



Making the Cash Register Ring

An Interview with Rochelle B. Lazarus, Chairman and Chief Executive Officer, Ogilvy & Mather Worldwide

EDITORS' NOTE

Shelly Lazarus is the recipient of an undergraduate degree from Smith College and an MBA from Columbia University. For more than three decades, Shelly has been with Ogilvy in positions of increasing responsibility, starting as General Manager for Ogilvy & Mather Direct (now known as OgilvyOne worldwide) in the United States, President of Ogilvy & Mather Advertising in New York, President of Ogilvy North America, and COO and President of Ogilvy & Mather Worldwide. She was named CEO in 1996, and became Chairman in 1997. Lazarus also serves on the boards of General Electric; Merck & Co., Inc.; NewYork-Presbyterian Hospital; the American Museum of Natural History; the Committee to Encourage Corporate Philanthropy; the World Wildlife Fund; and Columbia Business School. She is also a member of Advertising Women of New York; The Committee of 200; the Council on Foreign Relations; The Business Council; Women's Forum, Inc.; and the Deloitte & Touche Council on the Advancement of Women.



Rochelle B. Lazarus

COMPANY BRIEF Founded by advertising pioneer David Ogilvy, New York-based Ogilvy & Mather Worldwide (www.ogilvy.com) is one of the largest marketing communications networks in the world, with more than 450 offices in 120 countries, specializing in advertising, relationship and interactive marketing, public relations, sales promotion, and related services. The agency services Fortune Global 500 companies, including American Express, BP, Cisco, Coca-Cola, DuPont, Ford, GlaxoSmithKline, IBM, Kimberly-Clark, Kodak, Kraft, Mattel, Morgan Stanley, Motorola, Nestlé, SAP, Unilever, and Yum! Brands, Inc. Ogilvy & Mather Worldwide is a subsidiary of WPP Group plc (NASDAQ: WPPGY).

Are you optimistic that Ogilvy & Mather will achieve strong results in the near term? Has the market proved challenging for the firm as of late?

We had our biggest challenge in the fourth quarter of 2007, but 2008 has been tracking well. Outside the U.S., we've been fine. Advertising for Ogilvy in the U.S. was softer in April and May, but is holding up well in direct and digital.

Are you focused on new markets for growth?



Very much so, and we have been for years. We are, not surprisingly, having our most rapid growth come from Brazil, China, Russia, India, and Eastern Europe, and that has been going on for quite some time. The U.S. and Europe are our largest markets, but in terms of our rate of growth, they can't hold a candle to the BRIC [Brazil, Russia, India, and China] countries.

In those countries, how do you find local talent who understand both the market and Ogilvy's approach?

There are different answers for different markets. We've been in India for decades, and we have people who are extremely well-trained in advertising and doing brilliant work. The head of Ogilvy India is Piyush Pandey, whose work is lauded all over the world. We were the first Western agency in China, and we now have over 1,000 employees there. Most of the people who work for us in China are Chinese; they have spent five to 10 years in the business, and they're very capable and very ambitious, and doing very good work.

Years ago, people would categorize Ogilvy as an advertising agency. How do you define the business today?

The definition of advertising has changed. These days, everything is advertising. So we start with the question: What's the best way to build a brand? Then we use every means of communications available to us.

In challenging times, many companies cut back on marketing and advertising. How do you communicate the importance of forging ahead with these efforts in today's economic climate?

Companies have enough experience to know that, in challenging economic times, you need marketing to drive revenue; it's not going to happen by itself. So we're seeing a return to marketing that's accountable, with more focus on ROI. It makes us all better.

Is the current focus on building brands, or is it more product-specific?

Everything you do needs to result in a sale. It doesn't mean that every dollar you spend is on transaction-based things. It's like a cocktail; you put all the ingredients together. The optimum mix might be 10 percent of the budget

is spent on brand-building television advertising, but it drives the other 90 percent that results in increased sales. You can't always pull it apart and measure it individually. You have to trust that the pieces will fit together to give you the result you want. Consumers are not really aware of where their information comes from these days – it comes from everywhere. So at the end of the day, whatever the mix is, it has to produce real sales results somewhere. It might be two years from now, but eventually, you have to get to a transaction.

How has the Internet changed your industry?

It has grown faster than we ever anticipated. People are now spending something like 20 percent of their time on the Internet. The real challenge is how to make the Internet a more effective advertising medium.

How do you differentiate Ogilvy from its competitors?

Our real value is in helping clients build and transform their brands in a way that, as David Ogilvy would say, makes the cash register ring. In that, there's a point of view about what the role is, about where the value is, and of what the deliverable is.

How critical is it for that value system to be seamless and consistent globally?

Just because you have offices in every country doesn't mean you have a network. At Ogilvy, we have a network, which comes from a sense of respect for each other and 60 years of having worked this way. Technology helps enormously. To be able to communicate 24/7 via e-mail and get people's input in an hour from anywhere in the world makes life so much easier. The challenging part is getting people to agree on the direction we should go in for a brand or a client.

Are there opportunities for women to truly grow within this industry?

I'm very lucky because David Ogilvy created a true meritocracy – a place where your advancement was only determined by your talent and ability to deliver results for clients. Just give women an even playing field and we'll be fine; we don't need remedial help. Idea-driven industries, by their very nature, tend to offer more opportunities to diverse groups of people. ●

The lobby at Ogilvy and Mather