



## **Windsor Leadership Annual Lecture 2010**

### **Sir Martin Sorrell**

#### **Introduction from the Trust's Chairman, Christopher Rodrigues CBE**

“When we met last year who would have forecast that we would be led by a coalition Government, that all the leaders of the armed forces would be confronted inter alia by having to explain the logic of commissioning aircraft carriers without aircraft, that all public sector employees would be confronting the need for headcount reductions of up to a third of their workforce, or that the private sector was being asked, or would be asked, to plug the national growth gap as they emerged from a recession with severely constrained bank funding. Leadership practiced with the sun in your face and the wind on your back is one thing, but this is altogether different.

“Leadership in times of austerity requires a multi-faceted approach. The first challenge is to deal with it as quickly as possible with the stultifying uncertainty that impending job-cuts create in any organisation. The second challenge is to deal fairly with those whose jobs have gone away, and the third often-overlooked challenge, is to repurpose the organisation that is left.

“As Alumni of the Trust, we know that success in these endeavours depends as much as anything else on the leadership skills of those charged with transforming their organisation. So, although it might seem counter intuitive, the Trustees and executive team at WLT believe this is actually a time of opportunity for our organisation. Far from being downhearted, we are determined to build on the successes of the last year, and to carry our message to more people in the UK, and to continue to develop our overseas footprint, albeit cautiously. We continue to believe that to pull back to a little England view of the world would be to undermine everything that the WLT stands for, and that we believe in.

“Fortunately, we approach 2011 from a position of relative strength. Our reserves are at a record, albeit modest, level. We ran 15 programmes in the last year with 53 bursary-assisted places, again, a record. We welcomed Emma Fitzgerald, Vice-President of Shell’s global network, and David Bell, Permanent Secretary of the Department for Education as new Trustees, and Keith Leslie, Senior Partner at Deloitte’s, as a new Fellow. We will soon start a project led by Ian McCaig, a WLT Trustee and CEO of lastminute.com, to examine how we should deploy its resources in a digital world. We would love support from any Alumni who have a particular interest and expertise in this area.

“My fellow Trustees and I, also value the support and engagement of our Alumni, with out them our aspirations for WLT could not be delivered, so I would be remiss if I didn’t ask two things of you here. First, is that you become a Friend of the Trust, £10 a month brings benefits to you, and allows us to continue to develop our programmes, knowledge, and bursaries.



“Second, and equally important, is that you recommend one person to come on a Trust programme in the next year. We are particularly keen to ensure continued public sector participation during the period of austerity, and are absolutely certain that the WLT programmes can help the public sector leaders be much more effective during these demanding times. We also want to extend our reach into the digital world and the businesses of tomorrow, so all nominations are welcome, and recommendations from those two sectors particularly so.”

### **A brief summary of our keynote speaker, Sir Martin Sorrell by Christopher Rodrigues CBE**

“Our guest lecturer tonight is a true industry leader and a man whose achievements are so well known they need little amplification. A Londoner by birth, Sir Martin Sorrell went to Haberdashers’ Askes, Christ College Cambridge, and Harvard Business School, and survived all three experiences to become one of our country’s most successful businessmen.

“He joined Saatchi and Saatchi working for the brothers in 1975, and became Group Financial Director in 1977. By 1985 he had invested in WPP, Wire Plastic Products, a basket manufacturer, buying iconic agencies including JWT, and Ogilvy and Mather, together with a significant array of other, above, and below the line entities. Martin has crafted a business, which at the last count employed 141,000 people in over 100 countries.

“Importantly, along the way to creating a world-class global business, which very few people do, Martin has persuaded, cajoled, engaged, and led some of the biggest talents, and biggest egos in the world, and he was knighted for this, and his other services to the country in 2000.”

### **WPP, background and strategy by Sir Martin Sorrell**

“I thought I would start off talking about the rapidly changing world, which I actually think is key to all leadership. It is important to develop a strategy for the business and that strategy for me, has changed over the 25 years that I’ve been doing this. So for me, it’s about strategy, structure, and implementation.

“It’s very common now to say the vision thing or the strategy thing is less important, and what’s important is implementation. I believe that it’s a bit of each, it’s true that people who are very good at implementation and execution will often get it right, but I think if you’re going in the wrong direction it’s a problem.

