle for dinner in his home, and is displaying similar efficiency at setting the table when he says he is

eager to make something clear: "I'm not trying to build clout or take credit. I'm not even trying to be known. I'm just convinced there's an opportunity to inspire everyone with a background similar to mine; to show young Africans that every dream they have is valid and that everything they seek to achieve is possible. My circumstances mean I usually want to reach everyone trying to change their lives and rewrite their stories with one message: 'I'm doing it against all odds. You can, too.'"

The archetypal rags-to-riches story, Ayeni's Lagos life did not begin on the posh streets of Ikoyi — the affluent neighbourhood adjoining Lagos Island, famous for its luxury hotels, opulent homes and elite residents. Rather, it began first in mainland Okokomaiko, typically home to Lagosians at the base of the social ladder, and subsequently in Akute, a suburb on the outskirts of Lagos often inhabited by folks without the means to afford in-Lagos rent, or the middle-class, for whom house purchase in the heart of the city is out of bounds. Later, Ayeni's time at Nigeria's premier university — the University of Ibadan — was equal parts exhilarating as it was soul-crushing.

Indigent all through school, Ayeni says he lost count of the number of nights he retired to bed hungry, but will always remember that one day on campus when he met Oladotun, a "church girl, easily recognizable in her nondescript t-shirts and flowing skirts."

"But more importantly, she had principles, and was still very intelligent and beautiful. I quickly found out that she also had the exact dose of selflessness required to push me from being a dreamer, to a doer."

His voice shakes slightly as he recalls Oladotun's first act of selflessness.

"When I started dating my wife, we had a common purse. Her pocket money was N5,000 but mine was a pittance," he says. "She would always bring me breakfast on her way to class, and she would do the same for dinner on her way

**ADEFARATIMI PASSED ON IN 2011 BUT TILL DATE, AYENI PICKS HIM AMONG THE "BIGGEST INFLUENCES" ON HIS LIFE. VICTORIA IGE, HIS (NON-BIOLOGICAL) MOTHER, DIED JUST AS AYENI WAS EXITING UNIVERSITY IN 2004, AND HE ACKNOWLEDGES HE WOULD NEVER HAVE MADE IT TO VARSITY WITHOUT HER IN THE FIRST PLACE.**

to church."

"My pocket money for a month was N1,000 (less than \$3), and it wouldn't come early," he recalls. "And that was all I had; no provisions. I lived in a house where, every now and then, I'd arrive from school to see that our landlord had padlocked our door because we hadn't paid the rent."

Though his subsequent years in school became bearable, tragedy came calling in 2004, when he lost his mother and confidant in his final year. Ayeni graduated with a 3rd class degree, and what he describes as a painful awareness that no reputable organisation would offer him a job based on his school qualifications.

"The only bright spot of my university years was that I left with Oladotun in my heart, and on my arm. We got married in 2005."

#### **THE ACCIDENTAL PR MAN**

Ayeni's first job was as a reporter with Encomium which, along with City People, dominated Nigeria's soft-

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sell entertainment publishing industry from the 90s to the late 2000s, before the advent of blogs drove numerous magazines into extinction. He thrived in this role, such that after quitting Encomium, where his four-page weekly column 'Notes & Tones' was hugely popular, he decided against taking a routine job. Instead, he freelanced for newspapers, maintaining two pages in ThisDay on Sunday (Glitz Beats) and later two pages in Punch on Fridays. This constant proximity to entertainers and show business birthed a company he christened after his surname: All You Ever Need In Entertainment (AYENI).

"I started at that time because I had received offers from some of my subjects about doing PR for them," he says. "I had never heard about PR until a man called Keke Ogungbe said 'You write very well; you should be our publicist.'"

Keke Ogungbe and his partner Dayo Adeneye were two of the most important figures in contemporary Nigerian show business, ruling the airwaves and television to boot. They believed in Ayeni enough to give him his first public relations brief and the young man heeded Keke's call, seeing PR as a tool for earning legitimate income with his creative writing skills. Soon, Ayeni was serving A-listers such as Sola Idowu (better known as Weird MC), 2face Idibia, Tunde and Wunmi Obe, Lagbaja, Abolore Adegbola Akande (popularly known as 9ice), such that his clientele base quickly began to swell. And so did his ambition.

Desiring a new identity and desperate to evolve from promoting entertainment, to occupying a strategic place in Africa's marketing communications setting, AYENI rebranded, morphing into Black House Media in 2009. Black House? "It's from the Yoruba proverb: Inu ikoko dudu l'eko funfun ti'n jade. That means, the dirty black pot ends up producing the pure, white pap. The black pot is Africa, the white pap is beautiful, nice, sophisticated stuff," Ayeni clarifies. "That has always been my dream for our continent, and that's my own personal story too."

## **BIG IDEAS, BUT NO FURNITURE**

The paradox within Ayeni's story is reflected in his personal style - his dark complexion is usually seen beaming from underneath plain, white, traditional robes - a physical ode to the founding spirit of BHM.

