Since 2004, Steve Stoute’s ad agency Translation has been the place to go when clients want hip, fashionable work with a youth vibe. But when Translation won the Bud Light account from McGarryBowen last year, it sent a wakeup call to Madison Avenue: Translation was no longer just a trendy boutique. It was capable of stealing the biggest accounts. In other words, it was a real threat to the big agencies of Madison Avenue.

The agency world has lost a lot of characters in recent years. Senior executives and CEOs tend to be much more professional — and much more boring — than they used to be.

Stoute, by contrast, made headlines a couple of years ago when he took out a $40,000 full page ad in The New York Times excoriating the Grammies for not giving one of their awards to Justin Bieber.

He currently works on marketing and endorsement deals with Lady Gaga and Jay-Z, a legacy from his days as president/urban music at Interscope Geffen A&M Records (he was a producer on Eminem’s debut album, “The Slim Shady LP”) and as president/urban music for Sony Music Entertainment. Stoute used to be the manager to Nas and Mary J. Blige.

And, of course, Sean “Diddy” Combs once attacked him with a champagne bottle.

Stoute’s new Bud Light work will appear in this year’s Super Bowl. So we had lunch with Stoute at The Hurricane Club in New York and asked him how he won the account, and how he grew his agency into Madison Avenue’s most feared competitor.

**BI:** No Grammy for Justin Bieber again this year, after all your efforts! Do you have a relationship with Bieber?

**SS:** I don’t. I have a relationship with his manager, Scooter Braun, who is this guy who really grew up understanding the business behind hip hop. He worked as an intern with Jermaine Dupree and Ludacris and he knew about the business of hip hop and he took that application and applied it to a young pop singer, Justin Bieber. So I have great respect for his manager and what they built as a team.
BI: You’ve said Bieber was that the first truly modern pop star, who grew up on YouTube and that the Academy should have recognized that.

SS: I always felt like the Academy was very late in acknowledging things. I’ve seen them do it with hip hop when it should have been acknowledged. It was already penetrating mass levels of culture and radio and yet they wouldn’t give it a proper category. What I didn’t want them to do was discount this kid. Yeah, it was digital and YouTube that made him a big success, but don’t just use that as a way to not truly acknowledge the fact that he should have been the best new artist. He made a significant cultural impact. People enjoyed his music, fans enjoyed his music, and they gave the award for best new artist to someone who had an album out prior -- Esperanza Spalding. And that was her third album. How could she win best new artist? And her other two albums didn’t make any impact to the point where it mattered. You can’t move the rules around just because you feel like its appropriate to do that. I just thought that was unfair. And whether it was him, or it could have been Drake, I felt it was one of those guys who were definitely the most impactful. They impacted the culture, they impacted the record sales, they impacted the art form.

BI: What’s going on with Bud Light right now? Can you tell me the story of how you got that account and stole it away from McGarryBowen?

SS: Well, I wouldn’t say I stole it away.

BI: It’s really unusual for a client of that size to award a huge brand like that, which is one of the prime account wins that you could possibly ever get in the agency business, to a relatively small shop like Translation.

SS: We launched Bud Light Platinum during the Super Bowl and it was hugely successful. It was the fastest selling launch of a product in A-B history. We came behind that with Bud Light Lime, which is their summer product, and we did some great work behind that. And they had this thing called Lima-A-Ritas, which is a spinoff of Lime, which was also successful. And then we had the NFL. So we’re going into the NFL campaign, which now uses Stevie Wonder’s “Superstitious,” and the work was working. Now Budweiser puts you through a very stringent test before your creative goes on air. And McGarryBowen, from what I was told, after the Super Bowl had problems getting work and creative through those tests. I just think that it had gotten to the point where we were having a lot of upside and success with getting our work through and seeing the impact. And they weren’t.

BI: Do you know what kind of work they were proposing?

