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Inside the world of Sir Martin Sorrell

"Our strategy is built on three pillars," says communications guru Sir Martin Sorrell, CEO of the world's largest communications services company, WPP. 'New markets', which means the shift to Asia and the South, the BRIC (Brazil, Russia, India and China) and Next-11 markets; 'new media', that's digital in the sense of PC, mobile and video content; and 'consumer insight,' "because we're very focused on how the consumer is changing, not just in a recessionary environment but in the longer term: their media consumption habits, not just their reaction to products and services."

Sir Martin braved a snowstorm to address an INSEAD graduating MBA class on campus in Fontainebleau and spoke with INSEAD Knowledge.

His key message to future managers on how to get things done in an increasingly global corporate environment? "You've got to be focused on a few simple things to get them done," he says, referring to the challenges he faces every day as head of a company with 138,000 employees across 271 companies in 107 countries.

"Though we're smaller now than we were (as a result of the recession) about 8 per cent off the top line and in terms of people, we're down about 10 per cent. Still, functionally and geographically, we're a relatively large number of companies - about 12 in all - spread around the world doing different things. It's easy to get drawn off the agenda."

"Today would be a good example: when I went to bed last night something happened, and you spend a couple of hours in the morning sorting it out. You get drawn away. It is immensely difficult, and the key is balance."

'Balance' is something Sir Martin learned at Harvard Business School. "I did a course there taught by the son of (American statesman and Boston Brahmin) Henry Cabot Lodge, George Cabot Lodge, called 'Planning in the Business Environment.' It was a compulsory course and to get an 'A' all you had to do was draw three circles that would intersect. The first circle was career, the second was family; and the third circle was society. And the point was, how can you maintain the balance between the three? It's amazingly difficult and I've been tremendously unsuccessful," he adds sheepishly.

Self-deprecation notwithstanding, Sir Martin's achievements are the basis for a textbook on determination. As financial director of the renowned British advertising firm Saatchi and Saatchi from 1977 to 1985, he managed takeovers in the US and the UK. Then he turned 40.

"I decided that was the last chance I had to start my own business. I'd always wanted to. I wanted to start something and build something and run something

- and I'd built up a little bit of wealth courtesy of the Saatchis, so I invested in Wire and Plastic Products." That company, publicly-listed in the UK and founded in 1977, made wire shopping baskets. But Sir Martin's 30 per cent majority stake, purchased in 1985 for $676,000, made it something else: WPP, a holding company, wherein Sir Martin became CEO in 1987. "A brilliant branding decision," he jokes modestly, to move from Wire and Plastic Products to WPP.

1987 was the year WPP bought J. Walter Thompson for $566 million (including Hill & Knowlton, and the MRB Group in the process); WPP debuted on the NASDAQ in 1988 and acquired the Ogilvy Group the next year for $864 million, and WPP entered the big leagues of the advertising and communications world. It still operates an industrial division which produces domestic wire bathroom and kitchen racks.

But as far-flung as WPP's business is, Sir Martin has the key numbers in his head. "We were trading at about $15 billion annualised revenues (in 2008)," he says. "Now we're at about $14 billion. Our biggest investment is in people; our capital investment is human capital, about $9 billion. Just to put it into perspective, we spend about $350 million on capital equipment and about $1 billion a year on office premises."

Being always on the lookout for business opportunity, Sir Martin likes knowing where he stands financially - another reason he is fond of the US business world. "You can turn on a sixpence in America," he told INSEAD Knowledge. "You know precisely where you are in terms of hiring, cost, if you're restructuring a business, whereas in Western Europe we're still doing (the restructuring) nine months, 15 months in to it. We're too slow, we're sclerotic … We are more socially driven. But companies can't act as a social safety net."

But they can act responsibly. What's his take on Corporate Social Responsibility? Doesn't this hark back to his three circles - one of which was, after all, society? "Well, I've always been somewhat cynical about people who espouse this uniquely because it's always struck me that doing good is good business. It's not about altruism or charity; it's good business." How so? "John Brown (the head of BP, a long-time WPP client) was one of the first people to get it right. He said: 'If you're in the business of building brands in the long term or building a business in the long term, you will not do things that offend the environment, governments, NGOs (non-governmental organisations) or whatever; you will do things that are in the interests of society at large."

More specifically, what can a communications company do to help the environment? "There are a couple of things," Sir Martin says, eager to erase any traces of a WPP carbon footprint. "We can travel less and use teleconferencing more, and we can make more efficient use of our office buildings. It doesn't do BA (British Airways) much good, perhaps; but it is a more efficient way of running our business. And just think: we could reduce some of that $1 billion we spend a year on office buildings, not to mention the cost of travel."

All this carbon foot-printing and cost-cutting: is it part of the recessionary phase of the business cycle, or are we looking at something more profound? "I see this as an unstoppable, irreversible shift in the balance of economic power," Sir Martin states adamantly. "Do I believe, with Paul Samuelson, the great economist who just died, who I believe said, 'America's role is over; it's up to China now' - or something to that effect. I'm not sure I agree with that, but in 1989 when I was travelling from Hong Kong to the mainland on the train, I looked out the window and saw literally millions of Chinese building another railroad line by hand on a Sunday afternoon and I thought to myself then that we're going to be taken over, or overtaken. And we have been. That was, by the way, when we started WPP in China; we now have 11,000 people there."

Where else has Sir Martin cast his eye? Which other countries are his performance picks? "I do think Russia, India, China, Vietnam - even places like Pakistan, Bangladesh in the longer term. Countries like Mexico, Columbia, Argentina, and (those in) Africa. We will have the World Cup in South Africa and the Olympics in Brazil and I think this could be the decade of Latin America. But Poland is running extremely well, and a country like Turkey has 'opportunity' written all over it and then countries in Africa."

Sir Martin has number-crunched the entire planet to figure out where prosperity lies ahead. "Asia, Africa, the Middle East and Central and Eastern Europe do better than the US and Western Europe; whereas Australia is a commodity-driven economy, like Canada," he says, breaking down the world's $65 trillion economy. "If you take the five biggest markets in Europe (the UK, France, Germany, Spain, Italy) they're all about $2-3 trillion markets each, or about $10-15 trillion in total. America is $14 trillion in terms of GDP; Japan is about $4-4.5 trillion, China about $3-4 trillion."

He's still bullish about America. "There is nothing to compare to the homogeneity of the American market with 300 million consumers. Europe may be bigger in terms of population and GDP but it's a not homogeneous," Sir Martin points out. "Never underestimate the US. It's a $14 trillion market, as I said, with very vibrant human resources, natural resources, entrepreneurial resources, immigrant cultures, and is very, very aggressive."

And how would he liked to be remembered? "The thing on the gravestone," he reflects, "is like this: 'He started something and managed it, maybe not very well, but he tried to cope with managing it'."

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