The company's formative years are a synonym for bootstrapping:



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BHM began as a corner in a tiny five-square-meter room in Ayeni's two-bedroom flat in Akute. After two years, a friend, Ayo Animashaun, allowed the company to squat in his office off Allen Avenue in Ikeja, the commercial nerve-centre of Lagos. By 2010, BHM had partnered with two other companies to rent its first office. When BHM eventually moved into its own space off Allen Avenue, it was to a big office devoid of frills — because the company couldn't afford it.

"We had no furniture, just plenty of dreams," Ayeni laughs uproariously.

The following years heralded some gradual but impressive turnaround, from having no staff, to hiring an intern, then two employees, to tripling annual revenue of N250,000 to N750,000, before having to move into an office that finally became too small for the team. BHM was soon working for major corporates: MTV Base, Hennessy, and the US media chain BET. In 2013, a call from Nigerian Breweries signalled a transformation in the company's story. "We became a respectable, respected, full-fledged public relations and communications company," Ayeni says.

"Today, we work for everybody. We've done financial services telecommunications, FMCG, technology. Everything."

BHM's current portfolio cuts across Africa and beyond, including South Africa, Kenya, Milan, Paris, Las Vegas, Ghana, London, Lagos and Barcelona.

Flagship client Nigerian Breweries remains the market leader in the Nigerian Fast-Moving Consumer Goods (FMCG) scene, while another client, MTN Communications Nigeria PLC, is the country's biggest telecommunications operator by revenue and subscribers. Yet another is DSTV, the country's leading entertainment Pay TV provider; other notable BHM clients include Viacom International Networks Africa, Reckitt Benckiser, and Betway.

The emergence of BHM as a dominant communications force in Africa has been rapid since 2013, with the firm going on to birth two more companies: Info Digital Africa (ID Africa, for short), a digital marketing company founded in 2015 to help companies and organisations navigate the digital world and Plaquad, a marketing tech company which acts as a counterforce to BHM's modus operandi.

Coincidentally, Ayeni is serving a second shot of cognac to Gbenga Sogbaiké, the CEO of Plaquad, as he explains.

"We created Plaquad in 2018 to scatter the model that is working — because we think this model we're currently using will not see the future. Technology is going to transform the way public relations, influencer marketing, and advertising are being organized, and we didn't want an outsider to come do that for us."

As much as BHM is keeping business in the family, the firm is consistently looking outwards for growth. In November 2018, BHM became the first West African media agency to adopt SAP, the world's leading cloud-based enterprise resource planning software, to improve its overall business operations. The move positioned BHM among a global elite of companies leveraging cutting-edge technology to deliver top-of-the-rack consulting services to clients. So far, the strategic adoption of SAP technology has birthed notable operational improvements in BHM's finance, talent and material management, project management and Customer Relationship Management (CRM) on the strength of features such as SAP Success Factors and SAP Business By Design.

#### **BLAZING THE TRAIL**

After global PR reports roundly ignored Africa's most populous nation, Ayeni says BHM stepped in: "We told them once, twice...they didn't change. I don't like





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in 2014 by launching the first PR app in the Nigerian market — one of the very few on the continent, till date — which coalesces data about press and marketing communications professionals (and firms), for the benefit of users.

In 2017, the Lagos state chapter of Nigerian Institute of Public Relations (NIPR) named BHM winner of two awards — Agency of the Year and Best Agency to Work, basing its decision on a wide range of parameters, from integrity of senior management, to quality of professional development, creativity, empowerment and risk-taking, staff welfare, mobility, retention and emoluments; Ayeni himself was named PR Practitioner of the Year. It was the turn of ID Africa to emerge Best PR Agency for Use of New Media, in 2018, the same year BHM clinched the PR Agency of the Year category at the Brandcom Awards.

Since 2010, BHM’s revenue has ascended into nine-figure territory, growing at an average of 86% till date. The plan, Ayeni reveals, is for revenue growth to exceed 400% in the current financial year. Asked what BHM is now collectively worth, he declines: “It’s difficult for me to say”

What he will say, however, is that despite these figures, BHM has yet to reach its full potential: “We believe we can earn the kind of revenue that the banks and telcos do. We don’t believe that revenue will come from consultancy, but that consultancy will give us the resources to build the kind of business that will give us that kind of revenue. Nigerian agencies typically don’t survive their owners, and don’t grow as big as we’re gunning for. All the agencies you knew in the 80s or 90s, there are not a lot

of them that you can point to now.”

Survival is what informs Ayeni’s motives.

He places investments over profits, ploughing every kobo of profit back into the business. “Every kobo that comes in, we understand it’s not time to reap the dividends yet, but time to buy a new computer or build a website or boost our social media assets.”

Osagie Alonge who worked with BHM from its early days in 2011 to 2014, says Ayeni’s lifestyle is still very basic.

“We worked as though the company was not making any profit, and as far as I know, BHM operates the same frugal approach, under Ayeni. When he flies, he is usually found in economy class; sometimes to help clients save money. He doesn’t own a car, favouring ride-share services when he’s not borrowing his wife’s Toyota.”