SS: I don’t know. I never had insight into their work. I’ve never seen their work. I was watching their business, but it wasn’t like I was going after them to take it from them.

BI: You didn’t know it was shaky.

SS: No, I didn’t know it was shaky up until 6-7 months in. There was no work on the air. That’s when you know it’s shaky, when there’s no work.

BI: So another thing is, the owner of that agency doesn’t drink alcohol, which I’ve got to presume is a problem if you’re meeting the client.
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SS: Well, I don’t know if that had anything to do with anything. The owner of the agency isn’t responsible for the day-to-day creative product. I’m sure there’s irony in it, but I’m not sure that affected the fate of the agency or the work that was coming out of there.

BI: What year was Translation founded?


BI: So you’ve made really good progress. Do you get offers to be acquired?

SS: Yes.

BI: And you just turn them down flat because you were once owned by Interpublic Group and and you don’t want that again?

SS: No, I try to hear what people have to say and see if we can make it work, that kind of thing.

BI: How many employees do you have?

SS: 150.

BI: So you’re still growing. Where do you expect to be in 2013?

SS: I expect to stabilize around that number. I want to focus on the Bud Light work being exceptional and making sure that the company is built to handle future growth. When you grow that fast, office spaces and leases are an issue.

BI: Why did you buy yourself back from Interpublic Group?

SS: I bought myself back because what I would want to work for a whole new company for is to get to be a strategic partner. And I really needed a partner to provide me the scale that we needed, and I just wasn’t getting it. Just to be able to having a working rapport with the holding company that was active outside of the acquisition and outside of the transfer of money. And I think they were probably frustrated that they expected me to do something.

BI: Were you expecting to have access to their clients, or were you like, we have clients, I need access to the network?

SS: I expected clients, I expected access to the network. It was the wrong time for both of us, in a nutshell.

BI: You were hugely successful with the labels you worked at, so why transition to the agency business? It is regarded as less glamorous and less sexy.

SS: I didn’t know that. People said that to me and I thought, how can it be? You have so much media money, you control so much impressions. Why is the tail wagging the dog? There’s much more money being brought into the advertising and communications business than in the music industry. So why isn’t it getting the talent?
BI: So the other interesting thing about Translation was that prior to the 2000s there were agencies run by black CEOs and they would never get the lead work on the accounts. They would get the multicultural assignments. You are one of the few guys that’s made that transition. What did you do that they didn’t?

SS: I would say that Don Coleman [CEO of Globalhue] made that transition as well. He represents Jeep. It’s been a difficult challenge because you have to get people to think beyond color. The downside is if you start taking on a bunch of African American accounts, you are going to become what you are. All you’ll take is, “I’ll take on the Army, I’ll do the black work; I’ll take on the Navy, I’ll do the black work, etc.” For a while I wouldn’t have been able to get anywhere because I’m African American, because [people would think] I don’t understand what has general market appeal.

BI: Is that still a discussion you have to have with clients?

SS: No, not at all.

BI: Because there was a time when your shop was very much the urban shop. If you needed a hip-hop vibe, you’re the guy.

SS: That’s the short-sightedness of people. So since I worked in hip hop, I’m urban, I’m short-sighted, I don’t see the bigger picture. We work with Jay-Z, I mean Jay-Z is the bigger picture. I mean that’s everybody catching up to reality. That’s me finding out first and everyone catching up later.

BI: There are plenty of black CEOs now.

SS: Plenty? Let’s not get carried away. It sounds like plenty because there is one more from last year, or three more from last year. It’s all heading in the right direction, and that’s all we can ask. We want it to happen faster, but it’s is heading in the right direction. What Magic Johnson is doing with his cable network, Sean Combs, Jay-Z, what I’m doing.

BI: So when you made that transition from music to ads, how deliberate was that? You made the transition through Peter Arnell and the Arnell Group.

SS: Very specific.

BI: So you decided this was the new business you wanted to be in.

