

Listener, May 31, 1997

## Sorting out Saatchi

*Kevin Roberts will run Saatchi's 'nothing is impossible' empire from New York – and Auckland*

The All Blacks miss Kevin Roberts. But, they joke, their aim is improving. Roberts, NZRFU director and former chief operating officer of Lion Nathan, has just taken up the job as CEO of Saatchi & Saatchi Advertising Worldwide. So, on the Thursday night before a test in Auckland, whose place are the All Blacks going to party at now?

An ebullient Roberts, wearing a 1995 All Blacks Trials jersey as he handles calls from New York in his Auckland office, isn't ruling himself out of the play. "The one week a month I'm working in New Zealand might just happen to coincide with test dates," he says and grins. *One week a month I'm working in New Zealand?* What kind of high-powered, corporate New York job is this?

"It's not high-powered, it's not corporate and it's not a job," says Roberts. "It's more like a coaching role. It's everything I've dreamed about doing." Saatchi, with 6624 staff and annual revenues of \$US7.1 billion, produces the best creative product in the world, as judged at Cannes, says its new leader. "They achieve that with a slogan that says, 'Nothing is impossible'". And Roberts, living the brand, is busy proving the slogan. Impossible as it seems, the New Yorkers on the other end of his phone this Auckland afternoon have actually stayed up late at night to talk to Roberts during office hours *New Zealand time*.

Roberts, 47, is so pumped about the Saatchi role that he seems swollen with sheer adrenalin. "Actually, I've just put on five kilos by eating out every night on a fabulous tour of the best restaurants in France," he says. Roberts also happens to be proprietor of Gault's, New Zealand's Restaurant of the Year. But, in a country where most top businessmen are so reserved that they make corporate success seem like a distasteful job most reluctantly done with a mouthful of codliver oil, Roberts stands out as someone who eats enthusiasm for breakfast.

And, occasionally, employees for lunch. At Lion Nathan, Roberts earned a reputation for having a "forthright" and "abrasive" management style. Lion Nathan chief Douglas Myers defends Roberts's approach, saying, "He had a very direct style and was very effective in his role." But former employees such as Cavalier Corp chief executive Alan James have talked about the "almost Gestapo-like Pepsi culture" brought to Lion Nathan by Roberts, who was president and CEO of Pepsi-Cola Canada when he was headhunted by Myers in 1989.

James paid tribute to Roberts as “the best in developing a vision for a company and delivering results”. But Roberts once shocked the All Blacks at the way he gets those results. Sean Fitzpatrick, who describes Roberts as a mentor and believes that Roberts has “been great for the All Blacks; keeping players in the game”, talks about one memorable occasion. “Kevin came down and spoke to the All Blacks about the relationship between Steinlager [the Lion Nathan brand sponsorship] and the All Blacks. He said the All Blacks hadn’t really added anything to the deal. He was abrasive, said it had been a waste of time, Lion Nathan being involved with the All Blacks, because the players weren’t being openly supportive of the sponsor. You see a team now that supports the sponsors.”

Peter Cullinane, chairman of Saatchi & Saatchi Australasia, says, “Roberts knows how to get the best out of agencies like us because of his sheer enthusiasm and intuitive understanding of the culture”. Cullinane has seen the “Gestapo” culture, too. “Yes, and that is always a risk. But we have a culture where he can show his best side, rather than his weaker side. He’s there to be coach and I think he’s relishing using those skills.”

Cullinane has seen the taskmaster in action: “Oh yes, towards his own staff and us as his agency at Lion Nathan. But I think he will be astute enough to realise when he should play that sort of role and when he should play a minor role or coach role.”

It is hard to imagine Roberts playing a minor role; the guy was captain of every rugby and cricket team he was ever in. The poor working-class Lancashire kid whose schoolmates fell about laughing when he was “stupid enough” to tell them he wanted to be a millionaire – his family couldn’t even afford to get him to sports grounds – was determined to make it. At Mary Quant in 1969, the 20-year-old wrangled a brand manager’s position by offering to work for a quarter of the usual salary. His Saatchi salary has been estimated to be as high as \$NZ2 million – “The money’s all right; you’ll find out how much when it’s published in September as part of the prospectus [when Saatchi demerges from its parent company.” But Roberts, a Saatchi client with Procter and Gamble, Pepsi and Lion Nathan for 20 years – “We went past Coke in Canada with some great stuff” – isn’t doing the job for the money. “It’s for fun, challenge, fame.”

