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The Monday Interview

Ad man makes an emotional appeal

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To be loved, says Kevin Roberts, you have to “give of yourself”. But the worldwide chief executive of Saatchi & Saatchi, the agency network, is also happy to conscript others into the effort.

In conversation, Mr Roberts enlists Jack Welch, the former chief executive of General Electric, footballer David Beckham, hotelier Rocco Forte and even God in support of his theories.

To witness the man in full verbal flight can be a heady experience, and something of an acquired taste. Mr Roberts articulates his perennial theme of the importance of building emotionally compelling brands – he calls them “lovemarks” – in the kind of rhapsodic language apt to trigger eye-rolling among cynical observers.

Even his accent is disorienting. There are hints of Mr Roberts’ birthplace in Lancaster, northern England, his New York work base and Auckland, New Zealand, where his family have lived since 1989.

The 57-year-old recently passed his 10th anniversary in the top job at Saatchis. He moved to the agency from the client side, where he had been chief operating officer of Lion Nathan, the Australasian drinks group, head of Pepsi’s Middle East operations and had worked in the region for Procter & Gamble.

Asked how his lovemarks message is received in clients’ boardrooms, he says: “Boards feel great about this language. It’s middle management that has the problem. Brand managers will say, ‘We don’t know how to analyse that. We didn’t learn it at MBA school...But at the board level, there is a strong sense that emotion and inspiration are the things which add value to a company’s brands.”

After a period during which it seemed that Mr Roberts’ philosophy, like his books, would be confined to the coffee table, Saatchi & Saatchi has enjoyed an impressive run of success in the US.

Saatchis – the shorthand name for the network, as distinct from M&C Saatchi, the rival network founded in the 1990s by a breakaway team – won US accounts from retailer JC Penney and Wendy’s, the fast food chain.

Internationally, Sony Ericsson, the handset maker, has also assigned sizeable chunks of its international advertising budget to some of the 153 offices in the Saatchis network, which is owned by Publicis, the Paris-listed marketing services group.

The commercial upturn is reflected in its creative record. Saatchis New York was the most successful individual agency office at this year’s Cannes Lions, the industry’s leading awards.

Like all networks, performance has varied by market. Notably, Saatchis' London base – the heart of what was once the world's largest advertising group – has experienced client losses and management upheaval.

Nonetheless, the agency's generally positive trajectory has not gone unnoticed by rivals. While some scoff at the idea that conceptualising, rather than creative work and strong local management, lies behind its success, others say "lovemarks" has at least provided Saatchis with a distinctive calling card to present to prospective clients.

One international agency executive says: "I think lovemarks is facile and empty as a concept – show me one lovemark that Saatchis has actually produced. But everyone wants to be loved and I think the Wendy's win was absolutely driven by the lovemarks philosophy."

Another of Mr Roberts' initiatives has been embraced less unreservedly by his clients. He has been pressing for radical change in the financial relationship between agency and client, proposing that fees are tied much more closely to any demonstrable rise in clients' sales that can be attributed to its campaigns.

The rationale for such a change is that the traditional blocks of agency remuneration – fees reflecting the hours worked for a client or a commission on the total campaign's expenditure by the client – have been steadily eroded.

Procter & Gamble, arguably Saatchis' most important client, moved to performance-related practice early. Mr Roberts admits it has been hard to persuade other advertisers to follow suit.

"I thought that after P&G, the world's biggest advertiser, changed, everyone else would. The only point of advertising is to sell more stuff. So the more we help sell, the more money we as the agency should make.

Yet clients and agencies are anxious not to suffer financially from a new type of risk-reward relationship. "The problem we have got is that the procurement people in the client organisations only want to talk about hours they are being billed for. We are not progressing as fast as we would want in this respect...But advertising is a conservative industry, the most conservative I know."

In that respect, Mr Roberts is atypical. Last month, he was involved in a unconventional management reorganisation at Saatchis and Fallon, another Publicis-owned agency. Saatchis' US run has contrasted with the disappointing recent record of Fallon in the US. In the UK, the position has been reversed, with Fallon outshining Saatchis.

Under the plan, a single executive – Robert Senior, the former head of Fallon London – has assumed responsibility for both agencies in the UK. A similar role will be created overseeing both agencies in the US. Outside these two markets, the Saatchis network will operate unchanged.

The scheme has none of the characteristics of a conventional corporate merger or cost-cutting drive. Instead, it is claimed that joint management will "reinvigorate" each agency.

Nevertheless, the structure rubs against the grain of an industry in which the tribal loyalty of staff tends to be first to their own office, and only later to a shared network or holding group.

For many, it is enough that the move has given Saatchis a well-respected head for its London operation, a post that was vacant for several months. Characteristically, Mr Roberts makes grander claims.

At the time of the announcement, he told the Financial Times: “The first thing you will see is that Fallon will be restored to its glory in the US. And in the UK, within the next two years, Fallon and Saatchi will be market leaders for creative, growth and new business.”

Richard Pinder, chief operating officer of Publicis, the advertising network which has the same name as its parent holding group, says: “This is a sentiment-led business. I have no doubt it is going to be easier to attract clients and talent if you’re associated with an office on a winning streak such as Saatchis New York rather than Fallon, which has had difficulties in the US.”

That belief will be tested in months to come. If Mr Roberts’ ambitious targets for Saatchi & Saatchi and Fallon are not met, it will take more than verbal flourshes to satisfy his critics.

Teacher of simple truths: find a way to profit from your passion

When Kevin Roberts lectured in London this spring, the organisers lured attendees by telling them the Saatchi & Saatchi chief executive’s past stage props have included a machine gun.

Students at Judge Business School in Cambridge, England, where Mr Roberts is CEO-in-residence, must feel short-changed. So far the only fire-power on display at MBA classes hosted by Mr Roberts has been rhetorical.

But in challenging students’ assumptions about their choice of job or sector, he prompted one to claim the first three-hour teaching session alone was worth half the £28,000 ($56,000, €41,000) course fee, says Richard Barker, MBA director.

“A lot of people come to our MBA because they’re changing direction. If they were undergraduates, they wouldn’t relate to Kevin challenging them about whether they are in the right job,” says Mr Barker.

“If it came at a later career stage, they might be too defined to switch. He tells them, ‘Decide what it is you really enjoy doing, and find a way to make money from it.’ It is very simple advice but I’ve seen it work.”