The one extravagance Ayeni will admit to, however is training: “I’m reckless about training,” he says. “The first monies we made were for training.

These days, Ayeni is aggressively shopping for exceptional talent, and feels the only reason he is still at BHM is because he founded it.

“I’ve done this business for 13 years. If I was an employee, they would probably have asked me to go. Today, there are younger guys who are smarter and more brilliant than I am; if they are not in the system, that means I’m a bad leader — because I should be hiring those who are smarter than I am.”

### PEOPLE BEFORE PROFIT

Early on, BHM adopted the corporate mantra “people before profit”; by Ayeni’s admission and staff confirmation, the little company that started in Akute with N15,000 would have ceased to exist

to complain, or play the victim, so we started doing our own,” Ayeni says.

The launch of the Nigeria PR Report in 2015 stirred corporate and institutional attention, and its annual publication pioneered a platform that enables empirical analyses of the prospects and challenges of the PR industry, whilst charting the path to a more sophisticated operating environment. The latest edition of the report is a nod to African PR — from ongoing technological versus citizen-led disruptions changing traditional PR practice, to the prominence of ‘publicists’ masquerading as ‘influencers’, and five-year projections for the future of the PR sector.

Prior to this, ID Africa broke ground

without its people — the employees, the clientele and the suppliers. “We believe in love, honesty, trust, integrity, credibility, hard work — without compromising your life,” Ayeni explains. “If you wake up in the morning and you just feel like watching films all day, tell us. Don’t lie that your father’s dog died. We don’t clock in; we want to measure performance, not activity.”

Due to Nigeria’s astronomical unemployment rate — which rose from 18.8 percent (17.6 million) in the third quarter of 2017 to 23.1 percent (20.9 million) in the third quarter of 2018 — the average Nigerian worker is typically at the mercy of companies. Ayeni says he strives to take this pressure off his employees. “You meet young people at nightclubs and they’re talking to you as peers, but once they’re seeking employment, they’re so afraid they’re shaking. If you’ve truly built your skills and you’re coming in to add value, this company needs you, so I tell my people: you’re the reason this company is making money.”

The MTN account, for which BHM has received multiple plaudits, is manned by 10 staff, and Ayeni reckons it is his strategy of prioritizing people above equipment, assets and business, that keeps BHM in business.

“What Ayeni is — has been doing, means BHM has trained, then churned out a highly successful alumni network largely comprising ex-staff whose first jobs were at BHM but they now occupy frontline roles, serving the communications industry in Nigeria and Africa,” says Alex Okosi, Managing Director at Viacom International Media Networks Africa

Alex points to Nike Fagbule who “probably wouldn’t have founded leading integrated marketing agency Zebra Stripes Networks in 2012 if she hadn’t joined BHM five years earlier as a Public Relations Officer, subsequently rising to become Senior Manager and earning a nomination for the Creative Professional of the Year award at The

Future Awards Africa 2011.”

Others are Timilehin Bello, founder of data-driven PR agency Media Panache, and one of only two Africans named by the Holmes Report among the top 25 Innovators in Europe, Middle East and Africa in 2018. Prior to this, Bello worked at BHM for three years — long before winning the Best Media Enterprise prize at the Future Awards Africa 2017 and the Rising PR Practitioner of the Year prize at the Nigeria Institute of Public Relations (NIPR) award ceremony the same year. In this impressive roll call of BHM alumni are Osagie Alonge, former Africa Editor-in-Chief of online newspaper Pulse, now Director of Growth at Opera’s ORide; Tosin Ajibade, famed for her hugely-followed blog-turned-website Olorisupergal.com and Anita Aiyudu-Adesiyun, the Marketing and Partnerships Manager at MTV’s Staying Alive Foundation.

Fagbule, Ajibade and Aiyudu-Adesiyun are not the only women to have navigated the BHM journey with Ayeni. Many more — including Oyindamola Benjamin-Black, Head of Finance; Oseremen Agenmonmen, Lead Consultant (Viacom and Multichoice accounts) and Enitan Kehinde, Lead Consultant (Nigerian Breweries) — are charting their careers in the firm’s history.

This is deliberate, Ayeni reveals. “For each company in the group, a woman is

HR Business Partner — in continuation of the company’s rich tradition of exposing men and women to equal opportunities.”

“Another approach which has worked so well for us is our embrace of boomerang employees. I always tell my staff if you wake up tomorrow and don’t think you really want to work anymore, tell us about it and we’ll help you find somewhere else you would prefer. Years down the line, these same employees have come back to us some of them now lead the biggest of our accounts, bringing in fresh ideas that have helped us innovate in many areas.”

In 20 years from now, BHM’s ambition is to emerge one of the most decorated, profitable and successful global organizations from Africa; become the first Nigerian PR firm to go public, and the first to roll out consumer and enterprise products. Ayeni does not know whether BHM would be achieving these goals as a media and marketing company, as a tech-based start-up or a strictly consumer-focused company, but he knows if BHM is able to “continually attract the right kind of talent and investment, then the future is sparkling bright.”