There’s a certain irony in the fact that Roberts, in a recent speech to the advertising industry, berated brand managers for the paucity of big brand campaigns. Roberts left Lion Nathan in December last year as the company reported a 25 percent drop in earnings for the year and the Australian market share for its beer dropped to an all-time low. Gordon Cairns, new head of Lion’s Australia and New Zealand brewing operations, immediately doubled the adspend, saying, “How can you expect people to drink your beer if you’re not telling on television or elsewhere that it’s available?” Lion Nathan has now improved its market share in Australia.

Roberts, who saw profit quadruple and market share lift from 55 percent to 62 percent in seven years here, denies that his brand strategy was lacking. “In Australia, we didn’t inherit a national brand. We bought a bunch of regional breweries and we were pretty unpopular – a New Zealand brewer buying an Australian icon. What we did not want to do was further rattle their cages by replacing their loved regional brands. Time has now passed and you have a natural evolution with emphasis on national brand development and centralising, while still driving the regional brands.”

Roberts is clear about what’s needed for success at Saatchi. “You’ve got to find the right people, think about where to play them, develop a game plan and improve skills.” Rugby talk. That’s different from his approach at Pepsi, he says. He was president then CEO of Pepsi, Middle East, and then Canada. “Pepsi’s culture is about performance. It’s hire the best guys, show them what to do, get the hell out of the way. If they do it, then pay them lavishly. If they don’t do it, show them once again and, if they still can’t, replace them with someone who can do it. It’s a performance culture, which really builds shareholder value. When you’re at Pepsi, you love it. You’re part of the elite core of stormtroopers,” says Roberts, legendary for once taking a Coca-Cola vending machine on stage at a Pepsi sales conference and shooting it full of holes with a gun.

“Will that work at Saatchi? No. Saatchi is about creative people with fantastic vision, fantastic dreams and imagination. You don’t put dreamers in the paratroopers.” Even in a death by deadline business like advertising. “We’re going to avoid terror,” says Roberts. “At Saatchi we’re going to do it through love, affection, confidence, belief, motivation and inspiration.”

The words “love and affection” stand out like milk bottles in a brewery. Roberts, who has mentored students at Avondale College – even paid for the tertiary education of some – and was recently made a senior fellow of Waikato University for his management teaching, isn’t scared to use words that management guru Charles Handy recently noted are almost never used in business.

Once, Roberts’s only access to books was by shoplifting them. Now, he reads avidly. The luxury home he and his wife Rowena, a vivacious former Mary Quant model, and three children share in Remuera is impressive. Big, heated pool, tennis court, gym, brilliant games room with full-size bar. A stimulating collection of pop art – Andy Warhol, Robert Rauschenberg, Peter Max – and an inspirational gallery of framed sports jerseys signed by the world’s great sportsmen (everyone from Michael Jordan, Andre Agassi and George Best to the top cricket and rugby players). But it is the fully catalogued library that intrigues.

At Saatchi’s, Roberts plans to embrace Handy’s newly published concept of federalism. “It’s how you run a multi-national company, making sure the power to be truly creative is kept with the markets and the local consumers.”

Roberts's new, "groovy" Soho loft is nine minutes' walk from Saatchi's New York headquarters – a \$2.50 cab ride. But Roberts is convinced that it's better for the company if he works a week a month out of Auckland. Saatchi has 130 offices in 90 countries. Bob Isherwood, Saatchi's worldwide creative director, is already based in Sydney. "The myopic view that New Zealand and Australia are not part of the world is mainly held by northern hemisphere rugby people," says Roberts.

The All Blacks certainly support a "worldly" approach. With a grin. Fitzpatrick says, "We've even been over to Kevin's place when he's not there."