“I was at a global retail conference in Berlin on Monday where all the leading retailers were saying it all came down to two things, geography and technology. You can classify every issue that you have to deal from a strategic point of view, into those two areas. But I’ll come back to that because it’s more complex than that in many ways.



“First, a little bit about WPP; Christopher said a little bit of what we are. People in the advertising business like to talk about billings, because it’s a bigger number, and we have billings of about 75 billion. It means that about one in three, one in four advertisements that you’ll see, anywhere in the world, basically, comes from us.

“The structure of our business is advertising, it’s media investment management, which is media planning and buying, market research, what we call consumer insight, public relations, public affairs and branding, identity, healthcare, communications and what we call, specialists communications, which is direct, digital, and interactive, a very important growing part of our business.

“WPP’s strategy can be expressed in one sentence and that is new markets, new media, and consumer insight. And if I wanted a mnemonic for it, it would be NM<sup>2</sup>CI, new media, new markets, and consumer insight. I actually might make it NM<sup>3</sup> and the other M would be media-owners. But I’ll just throw that in because relationships with media owners are becoming more and more important, particularly in a world where media owners, traditional media owners are threatened by Google on the one hand, and the recession on the other.”

### **Nine key points on leadership for today’s leaders**

“I’m going to cover briefly, nine things that we see going on the world that we think our leadership and your leadership should think about.”

#### **1) West to East – shift in the balance**

“Let me just kick off with the first point and that’s the shift in the balance of power from West to East. But it’s not just a shift to China, or to India, it’s a shift to the South, because this will be the decade of Latin America. The Brazilian Olympics and Brazilian World Cup will be iconic events just like the Beijing Olympics and the World Cup in South Africa, which will continue to drive growth in that part of the world.

“We are seeing some pressure in the Middle Eastern markets because of what’s happening in Dubai. Saudi Arabia in a way is the Brazil of the Middle East. So it’s gone from Beirut to Dubai to Saudi Arabia, but it’s still a strong region but Africa has really taken off. There are 800,000 Chinese in Africa at the moment doing projects and whilst the West is concentrated on the US and Britain, and others are focused on Iraq, Iran, Afghanistan, China is sort of attacking the soft underbelly of Western foreign policy penetrating Africa, and penetrating Latin America.



“So the shift in power is something that we still don’t get and let me just dwell on the numbers for a bit. The common statistic for China in terms of population is about 1.3 billion. There is a census going on at the moment which will be available, I think, next year. We’ve always had this theory that there are actually 1.5 billion Chinese. I was sitting next to the former party secretary at the World Economic Forum’s New Champions Conference in Dalian about three years ago. During the course of the conversation, he said three times there are 1.3 to 1.5 billion people in China. So after the third time, I couldn’t resist it and I asked why he kept saying there are 1.3 to 1.5 billion people in China. The answer came back that the Government thinks there may well be 1.5 billion. Now, that’s an extra 200 million Chinese that we didn’t know about. That’s equivalent to 3.5 UKs, two-thirds of an America and almost an Indonesia. China Mobile has 550 million people on one mobile network out of a total, I think, mobile network population of about 600-650 million.”

## **2) Retaining Talent**

“In our view the differentiating element between companies increasing will be how people find, motivate, incentivise and retain talent. That’s going to be the great differentiator. It doesn’t matter whether you’re in a capital-intensive business or an advertising agency, investment bank or consulting company, you’ve got this paradox, which is overcapacity. This Millennium is about how you market things in an overcapacity world and the shortage in terms of talent.”

## **3) The Impact of the Digital World**

“The third thing is the web. Venture capital and private equity companies look at new media and technology companies in a totally different way. They don’t look at operating cash flow, profitability or EPS, they look at penetration, market share, revenue and hits. Remember what Mark Zuckerberg famously said about Facebook: “I’m not worried about profit, all I need is one dollar more than my costs in terms of revenue.”

“Young people prefer to work in smaller, less bureaucratic, faster moving companies that are flexible and responsive. Gone are the days of apprenticeship in large companies (that largely went in the 1990s but it’s been increased by Internet 1.0) when people thought they were going to make a lot of money out of options, and stock.”

#### **4) Retail**

“Another area where we see considerable change is retail. If you think about the big retailers; the biggest one of all Wal-Mart is on its own the seventh largest country in terms of retail sales in the world, just behind China. Other companies such as Tesco’s, Carrefour and Home Depot, are not as big but are significant, even on a country scale.