#### **‘HARD DECISIONS ARE EASY WHEN YOU HAVE NOTHING’**

Outside BHM, Ayeni is quietly working to help less privileged Nigerians attain



**WE WORKED AS THOUGH THE COMPANY WAS NOT MAKING ANY PROFIT, AND AS FAR AS I KNOW, BHM OPERATES THE SAME FRUGAL APPROACH, UNDER AYENI. WHEN HE FLIES, HE IS USUALLY FOUND IN ECONOMY CLASS; SOMETIMES TO HELP CLIENTS SAVE MONEY. HE DOESN’T OWN A CAR, FAVOURING RIDE-SHARE SERVICES WHEN HE’S NOT BORROWING HIS WIFE’S TOYOTA.**

success, and says it took him some time to realize one way to do that is to openly tell the story of his own survival in the midst of adversity.

“I also realized that my material poverty emboldened me to make tough decisions.”

While some of his friends stayed on their jobs because of their plum earnings, Ayeni could not. “I don’t know if I would have left if I was earning that kind of money,” he says. But I had nothing to lose. Leaving Encomium was easy; hard decisions are easy when you have nothing.”

He often wonders how many of his primary school mates in Okokomaiko were fortunate enough to escape as he did, fueling a pressing sense of mission to rescue young people from less privileged communities.

“I believe that my story can be replicated in hundreds and thousands of kids who need opportunities. It keeps me up at night, such that I am now moving to dedicate a greater percentage of our profits to books, educational facilities, tuition fees and recreational areas. If we manage to do this, I’ll live the rest of my life a very fulfilled man.”

Rising from humble beginnings to steer BHM into a successful media behemoth leading and contributing to regional trends, Ayeni, the child who his parents never wanted, is now the media executive and top player Africa’s marketing communications sector needs.

I ask Ayeni if he ever knew all this would happen, that he would one day end up being among those bringing the table of PR 2.0 and beyond to Nigeria, rather than merely being offered a seat at the table.

The father of two takes a deep breath and mutters “well, anything is possible,” and stands up, excusing himself from the room.

He hurries off, but not before I clock a tear, falling down his cheek. 

## BLACKHOUSE MEDIA

### KEY PEOPLE

**Ayeni Adekunle** - Founder & Group Chief Executive Officer

**Ayeni Oladotun** - Co-Founder, BHM

**Femi Falodun** - Executive Director, BHM & Chief Executive Officer, ID Africa

**Gbenga Sogbaike** - Chief Executive Officer, Plaqaad Ltd

**Philip Ugba** - Lead Consultant, MTN

**Oyindamola Benjamin-Black** - Head of Finance, BHM

**Omolade Opanuga** - Corporate and Legal Services Manager

**Enitan Kehinde** - Lead Consultant, Nigerian Breweries

**Oseremen Agenmonmen** - Lead Consultant, Viacom & Multichoice

### BHM’S INDUSTRY INTERVENTIONS

**The Nigeria PR Report 2015** - February 2016

**The BHM App** - August 2014

**#PRISDEAD** - October 2015

(A campaign on the current state and future of PR in Nigeria)

**BHM Guide to PR for professionals interested in Smart PR November 2016**

**The Concept of Virality** - March 2016

(A case study on Olajumoke Orisaguna and other viral stars)

**Nigeria Entertainment Conference (NECLive)** - Annual event since 2013

### YEAR-ON-YEAR GROWTH

Year	Growth
2011	86.45%
2012	61.14%
2013	206.86%
2014	9.91%
2015	17.57%
2016	-42.10%
2017	34.07%
2018	233.21%

### BHM’S AWARDS

**Best PR Agency to Work With** - NIPR LaPRIGA Award (2017)

**Best PR Agency** - NIPR LaPRIGA Award.(2017)

**PR Agency of the Year** - Brandcom Awards (2018)

**Best PR Agency using New Media** - NIPR LaPRIGA Award. (2018)

# NOBODY SEES AFRICA LIKE STEVE

BY SAM ADEOYE

**S**tep into X3M Ideas in Ikeja, the capital of Lagos, and something immediately feels out of place.

As you walk up the stairs towards a glass-walled creative studio, you'll notice a gaming corner, beckoning at you to forget you came for an interview. Around the back of the building, there's a fully-fitted gym and a sickbay, manned by medical personnel. Follow the aroma downstairs, and you'll find a restaurant, nestled next to a bar.

Of course, conveniences such as these are not particularly alien to agency culture elsewhere in the world; it's just that, in Nigeria, it's rare to find all of them in one firm.

But this ad agency wants you to believe atypical is its calling card. Founded in 2012 by Steve Babaeko, a hero of the local entrepreneurship community, X3M Ideas' main campaign has been to prove that you can be a local business yet perform like a global entity.

