

Integrated Offerings

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 CASA, The Center on Addiction and Substance Abuse at Columbia University. 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), is one of the world's largest advertising and marketing companies. From global communications networks like McCann 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 48,000 people in more than 100 countries, working with clients like L'Oréal, Unilever, and MasterCard.

Is your business today as much about technology as marketing?

We're still a marketing and communications company, but technology is an important part of the tools that we use to reach consumers on behalf of our clients.

Some of it is through proprietary technology that we own, and if we didn't have it, we wouldn't get a seat at the table. But the core of our business is still marketing and communications, and the rest is how we use the tools.

Technology enables us to know who and where the consumers are, what their buying habits are, when to reach them, what type of message to get to them, and what they're interested in. This technology enables us to create big ideas that reach our clients' consumers at the right time.

Can the progress via digital really be measured?

One of the big benefits of the digital world right now is measurement. We always had great ideas, and creativity is critical to what we do, but there's always a question of effectiveness and efficacy. It used to be, if the work was funny and everyone liked it, we assumed it was working. Now, more than ever, clients are demanding that we have to prove it – they want to make sure they're getting a return on investment. The technology, analytics, and data help us prove that what we're doing works.

Is there an IPG culture or does each of the brands within the firm have their own culture?

The culture of IPG exists as a holding company and a brand, but it stands for financial security, allocation of capital, and a client-centric and entrepreneurial environment. We manage our businesses with the brands in mind, each of which has their own DNA and go-to-market strategy. They shouldn't be confused with the other brands in the portfolio because they all have their own recognition and value in the marketplace. I don't think the holding company should interfere with that.

With IPG, what is the role in supporting the brands outside of the financial strength?

I have a relationship with clients, media owners, and competitors, and my role is to make sure that, if the client has either an opportunity or an issue about which they feel they need to reach out to me, that they know they can because we've established that kind of relationship.

Ultimately, our clients know that I'm not the one in the trenches working on the creative idea, and I'm not the one who is responsible for getting that campaign launched on a global basis. But if our brands need resources to help our clients accomplish what they have to, our clients want to know that I'm there to help allocate those resources to make sure they get their job done. That's the role of a CEO of a holding company.

In today's environment, a fair amount of the RFPs that come in are coming in to the holding company now, rather than directly to the brands. Clients want us to tell them how we think we can meet their objectives. Is it a particular agency that can do it all or should it be an open architecture where they can get the best of IPG?

We put those offerings together and manage it – it's not the client's responsibility. They only

care that they're getting the best of IPG. We can do it from a brand perspective or from a holding company perspective, and obviously media is part of that mix.

The integrated offering that clients are looking for can come from a holding company bringing together all of our resources.

Within the handful of large players in this space, is there true differentiation at day's end?

We have a much stronger entrepreneurial spirit so when people come to us, they know that they're going to have an opportunity to show what they can do without having a command-and-control environment, like some of our competitors.

I also like to think of IPG as not being so big that we don't have the personal relationship among the holding company and brands. Those of us in the holding company know the brands, know the people, and know the clients, and we're all working together. We do that better than other holding companies in terms of the relationship among our brands.

Will there be increased consolidation within brands? Does size and scale matter?

Scale matters on the media side of the business because it gets us a seat at the table, and IPG has that scale. The top four or five holding companies have that scale.

The next level on the media side are far behind. This doesn't mean they can't perform, but when we're dealing with a multinational company, there are only a few places to go. IPG is one of those places.

We don't have to be the biggest. We have the seat at the table and the distribution that clients need on a global basis, and we have the media capabilities and digital capabilities on a global basis.

In addition, our PR business is totally global. This makes it difficult for the smaller companies to compete with us.

Do you need to be in New York today to succeed?

Our agencies are in New York City and the rest of the world. We have between 6,000 and 7,000 employees in New York. Global clients want a New York presence and there are a lot of companies headquartered in New York that need advertising and communications. It used to be that service companies didn't have advertising but now even the big accounting firms require it. We're very proud to have New York as our base. ●