“What we’re starting to see is a battle developing and people don’t like to talk about it, particularly manufacturers. You ask manufacturers what it’s like to deal with Wal-Mart and they say fine, their margins are high, stock turnover, inventory turnover is very rapid, the investment they have to make is small. But there is a growing tension that you see between retailers and manufacturers, exacerbated by the fact that retailers are much closer to the consumers. We saw this in this recent recession. Retailers are very much closer to consumers, because on a day-to-day basis they see you or I as consumers in a more detailed way than manufacturers do.”

#### **5) Internal Communication**

“Another big issue that we see increasingly amongst chairmen and CEOs and which often rears its ugly head in crisis situations, is how do chairmen and CEOs explain within their companies, not externally, strategic and structural change? How do I get the 140,000 people inside WPP to face in the same direction at the same time when it’s multibranded, not unbranded, and when we’ve grown by acquisition, which is a much more complicated model, and an inherently weaker model than an organic growth model? You might find that extraordinary coming from me, given what’s happened, but when you start with a wire basket manufacturer in 1985 and you want to build a major multinational marketing services within your lifetime, you have to grow by acquisition.

“I still do believe that Goldman and McKinsey are the best professional services companies around. Why is that? Well, they’re unbranded and in fact when they made acquisitions, they haven’t done very good jobs of it. The second thing is they consistently recruit the best people. McKinsey and Goldman consistently, come rain or shine, recession or boom, recruit at the best schools which, whether we like it or not, self-select the best people. They train them, induct them, and do 360 degree evaluations. Our industry is really deficient in this area. What do we do when we win a piece of business? We nick the talent: we steal the talent. We don’t aggressively recruit and consistently recruit, train, and keep. Churn is high, and we go and steal when we need it. So, internal communication is absolutely critical.”



## **6) The Global and Local Issue**

“Another issue we see concerns the balance between global and local. It’s very fashionable to say companies are becoming more globally focused and centralized and that is broadly true; the pendulum is moving that way. But what we’ve noticed is there’s an incredible balance now between global and local. Companies are becoming very complex from a geographic point of view.

“In WPP, we have 107 countries, how could I know the best people in Prague, or the best people in Berlin, or the companies that are going to grow in the Czech Republic, Germany, Spain or Italy or the acquisitions that we may be interested in? You need some form of country management structure, people who do share knowledge and information, but there is this global local balance. The squeeze is going to come at the regional level. In my view, there is no need for that regional structure. Technology enables you to disseminate information. It’s not shifting decision-making up top, it’s the dissemination of information which moves at light speed. So that is altering, in our view, the structure.”

## **7) Corporate Social Responsibility (CSR)**

“CSR is now commonly accepted as being a major strategic objective. It is not about green washing; it’s fundamental. And I think everybody who’s in the business of building long-term brands, products and services accepts that doing good is good business. It’s not charity; it’s not altruism; this is an integral part of what we do, and we do it, I would argue, not just because it’s the socially right thing to do: we do it because it is economically justifiable and beneficial in the long-term. We know that consumers value brands and products and services that are involved in socially positive things; that are environmentally friendly and that do good work. We know that our employees, people, and clients’ people, value companies that do that too. CSR is no longer something you pay lip service to; it’s fundamental and core. The only people who don’t pay lip service to it are the people that are in it for short-term profit.”

## **8) The Government as a Client**

“The world economy is about \$65 trillion, this has two implications. One is that Government is going to continue to be a major influence on economies, rather like the 1929 recession and up until the Second World War, when Government continued to pump money in and control and influence the industry. The second thing the inverse of that, is that Government will continue to be a big client because of its involvement. Thinking about the Government and how you can work with the Government, ironically, who’s going to benefit from the Government cuts? It’s going to be increasingly those industries that are capable of outsourcing Government activity. So Government is a client and in terms of involvement, is critically important.”

## 9) Procurement

“Lastly I mention procurement, but I mention it in a much more general sense. Why is it that procurement has become so important? Well, you’ve got low inflation, and you’ve had low inflation actually for about 20 years, if you think about it. We really haven’t had significant inflation in the world economy since the early 1990s, late 1980s, when Reuben and Greenspan were running the US economy. Those people who ran the US economy in the 1990s really ran the world economy, and it was a good time. Then we ran into the Internet boom and bust in the early part of this Millennium, which was a significant hiccup, and then of course we then ran into the Lehman situation.

