

Modern Marketing Solutions

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

EDITORS' NOTE In July 2004, Michael Roth was appointed Chairman and he became CEO in January 2005. He had been a member of Interpublic's board since 2002. Prior to this, Roth was Chairman and CEO of the financial services holding company, the MONY Group. He 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. Roth is a certified public accountant and the recipient of an LL.M. degree from New York University Law School and a J.D. from the Boston University School of Law.



Michael Roth

COMPANY BRIEF Headquartered in New York, Interpublic Group (www.interpublic.com; NYSE: IPG), is one of the world's largest advertising and marketing companies. From global communications networks like McCann 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 43,000 people in more than 100 countries, working with clients like L'Oréal, Unilever, and MasterCard.

What is it about Interpublic that makes it so special?

The parent company takes a backseat – it's the people at our agencies that make a difference. IPG wants to attract the most creative people who also understand how to communicate in a new media landscape, and we've been able to do that as we've worked to transform IPG over the past few years. Looking at our company now, you couldn't ask for a better mix of people from all walks of life to come work with every day. That's what makes us special and is why so many of the world's best-known brands are willing to trust us with creating their communications with consumers.

How is the economy affecting your business?

One of the benefits of our model is that we're a global company with diverse offerings in diverse locations. Whenever you have an unsettling economic environment, there are pockets that are successful – like India, China, Latin America

or the U.S., and we have strong presence in those markets. So when Europe is struggling, we have offsets that make up for some of the shortcomings.

Our offerings also aren't in just one sector. We have a cross-section of clients whether it be automobile, retail or farmer.

How close is the coordination among the different segments of the firm?

I try to emphasize what we call "open architecture," where our clients are entitled to the best of IPG, and within IPG, all of our agencies and offerings

have to come together for that integrated offering.

When it makes sense, we come together as Team IPG. That doesn't happen all the time, nor should it. Our disciplines also compete with each other. So we have McCann as a global network, but we also have Lowe and Draftfcb and they're competing with each other. But when it makes sense, we're able to seamlessly offer clients a best-of, coordinated IPG solution.

Are your clients primarily those marquis brands or do you also have a focus on small entrepreneurial brands?

We have three global creative advertising agencies: McCann, Lowe, and Draftfcb and they're where the big global clients are located.

That said, we also have a number of independent agencies: Hill Holliday, Mullen, and The Martin Agency. The only thing they don't have – except Deutsch, because of their relationship with Lowe – is a global footprint.

So if you look at our independent agencies, you may see more entrepreneurial clients than at our big global networks.

There are only a few agencies in the world that can handle a global client from a distribution point of view. You can bring in hotshot agencies, but in the end, if you want global distribution, you need a global agency.

Is there still strong growth in the U.S. today or is it coming more from the emerging markets?

Strong growth is relative. The U.S. is consistent. Our forecast is that we should attain 3 percent organic growth and a 50-basis point margin improvement for 2012; that is blended. So obviously the United States – since 51 percent of our business comes from the U.S. – is part of it, and the U.S. is on track on a full-year basis to achieve between 2 and 3 percent growth, maybe higher in some specialty areas.

But Brazil, India, China, and other emerging markets are ahead of that and Europe is behind it. So when we say we should be able to achieve 3 percent organic growth for the year, it takes into consideration the stronger markets as well as the weak markets.

In an increasingly digital world, what needs to happen for print to remain relevant?

There continues to be solid double-digit growth in digital whereas in print, you see negative. Eventually, print will level off because there is a place for print in our business. The key word is relevant. We have to be able to use print that is relevant to the particular client situation and the consumer they're driving – business-to-business tends to use print more than consumers.

There are specialty magazines that are doing well in terms of print. Our job is to help our clients place their ad dollars where they get the best bang for their buck. If it's digital, it should be digital; if it's traditional media, it should be traditional media.

So we have a blended allocation of where those dollars should go and that is where we earn our keep.

How critical is maintaining a diverse workforce for IPG and is inclusion the next step?

We call it diversity and inclusion. We're in a global market – the consumer is well informed and the market is diverse. For us as an industry to not represent the marketplace would be insane.

Take women: 80 percent of all consumer purchases are made by females. Why shouldn't our workforce represent a similar percentage?

When we talk about diversity and inclusion, it incorporates all sorts of minorities. It's no longer just focused on the U.S. – it's focused all over the world because the population is growing significantly. We need people who understand those markets so we can put together effective campaigns.

What makes the Partnership for New York City so successful and what makes this city so special?

New York is where our roots are. It's the capital of the world – what happens here affects the world. The individuals in the Partnership believe in New York City and believe they can make a difference in helping maintain its status on a global basis.

At the Partnership meetings, you have high-level influential members with a common goal – it's not often you get competitors or people of business focusing on a common goal other than their own bottom line. And Kathy's (Wylde) leadership is critical there. ●