Steve says thinking this way makes his company more competitive than its peers in the market. "It's what contributes to making our work so distinctive, so edgy, so fresh," he adds, sitting in his white-walled minimalistic office in Ikeja, a few miles from the Lagos international airport. Large French



windows on all sides afford him the rolling sights of the mainland, where his campaigns dominate the landscape. A few vinyl records sit on a coffee table to the side, next to award trophies from LAIF (the Lagos Advertising and Ideas Festival), and almost two dozen more from Cristal.

Steve points out that X3M Ideas (pronounced Extreme Ideas) is a “digital advertising agency,” this phrase, apart from being a distinctive label, is also because digital marketing comes naturally to him and his employees.

Yes, some of the other 100 Nigerian ad agencies may have a decades-long affiliation to global networks such as Publicis, McCann Worldgroup, Grey, and Saatchi & Saatchi, but none of them has the much-coveted blue tick beside their names on Instagram and Facebook.

For its local and international clients, X3M Ideas has offered services including UI/UX design, content creation and marketing, impact measurement, issue tracking, and online consumer promotions. In the Zambia, for instance, it helped Chivas grow a community of brand advocates by creating an interactive contest for local photographers. Within two weeks, the Chivas Blended Series reached more than 500,000 Internet users.

“From Day One, our mission has been to be the best local agency providing clients with the best of world-class service. No matter what global agency you call, none can be as Nigerian as we are,” he says.

“I was born in Nigeria. I’ve lived on the streets. I know what it means to live at the bottom of the pyramid and have to claw your way up. Nobody can talk to anybody on that street better than I can. And I have the best team working with me, thinking the same way.”

Obviously, these are gargantuan proclamations from an agency that’s barely seven years old. But Steve has a record that proves his agency has been growing at a pace never before seen in Nigeria—or even on the continent.

Within its first five years, X3M Ideas helped to relaunch Diamond Bank, which until a recent merger with Access Bank, was

a notably big player in the financial sector. X3M Ideas has also handled the return of DStv’s Big Brother Naija reality show to Nigeria, garnering record-breaking audience participation. Then it won a hotly-contested pitch for Peak, the market-leading milk brand. Added to this sterling client cohort are BetKing, Conoil, and Dangote Cement. Two years ago, the agency won Globacom, a West-African telecom juggernaut and Nigeria’s second-largest carrier.

In its sixth year, X3M Ideas expanded into South-Central Africa via Johannesburg and Lusaka. When Steve cut the tape on the South African offshoot in June 2018, he said an expansion across Africa was the next milestone in his company’s journey.

“You are seeing the beginning of the next five-year vision,” he told Brand Communicator, a Nigerian journal covering the marketing industry. “In another four to five years, I see X3M becoming an independent network on its own because once we are done with [Southern Africa], we are heading to East Africa, and we will start with a country like Rwanda, where we’ve been having conversations already.”

At home, the business has grown far beyond advertising. Now, X3M Group includes a production studio known as Zero Degrees, and a media independent called Media 100.

Each of these subsidiaries has been profitable from inception, Steve says. Zero Degrees, for instance, made the bulk of its revenue from the production of television commercials and movies.

In 2018, Zero Degrees self-financed a documentary about the intimate travails of Lagos street urchins, commonly called Area Boys.

Then there’s X3M Music, the launchpad for Nigerian superstar musicians Simi and Praiz. Started in 2008, many years before X3M Ideas, X3M Music was, in fact, Steve’s first attempt at entrepreneurship and it was in music he cut his teeth as a businessman.

Ayeni Adekunle, a PR professional and CEO of BHM, which often publishes studies on Nigeria’s marketing communications

industry, says it’s not surprising that X3M Ideas has consistently posted outstanding results, both in its perception index and bottom line.

“A company and its culture typically derive from the DNA of its founder,” he says.

“X3M is crazy, daring, and sexy. My wife did her Master’s degree dissertation on them in 2018, with a focus on employer branding, and that’s when I understood why young people are drawn to the company. It’s a different kind of agency; one that’s daring to be as bold, as successful, and as masterfully managed as the clients they’re working for.”

X3M Ideas Director of Human Resources, Sunkanmi Atolagbe, confirms Ayeni’s statement. “We make sure the office environment is a balance of flexibility, play, and work. With the combination of these factors, we’re able to create the right environment for our people. We also recognise everyone’s contributions, and this has helped to grow the level of confidence in the teams,” he says.

To say X3M Ideas destroys the traditional agency mould, especially in Africa, would be a gross understatement. “I’m sure a few people look at what we’re doing and don’t even understand anymore,” Steve chuckles. “Is it still advertising? What is it exactly?”

This means the term “digital advertising agency” no longer serves as an adequate descriptor for X3M Ideas. Does Steve himself have a word to exactly capture this monster he has built? Definitely not. All he can say for now is that, as global business models continue to change, he is creating a company with the essential tools to help businesses trading in Africa converse better with Africans, as both deal with the challenges and benefits of technology in the 21st century.