“What’s happened is that people have become extremely frightened. I think Boards have always been frightened. In 2009 people thought the world was going to come to an end, so they were very focused on cost. About the middle of last year, clients realized the world wasn’t going to come to an end, so they started to focus in 2010 on the growth markets; hence the growth of the BRICs and Next 11, and now, as we go into 2011, I think there are a couple of interesting things going on.”

### **Conclusion: Opportunities for leaders**

“If you look at those nine issues things that I mentioned, they all add up to two things: innovation and branding. And Christopher mentioned we may face great challenges, but there are tremendous opportunities. I have never known in our industry a time where you have so many interesting opportunities. I would never have imagined on September 14 2008, that I’d be looking at a quarter where we’re back in revenue terms to where we were, and we actually have a lower headcount, are more efficient, and actually more profitable in terms of margin.

“So I totally agree with Christopher’s point that when you think there are lots of threats and challenges, actually, they can turn into invaluable opportunities.”

### **The Interview: Martyn Lewis and Sir Martin Sorrell**

**Martyn Lewis:** “Sir Martin, thank you very much for that remarkable tour de raison, a master class in where we are right now. I’d love to know what you think were the factors that really shaped you as a leader, going right back to the early days, your school days, student days? Was there one moment where you actually developed this driving ambition to actually create something of your own and make it the biggest that you could, globally?”

**Sir Martin Sorrell:** “No, it’s really difficult to say. You can get immensely personal about it. I think the biggest influence on my life was my father.”

**Martyn Lewis:** “He left school at 13, didn’t he?”



**Sir Martin Sorrell:** “He did, I wouldn’t be here now because the point system would mean that my grandparents would not be allowed in the country. They came from Kiev in the Ukraine on my father’s side. As you mentioned, my father left school at 13, he could recite great chunks of Shakespeare. I remember when I was at Haberdashers’, I used to compete for the English Speaking Union speaking competitions and he used to encourage me to do Shakespeare’s speeches. He was amazing, he could recite great chunks of Shakespeare at the age of, what was it, 45, 50. He had a music scholarship at the Royal School of Music and couldn’t fulfil it because he had to be an income-producing unit. He then went into the radio and electrical business and ran what I guess what was the equivalent of Dixons in its day.

“I think one of the drivers for me was resentment that my father worked for somebody else seven days a week and it wasn’t his own business. I always thought that he missed out tremendously on opportunities.

“Family was another driver for me. I was a spoilt only child. I had a strong family life and was fortunate to go Haberdashers’, which was an extremely good school. I was lucky to go to Cambridge but didn’t make the most of it. I then was fortunate enough to go to Harvard Business School, which I think I did make the best of. I was lucky to work for good people, whether it was Glendinning Associates, Joel Smilow, who eventually took over Playtex and did extremely well, Norton Simon many years later, then with James Gulliver, Mark McCormack and then the Saatchi brothers. I always worked for people from whom I learnt a lot from. I worked at the ankle of Joel Smilow, the knee of Mark McCormack, the hip of James Gulliver and the shoulder of the Saatchi brothers, and I think I was very fortunate.

“I also worked for entrepreneurial people, many of whom wanted to do things of scale and that’s a big difference. I think this is a fundamental point. I always wanted to do things on a scale and there are people who are good at starting stuff, and there are people who are good at running stuff, or running companies. There are very rarely people who can start stuff and run companies. I always wanted to start something from humble beginnings, two people in one room in 1985, and intellectually wanted to have something of scale. So I’ve always been interested in that. But the answer to your question is very complex, because people are driven in certain directions, sometimes accidental.”

**Martyn Lewis:** “Let me take you on to the creation of WPP. There are some people who said to me when I was researching this interview, they said, the creation of WPP by Martin was a response to his own mid-life crisis.”

**Sir Martin Sorrell:** “That’s true. Andropause, which is the male equivalent of the menopause. I was 40.”

**Martyn Lewis:** “How does that work? Male equivalent of menopause, you go and create and global company.”



**Sir Martin Sorrell:** “It’s simple. Because I was 40 years old; it was my last chance to start on my own. I did have some misgivings about Saatchi at the time, I think strategically, and even tactically. But the primary driver was I wanted to have a go and it was my last chance. I was very fortunate, I’d made a little bit of money on the Saatchi shares and borrowed a quarter of a million and that paid for the stake in WPP.”

