

THE MAN AND HIS COMPANY

KEVIN ROBERTS

Occupation: Worldwide chief executive Saatchi & Saatchi
Born: Lancaster, England, 1949
Homes: Auckland, New Zealand and New York
Previous employers: Mary Quant cosmetics, Gillette, Procter & Gamble, Peps, and Lion Breweries
Academic posts: Professor of Sustainable Enterprise at the University of Limerick and the University of Waikato, Hamilton, New Zealand; Chief executive in Residence at Cambridge University's Business School
Marital status: Married to Rowena. They have three children
Hobbies: Rugby, tennis, reading, socialising

SAATCHI & SAATCHI

Chairman: Bob Seelert
Chief executive: Kevin Roberts
Staff: 7,000
Offices: 138 in 82 countries
Annual billings: \$7bn
Leading clients: Danone, Diageo, General Mills, Kodak, Pfizer, Procter & Gamble, Reynolds Metals, T-Mobile, Toyota/Lexus, Visa International
Ultimate ownership: Saatchi has been part of global advertising giant Publicis since the summer of 2000

The Business Interview Kevin Roberts, Saatchi & Saatchi

Brand new gospel of the man in black

Saatchi & Saatchi global chief executive sells lovemarks and 'inclusive capitalism'



'Brands are dead', says Saatchi & Saatchi chief executive Kevin Roberts, but 'lovemarks offer opportunity because love has an infinite value'



Paul O'Kane

KEVIN ROBERTS is running 20 minutes late but, given the hectic lifestyle that is the norm for Saatchi & Saatchi's global chief executive, one can forgive him if his schedule sometimes slips a little.

Roberts divides his time between the advertising giant's head office in New York, his adopted home in New Zealand, and Saatchi & Saatchi's 188 offices worldwide. He reckons he travels "half a million miles a year". Since he landed the top job at Saatchi six years ago, Roberts typically spends about a week a month in Auckland - his wife and three children still live there - where he maintains a basement office just below a sign that points out the 'Stairway To Kevin'.

Somehow, he also finds the time to be a regular corporate speaker, a visiting lecturer at the University of Limerick and at colleges in Cambridge and New Zealand, and a passionate rugby fan who runs a sports academy and pens a column for *Rugby World* magazine.

Roberts, who was in Limerick last week for a series of sessions with students and staff, happily admits that he timed the trip to coincide with the Six Nations. "I was in Paris for the game on Saturday and then flew to Dublin for the Welsh match."

His introduction to UL grew initially out of its links to the Waikato Management

School and was cemented by the "can-do attitude" of college president Roger Downer. At first, Roberts said he was too busy to become a visiting lecturer but having made a trip to the college he changed his mind.

"I'm originally from Lancaster in the northwest of England and [Limerick] looks a lot like it. I also liked the students, who were effervescent and bubbly, and were in the main working class ... Limerick [university] isn't UCD or Trinity, it's a bit of an outsider and that also appealed to me... I like the underdog mentality, I don't like blue bloods. And, of course, Munster has a special place in New Zealand rugby because of what they did to the All Blacks."

Despite the apparently incessant travelling - he was in Tokyo last week meeting Fujio Cho, president of Toyota, which is one of Saatchi's biggest clients - Roberts is



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full of energy and seems younger than his 54 years. He is dressed in black jeans, a black shirt and an All Blacks anorak, which is - not surprisingly - also black.

Roberts claims not to have worn anything other than black for the last 10 years, in part due to his devotion to the All Blacks but also for convenience, given that he lives out of suitcase - albeit a very expensive one. He laughs when asked if his wife, Rowena, who runs a travel agency and has the local franchise for Mac cosmetics in New Zealand, is not desperate for him to be a more colourful dresser, replying that she, too, only wears black.

But what Roberts may lack in sartorial sparkle, he more than makes up for in conversation. He has radical ideas and is not afraid to express them. Having claimed at the outset that the Irish are good talkers, he demolishes a bowl of soup, followed by pan-fried lamb and black pudding without ever seeming to break his conversational stride.

One of Roberts' central themes is that "brands are dead" and that creating what he calls 'lovemarks' should be the Holy Grail for brand owners and advertising agencies. Lovemarks, a term invented

by Roberts, refers to super-evolved brands "that inspire loyalty beyond reason".

To become a Lovemark, a brand must have mystery, sensuality and intimacy, according to Roberts; products that are loved will sell more than those that are merely trusted, research has found. He argues that if you love something or someone, cost simply doesn't come into it. "Lovemarks offer you the opportunity to make more money... because love has an infinite value."

He says Adidas, Harley-Davidson and Amazon are all

Lovemarks, while Nike, Suzuki and Barnes & Noble are merely brands.

"I was in Seattle eight weeks ago," says Roberts, "and they have this great Adidas concept store there. When I walked through the door I didn't need a single thing and I didn't want a single thing. I walked out \$880 poorer and with two big bags of Adidas gear - and I felt fantastic. And that's because I have loyalty beyond reason for Adidas."

Lovemarks are not merely brands; they can be anything that stirs the emotions. "Emotion is an unlimited resource and we are all driven by it," according to Roberts. "Emotion is the real perpetual motion machine."