As long as those clients understand what X3M Ideas is all about, then Steve is pleased.

“A happy client will refer us to another client,” he says. “This is why, since we started, we’ve never had to beg for business and we are grateful to God for that. All the

opportunities we ever got, we knocked them out of the park. And based on that, it's always been referrals after referrals."

### **SUSTAINABILITY IS KEY**

X3M Ideas now operates from a building it bought in its fourth year of operations. Steve thinks investing in real estate should be a no-brainer because no start-up should ever be at the mercy of landlords. Nowhere is this truer than in Lagos, where property owners tend to be a law unto themselves.

Besides, he reasons, "while it may be okay in America and Europe to argue that we're not in the real estate business, in Africa, it's completely different. The kind of value you extract from investing in your own building, you can't get it anywhere else."

Altogether, when you tally up its high-profile portfolio of businesses, growing brand equity, the quality of its talent pool and real estate assets, you are likely to conclude that X3M Ideas is a formidable marketing communications start-up, not just in West Africa, but across the continent. Which begs the question: why are investors not already knocking down Steve's door, begging to buy the entire group off his hands?

"The truth is they've been trying," Steve says. He's just not been, pardon the pun, advertising the fact.

"I've had several meetings with people who thought they wanted to be a part of [X3M Ideas]. But one, I don't think they were bringing the culture-fit we are looking for. Secondly, I don't want to sell the company outright. I worked for other agencies for close to 17 years and now, after managing to escape that 'jail' to set up this place, I don't want to go back to being shackled through the back door. If anyone's coming for X3M, we have to be sure they share our vision and bring value."

One way to show value, he explains, is to have an impressive cheque, a figure that shows the investor sees X3M Ideas as a "premium" investment. Aside from that, the investor must respect the pan-African outlook of the agency.

Going by the acquisition of US-based Droga5 by Accenture Interactive for \$475 million, Steve is confident X3M Ideas



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should fetch a reasonable value, should he choose to sell.

If, however, no buyer comes, Steve's other plan is to make X3M Ideas the first Nigerian agency to achieve IPO status.

### **PREVAILING FORCES**

When it comes to the marketing communications industry at large, Steve believes digital media is responsible for the current push and pull, boom and bust cycle. On the other hand, three critical factors determine the force being exerted by digital media itself.

First is Nigeria's massive youth population, then there's its youth unemployment rate and the country's rising levels of multidimensional poverty.

Of the 200 million people living in Nigeria, 62 percent are under 25, an extraordinary pool of existing and potential digital natives. Youth unemployment in the country is at 36.5 percent, and despite the country's routine boast of being Africa's largest economy, nearly half of Nigeria's population live in extreme poverty.

Steve understands poverty deeply, too. The 48-year-old was born into squalor in Kabba, a small village in central Nigeria. With his parents and five siblings, he grew up living in just one room, where the family crammed themselves and all their belongings.

But, of course, he has come a long way from those humble beginnings. Just this June, Steve was listed on the Adweek Top 100 Creatives in the World and feted at the just-concluded Cannes Festival of Creativity in France.

Within the past three years, he's been appointed to the board of the International

Advertising Agencies, Nigeria (IAA); voted Vice President of the Association of Advertising Agencies of Nigeria (AAAN); named Chairman of the Lagos Advertising and Ideas Festival (LAIF), and selected as a member of the jury at the Cannes Lions. He's also been a jury member at Loeries, Cristal, and the New York Advertising Festival. Away from advertising, Steve served as Chair of the public relations committee of the Nigerian-American Chamber of Commerce.

His early start as a poor provincial lad is similar to that of many young Nigerians right now.

"I was only 10 years old when I realised, for the first time in my life that my family was acutely poor," Steve recalls.

Eventually, he would leave that village to seek fortune in Lagos. But this was not before he'd been a food hawker in Owerri, southeast Nigeria; and a permanent squatter in other people's homes.

At one point, one of his father's brothers even ordered Steve to quit school, suggesting Steve instead learn how to fix broken refrigerators. Although the boy was in a government school - the cheapest possible - the uncle believed Steve's education was too heavy a burden for the family to bear. The problem, however, was this: you could count all the refrigerators in that town on the fingers of one hand.

Young Steve defied that uncle, pushing on to university, majoring in Theatre Arts, and graduating top of his class. He survived those four years at Ahmadu Bello University, Zaria thanks to the benevolence of another uncle who sent him the occasional pocket money, and friends who let him sleep on their floors.

Soon after his mandatory national youth

service, Steve set off for Lagos, carrying his life savings, a total of N500 (\$22.84 at the time) in his pockets. Once he landed, he found himself stuck. Predictably, he immediately became one of the millions of unemployed graduates sweeping the streets of the city in worn-out shoes and pre-owned jeans.

Though the nature of his odd jobs changed, Steve held on to his ambition: a position in advertising. Eventually, he made a list of all the ad agencies in Lagos and started approaching them, one after the other.