**Martyn Lewis:** “And there have been several moments in your career when you said, my God; how are we going to get out of this?”

**Sir Martin Sorrell:** “Well, no. The one big problem is how you handle it. Handling good times is easy, it’s how you handle the bad times that is significant.”

**Martyn Lewis:** “How do you handle the difficult stuff? Internally, within yourself, whenever you have a major crisis coming up, do you go very calm? Do you go very cold? Or is there a slight sense of panic inside?”

**Sir Martin Sorrell:** “Every day you get challenged. The moment that you think that everything’s going swimmingly is dangerous because something always bites you in the backside. I said nothing is secularly strong; it’s all cyclical and people forget that. People are cyclical, so are companies, cities, countries and continents. Everything is cyclical. There’s this desire to show things in the best possible light. Now I’m not against that, but I do think, in this era in particular, everything you write you have to write on the basis that it is exposed to public gaze.”

**Martyn Lewis:** “So is optimism dangerous?”

**Sir Martin Sorrell:** “No, optimism’s not dangerous. You have to live in reality. If I think back to the Saatchis and what happened with me, the tragedy about Saatchi’s was that that was probably the most talented team of people I’ve ever seen. Incredibly talented, and yet it didn’t hold together.”

**Martyn Lewis:** “Why? Clash of egos?”

**Sir Martin Sorrell:** “Well, lots of reasons why. Strategy, structure. Again, let’s be frank about it. I had a strong ego as well. No credit given externally to people responsible for doing things. That was a really interesting issue. I mean it was all fine. For example, it was fine that the company was successful, but the credit always went to certain individuals not necessarily the individuals that actually made it happen, so it was complex. Under fire, under pressure, I think I tend to be quite cool and calm. I think I do have an ability to isolate problems. Let’s say that during the course of the day, any day, you’ll have two or three things that you’ll have to deal with, I do have an ability for what it’s worth, to be able to think about one thing, then another thing, then another thing, and deal with them methodically.”

**Martyn Lewis:** “You are known for being very hands-on.”



**Sir Martin Sorrell:** “I micro manage.”

**Martyn Lewis:** “Micro managing but how do you do that? How do you keep track of every twist and turn, or know the right things that you should spend your time on?”

**Sir Martin Sorrell:** “This is not a job. The best quote is Bill Shankly’s comment “football’s not a matter of life and death, it’s more important than that.” So WPP is not a matter of life and death, it’s more important than that. The fundamental difference is let’s say, owner-manager. If you start or found something, your attitude is totally different. This is not a job for me: this is a way of life. This is personal. I compared it to giving birth. It’s the nearest a man can get, not physically obviously, but mentally and that’s the difference. In the recession owner-managed companies such as Steve Jobs and Rupert Murdoch, were good examples of people that reacted faster, dealt with things better because it was a part of them. I do believe in the power of individuals to change things. What will change this country in the situation it’s in, is great leadership.”

**Martyn Lewis:** “You have shown amazing leadership.”

**Sir Martin Sorrell:** “I don’t think it’s as fancy as that. I just do something that I think is right and we get on with it.”

**Martyn Lewis:** “One of the things I don’t think you’ve ever talked about, is what happens when your time comes to move on from WPP?”

**Sir Martin Sorrell:** “Oh, I talk about it frequently, because everybody asks me that.”

**Martyn Lewis:** “But Alexander the Great built up a fantastic empire. Like you, he controlled most of the known world, and when he died, his empire fragmented. Now, what plans have you made for this succession at WPP, because a lot of people here would say one of the most important responsibilities of a leader is to get the succession plan in place.”

**Sir Martin Sorrell:** “The fact is that we have this ritual of succession planning, which we’ve done for about six or seven years. Our Board sits down and discusses this issue. There are people internally and externally who could do it. I actually don’t think that it’s quite as difficult. It’s flattering that you would make an analogy to Alexander the Great, but it’s totally inaccurate. There are people who can do this job easily, and there are people who will do it better, I’m sure.”

**Martyn Lewis:** “And you know who those people are, or the company knows who those people are?”



**Sir Martin Sorrell:** “I have a view and the Board will have a view, and we’ve talked about it in detail. If I get hit by a bus walking out of here, we can deal with that but that’s not the issue, the issue is, how will it be different. And I think inevitably the person who does it, as I said, may do it better, but they will do it differently. They will not do it as passionately and that can never be the case. They may be able to do it better, but they will never do it as passionately.

