

# A Global Network

**An Interview with Michael Roth,  
Chairman and Chief Executive Officer, Interpublic Group**

**EDITORS' NOTE** Michael Roth had been a member of Interpublic's Board since 2002, prior to his appointment as Chairman in July 2004. The CEO title was added in January 2005. Before this, Roth was Chairman and CEO of the financial services holding company, the MONY Group. Roth sits on the boards of directors of Pitney Bowes, Gaylord Entertainment, the Committee Encouraging Corporate Philanthropy, the Baruch College Fund, the Partnership for New York City, and Enterprise Foundation. He is a certified public accountant and the recipient of an LL.M. degree from New York University Law School and a JD from the Boston University School of Law.



Michael Roth

**COMPANY BRIEF** Interpublic Group of Companies, Inc. ([www.interpublic.com](http://www.interpublic.com)), founded in 1961 and headquartered in New York, is one of the world's leading advertising and marketing companies. From global communications networks like McCann Erickson, to domestic advertising agencies like The Martin Agency in Richmond, Virginia, to global specialists like the events marketer Jack Morton, sports marketer Octagon, and public relations experts Weber Shandwick, Interpublic agencies span the globe, employing 40,000 people in more than 100 countries, working with clients like L'Oréal, Unilever, and Microsoft.

**Were you surprised at both the speed and severity of the global economic crisis, and where are we today on the road to recovery?**

The severity of the downturn was greater than we would have expected. A lot of our businesses virtually came to a halt as clients were reluctant to spend marketing dollars without knowing what was happening to the global economy.

In 2009, we had negative double-digit organic growth. It's probably among the worst to hit our industry in a long time. That said, I'm pleased with where we are in terms of recovery. The first half of the year saw a positive trajectory in terms of our business improving, and I believe that will continue.

The wild card is Europe and whether that will cause us to enter into a double dip. I personally don't believe so, although the key focus has to be on jobs and consumer confidence.

**Can we have true recovery without the jobs coming back, and where are the jobs going to come from?**

Unless you have consumer confidence and jobs, it's going to be tough to have an economic recovery. Big companies, including ours, took severe cost-saving actions last year, in our case by reducing employee head count. We're adding back but only in the markets that are growing.

We have to be comfortable with a more global economic recovery before it comes to a larger scale.

**In recessionary times, how do you convince clients of the importance of continuing to spend media dollars to get the message out and capture market share?**

Our enlightened clients understand when there is a difficult environment, that is a great time to spend to gain market share. But this recession was a little different in that many of our global clients had good balance sheets and cash, but they were protecting their P&L.

So our argument would be, if you're really protecting your P&L, you should be spending your marketing dollars because we could show how effective those dollars could be. That said, it's very simple to cut those dollars and have a bottom line impact immediately.

Some of our clients actually increased their marketing spend last year, but most held their dollars close to the vest.

**Is it important for you to have that one global platform where there is close coordination among regions offering seamless services, or do you tailor your offerings for specific regions?**

We have different types of offerings. We have three global fully-integrated networks: Lowe, Draftfcb, and the McCann Worldgroup. They have to be seamless in terms of their integration around the world because their global clients are demanding that. You go to a global network to have that integrated offering that is seamless in execution, so that is their reason for being.

Our integrated domestic agencies, when they have global opportunities, will tap into these networks and, certainly, into our marketing service companies. For example, Weber Shandwick, or Golin Harris, or Jack Morton, or Octagon – these marketing service companies have global presence, so our U.S. independents can tap into them as well.

**How critical has it been for Interpublic to be a leader in the digital area, and how quickly did your people understand that evolution?**

Some people didn't and they're no longer with us. The people we added are in those areas that are growing the most rapidly, and that's digital.

We have digital specialty agencies, MRM and R/GA. But all of our offerings have digital capabilities – even in places like public relations, retail marketing, or corporate branding – and they're hiring in the digital space.

**You have been very focused on Interpublic's community engagement. How critical is that to the company, and is it important today that those efforts align somewhat with the business strategy?**

They're aligned by definition. A company that stands for a good corporate citizenship proposition benefits in recruiting and in client relationships, so that approach is good for our bottom line.

So although it's the right thing to do, it's important that our people understand the IPG brand makes our clients and our people feel good.

**There is great strength within the business community in New York City. How critical is public/private partnership in overcoming the issues the city faces and making sure it remains a global leader?**

It's critical. We have to go forward with a common voice, and make sure that even on a local legislative basis, we're doing things to encourage investments in New York. Big business in New York is a very important part of the payroll, which means jobs, which means consumer confidence, which means my clients are spending marketing dollars to target those consumers.

**Is there merit to talk of New York City losing its edge as the financial capital of the world, and do you worry that the strength of the city is in jeopardy?**

The dollar-denominated markets are still a dominant part of the overall global economy. That said, there are regions out there that are trying to disrupt that, which is why it's imperative that we encourage, from a federal as well as a state perspective, the strength of our financial sector.

I still believe New York continues to be the global capital, but we are competing in a much stronger environment, and foreign markets are looking to gain an edge, and we have to be able to support a global economy. ●