Two weeks into his hunt, he bluffed his way into MC&A Saatchi & Saatchi, asked for a test, passed the test, and began his first job as a copywriter/radio-TV executive.

Steve's first boss, Victor Johnson, who was the managing director of MC&A at the time, says he saw some kind of spark in the young man. "I employed him, literally, on the spot without seeing his papers and without a day's experience," Johnson says. "Although he'd done the homework of learning what the job was about, I based my odd and impulsive decision on a gut feeling, as you don't get to my age and level without acquiring a sixth sense and a nose for things."

Five years later, Steve resumed at Prima Garnet. By 2005 when Prima Garnet launched spin-off 141 Worldwide, initially created to focus on the colossal British American Tobacco business, they tapped Steve as one of two creative directors for the new company. In that role, he wrote some of the most memorable advertising works the country has ever seen, including the classic Proudly Nigerian campaign for British American Tobacco.

In 2008, Steve helped to launch Etisalat in Nigeria, drafting a cohort of Nigeria's most popular musicians to attract a young audience that was then struggling with high telecom tariffs and staid branding from the other carriers.

141 Worldwide wrote the catchy slogans "Now you're talking" and "0809ja" for Etisalat. Soon, the taglines became street lingo and cemented the street credibility of Etisalat. Simultaneously, Steve's profile as a brilliant creative director rose and he soon

earned the title of the most written-about creative in the country.

By 2012, some 17 years after arriving in Lagos broke and unmoored, the young man seemed to have finally made it. From afar, it looked like years and years of pushing through his fear of poverty had led him to a well-paying career and three children with his sweetheart, Yetunde Ayeni-Babaeko — a respectable photographer in her own right. Except that, up close, being Steve Babaeko was no longer as rewarding as everyone had assumed.

"I felt like I'd gotten to the plateau of my career," he says. "Here I was, busy travelling to shoot commercials all over the world. But then, once you turn 40, what's next? That's when you start to ask yourself that existential question: why am I even here?"

In trying to find answers, he figured that, perhaps, his angst was a by-product of his frustration with his employer. "I realised that I did have some radical ideas about moving the company forward but was hamstrung, because I wasn't in the driver's seat. Maybe the best way to make things better for myself was to get into the driver's seat somewhere; let me see if I would crash, or fly."

So Steve Babaeko borrowed €15,000 from his wife, added it to the N8 million he'd been saving up to buy that year's model of the Range Rover Sport, and paid for a duplex in Ikeja, Nigeria's less swanky equivalent of Madison Avenue. He started X3M Ideas in that house.

While remodelling the building to make it look like a place of business, his fears returned; this time because he'd run out

“**I WAS ONLY 10 YEARS OLD WHEN I REALISED, FOR THE FIRST TIME IN MY LIFE THAT MY FAMILY WAS ACUTELY POOR.**”



of money and wasn't sure how to pay the salaries of the eight employees about to resume at the end of the month.

He was petrified of speaking to the banks because he knew that in Nigeria, interest rates are more often than not a noose on the necks of small businesses. Besides, none of his cold calls and pitches had resulted in a contract for his new agency. Yes, the prospects knew him as that award-winning creative director from 141 Worldwide, but letting an untested agency manage insufficient marketing budgets was another kettle of fish.

So, when Centrespread FCB, the other agency working on Etisalat, resigned the account, it was great news. But even as Etisalat decided to take a chance on the man who had introduced the brand to Nigerians, the contract still came with several ifs and buts.

For example, Etisalat sensed that X3M Ideas could not raise cash to meet up with sundry obligations, as agency payments would come 60 days from the date of invoice. The telco decided it would slash the retainer in half, and quickly put X3M on a three-month probation. If the money problems continued throughout the trial period, Etisalat would pull the plug.

But luckily for Steve, it didn't come to that. He was able to scrounge out an overdraft from his bank, and served Etisalat satisfactorily enough that they didn't have to pull the fail-safe lever on his contract.

Three years after he opened X3M Ideas, Steve's agency resigned Etisalat (now 9Mobile) and won another telco account. Globacom, Nigeria's second largest telecom business, is the biggest corporation in the portfolio of mercurial billionaire Mike Adenuga.

In Mike Adenuga, who himself had come from nothing, Steve says he sees a mentor. "It is impressive to see the full scale of this proudly African behemoth the Chairman has built," says Steve of Mike Adenuga, "and this is why I'm immensely proud to be working with him."

As he admires Adenuga's ferocious acumen, Steve says he's also energised by his

other idols Richard Branson and Elon Musk. Elon, by the way, is the same age as Steve.

Ayeni Adekunle says the size of Steve's dream is what makes him such an unusual ad agency CEO. "Copywriters here typically don't start or run agencies. But Steve is not afraid to chase the impossible. Plus, he flaunts his swag while doing it, because he knows that advertising is show business. The problem with many in our industry is the limitations of their vision."

Ask Steve, though, and he'll tell you that while he recognises his good fortune, he never forgets where he came from. "I live in a permanent state of discontent," he says.