“There was, I think, a formative book that I read when I was at Cambridge by Robin Marris called *The Theory of Managerial Capitalism*. He wrote a book about separation of ownership and control, and I remember that always made a big impression on me. When somebody says, I want to be an entrepreneur inside a company, they don’t actually mean entrepreneur because that means taking risks, that’s the literal translation. It’s a French word meaning take risk. They mean, I’ll take risk with your money, not their own money. What they actually mean is, I want autonomy.”

**Martyn Lewis:** “Let me ask you about the media aspect, you take a lot of time out to talk to them. I know lots of people here who are going to become chief executives or people who will need to deal with the media. I once asked Nigel Dempster what advice he would give to a young person setting out in business and he said never ever under any circumstances, talk to the media.”

**Sir Martin Sorrell:** “There are people who run their businesses and they’ve got a pretty low media profile and they run very successful businesses.”

**Martyn Lewis:** “Do you have a PR department?”

**Sir Martin Sorrell:** “Well, two actually, Feona McEwan, in London and Kevin McCormack in New York. Feona has been with us for 22 years.”

**Martyn Lewis:** “So it’s only those two people who set up the interviews?”

**Sir Martin Sorrell:** “We also have Richard Oldworth of Buchanan who has worked for us. The biggest problem is when your PA or secretary says, I’m sorry, he’s travelling... to a journalist or an analyst, I’m sorry he’s in a meeting or he’s travelling. It’s the worst thing you can do. You wouldn’t treat a client that way. You should think of them as a client.”

**Martyn Lewis:** “So you take their call, you say, put the journalist through, I’ll talk to them?”



**Sir Martin Sorrell:** “Yes. If somebody calls me, if somebody sends me an email, I can’t think of many times, if any, that I haven’t responded. If somebody has the courtesy or wants to ask you a question, you should have the courtesy to respond to it. That’s part of it. You should never duck it and the comment, media circus... when somebody says it’s a media circus, it indicates they’re uncomfortable with it, they can’t deal with it, they don’t want to deal with it. So I’d be the opposite of Nigel on that, completely the opposite.”

**Martyn Lewis:** “But there will be some chief executives who actually say, I want that filter for me because I’m concentrating on running the company. I want to go in at five o’clock in the afternoon and be given a digest of what’s been happening during the day, but you’re getting it all the time as well as micro managing over 100,000 people.”

**Sir Martin Sorrell:** “I believe in very flat structures. I don’t like bureaucracies. What’s interesting is that our company... about 350 people at WPP and it has its own... and I hate the word, culture. The holding company or parent company is very different to the operating companies, it hasn’t had time to form a culture or a way of doing things, which I think is very good, but I do believe in flat structures and networks.”

**Martyn Lewis:** “Do you believe in giving people responsibility and saying, do it?”

**Sir Martin Sorrell:** “Yes, but I have loose and tight properties. One example is that nobody in our company will buy anything in terms of making an investment or buying a company without strict central approval.”

**Martyn Lewis:** “That’s the golden rule?”

**Sir Martin Sorrell:** “Golden rule, because I’ve seen so many people in our industry do crazy things.”

**Martyn Lewis:** “Do you take part in every major deal yourself?”

**Sir Martin Sorrell:** “Major deals, yes.”

**Martyn Lewis:** “How far down does it go?”

**Sir Martin Sorrell:** “We’ve got groups in Shanghai, New York and London, so that’s devolved but I would make the final decision on all of those investments. I think that culture is important in dealing with those sorts of issues – integrity and trust – but structure is very important. The reason big companies have problems in dealing with these events is they are unable to turn on a sixpence and you have to be able to turn on a sixpence.



“I get a real kick out of the organisation being able to move at light speed. In a couple of situations, and they happened to be takeover situations, we have been able to move and change direction. I remember our advisers saying to us, it’s amazing how quickly you can turn in dealing with the situation. That is amazing because you see companies paralysed and often it’s – no offence to lawyers – often it’s because the legal function says you can’t do that and therefore they stop, or the structure is so bureaucratic and fragmented that nobody can pull the level, and that I think is the biggest problem. So when I look at the big crises that happen and the paralysis that you see, it’s because either nobody’s prepared to make a decision, they’re too frightened, or the structure is such that prevents it. That’s the great thing about entrepreneurial led companies, I mean, Rupert Murdoch makes decisions!”

