

Open Architecture

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, environmental and social good.



Michael I. Roth

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 data and technology company Acxiom, the events marketer Jack Morton, sports marketer Octagon, and public relations experts Weber Shandwick, IPG agencies span the globe, employing 54,000 people in more than 100 countries, working with clients like L'Oréal, Unilever, General Motors and Geico.

When you reflect on the transformation that you led at IPG, what were the keys to success?

It's interesting. Sometimes it's good to come into an organization that's having issues because when you're an outsider coming in, there are no sacred cows. Your whole mission is to figure out what the company should look like and how to go about making it happen. Typically, when you have an existing management team in place, they're wedded to the ways they did it before and change is difficult.

We had a clean sheet of paper when we came in. My goal was to make IPG a cohesive company as opposed to a roll up of a bunch of different organizations that had their own objectives and their own siloes.

We repositioned all of our assets. We figured out which of our assets were well positioned for the future and which ones no longer made sense strategically. We also had to ensure that the right leadership was in place. We really focused on the strategic direction of the company. We focused on strategic assets, and on having the right people in the right jobs. Then it was all about execution.

You talk about open architecture at IPG. What does this mean?

Open architecture seamlessly connects the best resources of IPG for our clients. Most of our major clients have some form of open architecture working on their engagement. This approach capitalizes on our broad-based cross-company skills and expertise and it brings cohesiveness to the team. Utilizing several companies in the IPG portfolio creates a relationship with the client that is much broader than just project-based business. It gives us an opportunity to take a more holistic approach to their business and create long-term solutions that move their businesses forward.

Open architecture is the holy grail of our business. If we can get our media, our creative and our PR businesses as well as experiential all working together on a single goal, that's what clients want. They want to make sure that all their needs are being understood and met. Open architecture delivers that.

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How critical is purpose to IPG's culture?

Purpose is at the forefront of our culture. When I meet with shareholders and they ask me why IPG is outperforming its competitors, my answer is that we are a different kind of holding company and that the DNA of our company is collaborative and about doing what's right for clients, shareholders, our people and our communities. Talent wants to work with us and clients want to do business with us.

There's no question that companies that embrace diversity, for example, outperform companies that don't. We started our D&I programs 14 years ago. We made it a part of the DNA of our company. Every one of our business reviews has a diversity and inclusion piece to it.

How will technology, big data and AI change the IPG workforce of the future?

The biggest fear that people have in the workplace is automation because everyone is afraid that automation is going to put them out of work. That is not the case. You will need different skills and we have a responsibility to train our people for the jobs of the future. We bought Acxiom, which is a data analytics company. They manage first-party data. Seventy percent of their business is managing 50 of the top 100 companies' first-party data. We recognize that data and analytics are a critical component of what we do.

The people in Conway, Arkansas, which is where Acxiom is headquartered, are data and analytics specialists and best-in-class at what they do. So, because of this acquisition, we have a top employee base of data analytics specialists. Part of our open architecture is including Acxiom in our talent pool and the tools that we have to meet the needs of our clients.

IPG is headquartered in New York City and you are personally engaged in many organizations in the City. How critical is public/private partnership in addressing the future needs of New York City?

The private sector drives a lot of things in the city, in particular, through the Partnership for New York City. The partnership between government and business is, frankly, what the United States is all about. I think the Partnership for New York City is a fantastic example of businesses working together with government to make it a better place. This has to do with transportation. This has to do with education. It has to do with recruiting and keeping the employee base in an environment that fosters innovation.

We can't just rest on our laurels and say that New York City, historically, has been the financial capital of the world. The world has changed. It should not just be the financial capital of the world. It has to be the resource capital of the world in terms of technology.

We're in a global world right now. We have to be able to provide a home for the talented people that is affordable and a quality of life that competes with other parts of the world. ●