"Not because I'm ungrateful, but in this business, you never truly arrive. The day you conclude you've finally arrived is the day you're dead."

#### A YOUNG AFRICAN MAN'S GAME

For millions of Nigeria's struggling youth, the Internet, with its low barrier to entry, is the best way out of crushing poverty; it's why the bulk of Generation Z flocks to social networks. In a report in December 2018, the Nigerian Communications Commission declared that there were now 111.6 million internet users in the country - just about half of the total population.

As young people continue to congregate online, brands are following them there. Thanks to busy companies in the telecom, banking, FMCG, and hospitality industries routinely handing out millions of naira to social media influencers with highly engaged followers, capturing these youngsters is an ongoing endeavour.

The more advertisers believe in the magical powers of social media marketing, the more they seek out creatives to design content for deployment via influencers. And when the advertisers look around for help? Steve Babaoko wants to remain the first person they'll find.

"It's because we understand the nature of modern communication," Steve says. "If you check right now, no agency even comes a close second [to X3M

Ideas] in the number of social media followers—and all our followers are organic."

But he would like you to understand that digital marketing is more than posting shocking photos and videos on social media. Sometimes, it is about inventing your own tech tools.

Which is why there's now a new company in the X3M Group called X3M Tech; to further develop the agency's technical prowess.

"In this business, you have to find new ways to unlock value. And that value is there when people are not too lazy to try new things," he explains. For him, one way to disrupt the system is to bake technology into communication from the ground up.

When you make technology an afterthought, he cautions, that's when you get dissonance. "But if from the start you make tech people and engineers part of your creative process, they can tell you how to make the idea deliver more value for the client."

Globally, traditional creative advertising has changed, and is changing. The line between TV commercials and Web videos, for instance, is disappearing, while Copywriting as a term is not as rigid as it used to be. Steve reels off noteworthy examples: sometimes the writer is scripting a TV commercial, and at other times they may just be helping a celebrity influencer draft branded content that won't seem out of place to the influencer's fans.

A brave advertiser may even run a TV commercial that triggers the Google Assistant on an individual's phone, which in turn would link them to an in-store deal.

"There may not be a generally agreed term for these new communication models yet, but marketing practitioners know their profession is no longer what it used to be. You must adapt fast or you are left in the dust, because the first budget clients will slash is usually the communication budget," he adds.

Beyond the immediate struggles with the economy, Steve also acknowledges the increased interest in advertising from global consulting firms and tech behemoths. Currently, the world's largest marketing communications companies are Accenture Interactive, IBM iX, PwC Digital Services, and Deloitte Digital, none of which was in this space 10 years ago.

The figures being bandied about by these disruptors erase all doubts as to how significant the ongoing shift is. For instance, in what has become the largest deal of its kind in advertising history, Accenture Interactive recently bought Droga 5, the perennially hot agency, for \$475 million. On the other end, Publicis Groupe, one of the world's biggest advertising holding companies announced plans in April to buy data marketing juggernaut Epsilon for \$4.4 billion.

"I can stick out my neck and say this is the end of advertising as we've always known it," Steve states. "The way ad agencies used to work back in the days of Mad Men is gone. And those days are never coming back. Meanwhile, what we can do is make ourselves more effective because, again, service and value underscore everything we do."

While X3M Ideas strives to stay a step ahead of its competitors with its flair for technology, it also prioritises driving its employees to remain daring. Steve thinks this will lead to more award-winning creative output, which should in turn attract the best talent in the market, and help X3M Ideas do even more award-winning work, sustaining the firm's relevance year-on-year, "like an Instagram video on loop," he says with a glint in his eye.

#### THE FUTURE IS A GAMBLE

Steve has begun delving into applying Artificial Intelligence in future marketing campaigns but notes he is doing so from a place of enhancing his practice, not fear, because "human creativity will never be out of date."



He predicts that ready or not, the processes, demands, and business models in Africa's advertising landscape are mutating, and will get even crazier in the next few years.

Whatever you do, he advises, "get with the programme" because international affiliations, on which some big Nigerian agencies have anchored their profitability for so long, may not be as tenable as they used to be. Rather, an authentically homegrown agency with world-class capacity can easily key into its African culture to connect customers to advertisers.

As X3M Ideas moves from Nigeria to take on the SADC region via Johannesburg and on to Lusaka (with plans to segue into Nairobi and Accra), Steve's strategy is ensuring these new

firms are independent of Lagos, so they can be truly native to the countries and regions in which they operate.

"We are looking for immortality in this business," he says. "First of all, our structure has eliminated the key-man risks that can easily asphyxiate a promising company and now, we're ready for what comes next?"

Despite its seeming volatility, the communication business remains a long game for X3M Ideas, because in Steve's words: "some of us may not gamble on poker tables, but we'll continue to gamble on changing our world, one campaign at a time. This business is an extreme sport, and being the ultimate adrenaline junkie, my team and I will always be ready to compete favourably, and win distinctively." <sup>1</sup>

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