**Martyn Lewis:** “So that really is the best type of company, where there’s one powerful strong individual at the top?”

**Sir Martin Sorrell:** “Well, you see, that’s really against conventional wisdom. That’s against good business school teaching.”

**Martyn Lewis:** “It is, but you believe it to be true?”

**Sir Martin Sorrell:** “I do, yes. I mean, I do politically and business wise. Yes, I’m ashamed to admit it, but I do.”

### **Some Questions from ‘the floor’**

**Nigel Winsor, Earthwatch Institute (alumnus of the Trust):** “I really enjoyed the fact that geography is top of your Board, my question is, how much boardroom time, with boardroom directors, do you spend discussing environmental issues?”

**Sir Martin Sorrell:** “Well, we do an annual separate CSR report and have done for about six or seven years. This discusses what our plans for carbon neutrality are for example. When you look at our office buildings and our travel, those are the two big issues for us. So we are trying to reduce travel and, in fact, in the recession last year, we did significantly for economy reasons as much as environmental reasons. We are using teleconferencing more we’ve actually been an industry leader in trying to improve our environmental footprint in relation to office buildings. So it’s high priority for WPP. We have a formal process for doing it. We pull together at the time of our annual strategy meeting our top 20 or so people who are responsible for environmental issues and not just environmental, but social issues inside each of our businesses. The interesting thing is that nobody else in our industry has done this.”

**Martyn Lewis:** “Just to follow that up, do you feel that the clients you have are on that bandwagon?”



**Sir Martin Sorrell:** “Absolutely! For whatever the reasons, there is no resistance any more. People know either because they know if they resist it, they’ll be harangued, but I think they do it for good reasons. One, customers want it and, two, people want it inside the business.”

**Dame Mary Marsh, Clore Social Leadership Programme (alumnus of the Trust):** “I’m the Director of the Clore Social Leadership Programme which develops aspiring leaders for the social sector, which is urgently needed I think. You started off by saying geography and technology, this was what it was all about, and I was surprised at that point that you didn’t say people. But there’s no doubt at all to me that that’s what runs through an awful lot of what you’ve said and you did talk about the importance of the talent pool. My big concern in what we’re facing at the moment, and you mentioned it, is this huge unemployment level with young people. We know that future leaders are most effective if they have confidence and self belief. If young people are left out of our system, and some of these people who are being left out are people who are graduates, business school graduates even in some cases, but a whole range of qualified young people as well as the unqualified, are all missing out. Is this something we should all be thinking about doing very specifically to make sure we don’t lose a generation of talent?”

**Sir Martin Sorrell:** “Well, first of all, let me correct any misapprehension. I did talk about the investment we made of £9 billion a year, I did talk about why McKinsey and Goldman Sachs are such great companies because of their focus on talent and I did say that all businesses are going to be determined by their approach to recruitment, to finding good people, and keeping them, which is exceptionally difficult to do. I don’t know if I’m a fatalist or not, but I do think permanent damage is inevitable. I mean, if you have 40% youth unemployment in Spain and the statistics show that if you’re graduating, or coming out of school, and you’re starting in a recession, your life time earnings are going to be less. Mathematically, that’s the way it is.”

**Martyn Lewis:** “Are we talking about the potential for real social unrest?”

**Sir Martin Sorrell:** “We have to adjust. Either we want to work harder, be more disciplined, get on with it, or we’ll be fat and happy as opposed to be prosperous. I think that’s a choice. It’s just the way I see it going.”

**Martyn Lewis:** “Sir Martin, it’s been a real delight. Is there one sentence or a couple of sentences or one bit of advice that you would give to this room for tackling the precarious times ahead, because you’ve got people here who are leaders, people who are on their way up the leadership ladder, people who are very close to becoming leaders. What’s the one bit of advice that you would give to them?”



**Sir Martin Sorrell:** “My philosophy is persistence and speed. An example of persistence for me is Maurice Saatchi, probably one of the first people to come out with that in our industry. I think if you set your mind on an objective and you’re persistent, you’ll get there. What we do is not brain surgery. You don’t have to be a Nobel Laureate or an Einstein to do it. You just have to set an objective... and the other thing is you should do the thing that you’re comfortable with, do what you want.”