

Client-Centric

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

EDITORS' NOTE Under Michael Roth's leadership, IPG has delivered industry-leading shareholder returns and organic growth, posted long-term operating margin improvement, significantly upgraded the company's portfolio of agency offerings and presence in high-growth markets, and established a record of industry leading corporate governance.



COMPANY BRIEF Headquartered in New York, IPG (interpublic.com) is one of the world's largest advertising and marketing companies. From global communications networks like McCann and FCB to domestic advertising agencies like Hill Holliday, The Martin Agency and Deutsch, to global specialists like the events marketer Jack Morton, sports marketer Octagon, and public relations experts Weber Shandwick, Interpublic agencies span the globe, employing 50,000 people in more than 100 countries, working with clients like L'Oréal, Unilever, General Motors and Mastercard.

What have been the keys to maintaining the strength and leadership of IPG?

The key for us is our people – having the right people in the right jobs and ensuring that they are focused on clients – we are client-centric, and need to ensure we're meeting client needs and putting their priorities first.

We believe in open architecture, so that no matter which discipline someone is from, we all look at what our clients need and ascertain how to allocate resources from our portfolio to meet their needs. This is how we add value and move the needle for clients' businesses.

As a result, for the past five years, our total shareholder return has outperformed our competitors. We're off to a good start this year in terms of organic growth.

We eliminated businesses that weren't strategic and we focused on core competencies and talent, and bringing those together in a seamless and integrated way.

Our industry now is focused on media, digital and data, which explains why we just announced the Acxiom transaction, where we will acquire the premier data analytics company in the marketplace. Combining these best-in-class data analytics capabilities with our media offering provides us a great line of sight into

the specific consumers we're trying to target on behalf of our clients.

Clients today are looking for this kind of ultimate integrated solution and this acquisition helps position us to provide it.

How important was cultural fit when you were evaluating the Acxiom opportunity?

We view this transaction as additive to our portfolio, so we intend to keep Acxiom as a stand-alone company and use our open-architecture methodology to grow their existing business and enhance ours.

Synergy is always an issue when it comes to a big transaction. We aren't concerned about cost synergies; we're concerned with revenue synergies, and these apply to the IPG and Acxiom portfolio of companies. We can help them and they can help us. Eventually Acxiom will be a tool that all of our companies can tap into. They're the premier provider in a space that is growing rapidly.

Do IPG's brands compete with each other?

This is an interesting part of our structure. The holding company is made up of many different agencies, some of whom compete with one another.

There is nothing that makes me happier than when there is a competitive pitch and we have more than one brand in the running – this gives us more shots at winning.

Ultimately, however, the goal is to get these agencies to work together in a way that is most beneficial to our clients, so we created the open-architecture structure to do just that – bring the best of our resources to bear on behalf of our clients – it's a major differentiator for us and has been helping us win business.

Is it important to build awareness for the IPG brand or is the focus on the individual agencies?

The IPG brand stands for certain halo issues – diversity and inclusion, for instance. We have to make sure there is consistency with this and with our client-centric focus. We've worked to create a tone at the top to enforce such values and to create programs and structure to make sure our efforts are innovative, effective and sustainable. At the same time, we respect the unique culture of each of our agencies, their brands and their people.

Does attracting top talent lend itself to a diverse workforce or are you focused on metrics in these efforts?

It's both. We have to make sure our people represent the marketplace so that we can develop effective, relevant ideas. The world population has to be represented in our structures and, as an industry, candidly, it's not. At IPG, we hold our CEOs, including me, financially accountable for achieving diversity objectives. This is critical to success, and if it's achieved, we will perform better financially, have better employee retention, and better client relationships.

With the clients with which IPG has long relationships, is the focus more about price or value?

It can be about both. We have some clients we have represented for 75 years, but we still talk about price.

We have to listen to each other's issues and respond in kind. Unless we have that client-centric atmosphere, we can't sustain those relationships.

That said, we have to bring the best resources to each of our clients every day. Having a long-standing relationship means we can always talk something through. Every day, we are still pitching our clients, even those we've had for decades. We have to bring the best of our talents to bear for each of these clients and treat current clients like we are pitching them. We can't get too comfortable.

Is scale important and can smaller, boutique players survive?

There are niche players, particularly on the creative side. However, if they want to grow globally, they will have to ultimately become part of one of the holding companies, because scale matters, as does access to ever-evolving technology.

What are your views on the state of the global economy?

The global economy is in a decent place. There are a lot of risks that make it challenging for business. Even the government officials say that a trade war may affect GDP.

Absent that, I think things are okay. Also, if a company is having trouble competitively, then that's where we can be of value. The enlightened companies see us as a partner during these times. ●