

An IPG Solution

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

EDITORS' NOTE In July 2004, Michael Roth was appointed Chairman of IPG, 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, Ryman Hospitality Properties, the Committee Encouraging Corporate Philanthropy, the Baruch College Fund, the Partnership for New York City and the 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 Boston University School of Law.



Michael I. Roth

COMPANY BRIEF Headquartered in New York, Interpublic Group (interpublic.com; IPG), is one of the world's largest advertising and marketing companies. From global communications networks like McCann Erickson to domestic advertising agencies like Hill Holliday in Boston, Massachusetts, to global specialists like the events marketer Jack Morton, sports marketer Octagon, and public relations experts Weber Shandwick, Interpublic agencies span the globe, employing 46,500 people in more than 100 countries, working with clients like L'Oréal, Unilever, and MasterCard.

What type of growth has Interpublic managed and what is your outlook for growth going forward?

One of the benefits of being a global organization is that some markets are growing faster than others, and we take advantage of that.

The emerging markets are currently providing, in some cases, double-digit growth – for example, Asia-Pac and Latin America. We have strong capabilities within those markets and they are part of our mix of revenue.

On the other side, the U.S. – which makes up more than 50 percent of our revenue – is still a growth environment, but a mature market doesn't grow double digits. However, constant growth in the U.S. is also an important factor in terms of our ability to deliver the needs of our clients. It's still the world's largest economy, so we have to provide all the resources to support our different capabilities.

The expertise is interesting because everyone knows that digital is the fastest growing

opportunity among our disciplines, and we provide a full array of digital capabilities. Digital is part of everything we do, be it PR, experiential marketing, creative, or media. If we're not talking digital to our clients, then we don't get a seat at the table.

Most recently, we bought a company called Profero, which has a global digital capability that we utilize as part of our Lowe network. It was a capability that Lowe needed to enhance their global offerings. We also have specialty global agencies like Huge, R/GA, and

MRM//McCann, which are dedicated digital agencies that anyone in the IPG family can tap into. Plus, each of the agencies has its own capabilities.

So we cover the geographic issues and specific capabilities in terms of growth.

Is Asia-Pac much broader than China and is Latin American much broader than Brazil for you?

Australia is a key growth market for us, and has provided very nice growth for us over the past quarter. India is an important growth opportunity. Japan not as much, but it's still important. China provided double-digit growth, but we see that leveling off.

In Latin America, it's not just Brazil – we see it in Mexico, Colombia, etc.

Is the African market advanced enough to take advantage of the capabilities you offer?

The largest growth in mobile happens to be in Africa. They don't have the landlines so mobile is key for communication. Mobile is also how the Internet is accessed in that part of the world; research and buying is done with phones. So we need to have a strong presence in Africa, and we do.

People don't immediately think of Africa and Turkey when it comes to current growth, but in the future, there is no question that Turkey and Africa will be very strong markets and global hubs.

Do your various brands both complement and compete with each other?

That's the nature of holding companies. On the one hand, it's strange to have two of your agencies competing for the same work.

The other side is that, if you put them altogether, you may have a better chance at success.

If you go back to the history of the holding companies, this is what the holding companies started out with – FCB was a large organization but because of conflicts, they were kept out of

opportunities. This triggered the acquisition run in terms of creating holding companies, because we needed disciplines and conflict shops. That is the premise of the holding companies today; we can have multiple offerings in certain segments without having conflicts.

From a branding point of view, do you independently promote the brands or is it important that the Interpublic tie-in be well-known?

More and more, we're getting requests from clients to provide what is called an "IPG solution." Our approach to those solutions is different from our competitors. Some of our competitors create dedicated agencies as part of the holding company that may be somewhat inconsistent with their brands. Our approach is that the strength is in our brands, and IPG is a resource. We create what is known as open architecture, and that is an IPG solution that brings to the table the best IPG has to offer, and we pick and choose which of those agencies can provide the solution. These agencies then work together on behalf of the brand.

For example, we recently won Microsoft. Although it was principally a McCann offering, Erwin Penland is also part of the team, as is Lowe in China. So we had an open architecture offering that the client felt met their needs and that represented the best of IPG.

Having a strong brand like McCann was key to our success in this case. But I don't think we would have been as successful without the strength of the other brands that were part of the mix. These were a key differentiator from the client's perspective – the ability to tap into other networks.

With the range of brands you have, is there a sweet spot for IPG?

IPG is a brand. But what the brand IPG stands for is different than what a McCann, FCB, or Lowe stands for. IPG has to stand for financial strength, multiple disciplines in all the different markets, and a reputation for diversity and corporate social responsibility. These have to permeate all of our brands throughout the organization.

IPG is a brand, but it's not in the marketplace of brands that clients have to necessarily view as their agency of record. We do have IPG offerings that technically our agencies have under their brands – they're comprised of the best of IPG.

Without the strength of the brands and all that they bring to the table, you're missing the strength of our overall organization. ●