SS: I didn’t work under Arnell. I was a partner with him. I owned the company.

BI: Did you buy in?

SS: That’s how he got me to leave the record business. I had to get equity. I was changing industries, I was trying to better myself. So I came in and we sold the company to Omnicom.

BI: So you left after that sale? Did you want to leave to cash out or because you had a falling out with Peter? [Arnell imploded years later in 2011 after Arnell’s many eccentricities overshadowed his actual work for clients.]

SS: Peter’s and my dynamic headed to a dark place.
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BI: What was it like working for Peter Arnell?

SS: He’s a very, very talented guy. Extremely talented. And in the record business, all I did was work with great talent. So I was used to personalities that were eclectic. Where he ended up hurting himself was he didn’t have a barometer, or a manager, that could just pull him out when his ideas were needed to solve a big problem. He was representing himself. It was bad. He couldn’t represent himself. He needed someone to represent him. He’s very passionate about his point of view, and he tries to find people that give him legitimate pushback for why his point of view is wrong. He loves that. He only responds to highly intellectual people, which is unfair. He only responds to people who he thinks have a high level of intellect. How do you walk around and function in this world like that? He is an artist in that way. He just didn’t have people around him who could manage that side of him. As much as we can say he’s crazy, you can’t say he didn’t have brilliant ideas.

BI: Do you have a relationship with Lady Gaga? Tell me about that.

SS: I did her first deal with Mac cosmetics, which was important. I’ve known her manager for years. I know her from when she first started.

BI: Did you do her fragrance deal?

SS: I didn’t do the creative, I did the initial insight and strategy.

BI: What did you do for the Brooklyn Nets [who recently relaunched after moving from New Jersey]?  

SS: We did all the marketing campaigns for the last 2 years and we moved up to the opening

BI: Do you have a relationship with Sean Combs at this point?

SS: Yes. We were kids, we got in a fight when we were kids, and it’s funny that it still comes up, years later. We were millionaires at 26 years old. Just a lot of dumb shit. I have a great deal of respect for what he’s built.

BI: Do you work together on anything now?

SS: I’m going to help him with his cable channel, yes. Help bring advertisers. Hopefully he can fast track to get not just African American advertisers. It’s called Revolt. It’s basically going to be the re-definition of a music channel. He’s picking up where MTV left off.

BI: So when you deal with someone like Lady Gaga or someone else in the entertainment business, how business- or money-savvy are they?

SS: It varies. That’s [something] that people put on athletes, or rappers, and primarily African American overnight millionaires. But the truth of the matter is, like everything else, half the times people make decisions in life because they have a lack of info. When you grow up in life and you’re poor, and because you’re an athlete or you got rich overnight in music, unless you have access to financial advice or for the transition or matriculation of that process, then of course, you’re going to go broke. And that’s not even a guarantee because there are people set up to be experts to rob you. There is no guarantee or formula that you will to know how to manage your money or be successful. A lot of it is having the access to the right info to do due diligence.
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I think that access has opened up over the last 10 years, when people are getting more financial managers or hedge fund guys or people who are allowing you to have a seat at the table to be looked at as a business and not as a man who just got rich overnight.

**BI:** I ask that because it seems like there is a whole generation of people who realize that understanding finance is really the key to things now. It's not just work hard, find magic, and become successful. Has that come through to the entertainment side?

**SS:** Yes, because they see that people have gone broke. They now have a generation where they can see these other people, be rich and then become broke. You think Jay-Z is going broke? LeBron is going broke? These guys have figured it out. They came from a poor backgrounds, broken homes and they figured out how to be businessmen. They become new aspirations. People say they want to do it like that. So you can be talented, and handle your business, and be married, and have a stable family. You don't have to be this single parent guy running around at 40 years old. There's a lot of circumstances where people can now see an archetype and have people they want to follow. If those archetypes weren't there, there's nothing necessarily to aspire to.