According to Roberts, research has shown that only three countries have Lovemark status: Italy, France and Ireland. He believes that Ireland should do much better in attracting overseas visitors, given its Lovemark status and its proximity to large centres of population.

"Ireland has six million tourists a year. New Zealand gets two million. But within a

radius of 3,000 miles, you have a few hundred million people, while, within 3,000 miles of Auckland, we only have 18 million Australians."

Some may dismiss his Lovemarks theory as just a clever spin to generate PR for both Roberts and his agency, but two of Saatchi's biggest clients, Procter & Gamble and Toyota, have bought into it: they now want their brands to be loved by consumers rather than merely trusted and respected.

Saatchi & Saatchi remains famous as the advertising agency that helped carry Margaret Thatcher to power in 1979, but it is clear that Roberts rejects Thatcherism's hard-nosed edge.

He is a firm believer that capitalism is the only force that can change the world for the better, but would have more of a liberal view on social issues. He is not a fan of globalisation in its current form - "it's not globalisation, it's Americanisation," he says - but cautions against listening to "New Age Willy-Wonkas".

He prefers a more caring form of capitalism, so that the world's poor can be liberated through global trade rather than be punished by it. "We need a new capitalism of inclusion rather than exclusion. The role of business is a noble one. It's not to create wealth or to satisfy shareholders; that's how you keep the score. The role of

business is to make the world a better place. Business is good, greed is bad."

Roberts argues that management should not be just about leadership. "Leadership just needs followers, but who wants to be a follower all the time... you have to inspire people." He believes the only thing a company should worry about are its employees. Shareholders and customers are important, he says, but if the workers are inspired, the business will grow and the shareholders will be happy.

The Roberts method is working for Saatchi & Saatchi. Despite the advertising downturn, the agency, which is now owned by Publicis, has grown dramatically over the past six

years and has also picked up a host of creative awards.

He thinks most senior company executives are "stupid" because they are out of touch and surrounded by yes-men. "I'm stupid, too... I don't know the price of a pint of Guinness although I drink pints of it all the time."

Saatchi has the Guinness account for Africa and Roberts is very proud of Michael Power, the James Bond-like spy who has become the spokesman for the brand in Africa. Helped by the success of the Michael Power ads and a full-length movie, Guinness sales in Africa are booming.

“Advertising is about selling more stuff... and if clients are selling more, then we get paid more. We're in the sales business, we're not in marketing”

ROBERTS admits that his life - "I have a apartment in Manhattan and I'm a millionaire" - means that he is out of touch with the reality of most people's daily lives, but argues that that is why he leaves decisions to local management at Saatchi's various offices. Travelling, meeting people and seeking out the opinions of students and academics also helps broaden his world view and shape his ideas.

Despite the constant travelling, Roberts rejects any notion that living on the run is a chore. "It's not a treadmill. If it was a

treadmill, I wouldn't do it. I love it. I'm meeting new people all the time. I have a fantastic domestic life in New Zealand and the excitement of living in New York."

His trips back home - he is now a naturalised Kiwi and is fiercely proud of New Zealand, even referring to the English as Poms - are not just about domestic bliss. Roberts has a rugby academy in New Zealand, owned in partnership with legendary All Black Seán Fitzpatrick, and owns an internet kiosk business and a pub.

He has also served on the boards of both the New Zealand Rugby Football

Union and the Team New Zealand sailing organisation, and is about to join the governing body for New Zealand soccer. "I like change and I like to do new stuff," he says in something of an understatement.

Moving into the advertising game was one of the biggest changes for Roberts; before he took over at Saatchi's in 1997 he had spent his entire career in marketing, where, as a brand manager, he was always an advertising agency client.

Having left school at 16, Roberts worked for designer Mary Quant in London before leaving England to work for Gillette,

Pepsi, and Procter & Gamble in a variety of countries before moving to Lion Breweries in New Zealand and Australia.

When he jumped sides, Roberts developed a radical new payment system: he encourages clients to pay not merely on a commission basis, which is the norm, but instead to pay the agency a percentage of sales. Though based on a simple premise, it has shocked many in the advertising industry. But Procter & Gamble and many other clients have adopted it, and Roberts says he is delighted with how the system has worked.

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Kevin Roberts: 'I like change and I like to do new stuff'

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Few of Saatchi's competitors have adopted a similar payment system, but Roberts is not surprised. "[Most] agencies are frightened of it," he says. "They worry about issues like pricing policy and distribution, and whether problems with the client could hit sales. Agencies worry that they can't control what the client does."

"I say you should pick your partners properly. They shouldn't be clients, they should be partners... and you shouldn't have to worry about whether or not

they can get the basics right."

But love rather than money is his current mantra, and it does seem to be all around him. He proudly tells you that his father-in-law played baritone sax on The Beatles' classic 'All You Need is Love' and, when the waitress places two posh coffee cups on the table, kismet dictates that Roberts gets the one with the heart motif.

With his outspoken views and highly affable manner, Kevin Roberts has transformed himself into something of a brand. Only time will tell whether he can attain Lovemark status.