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**FPA Town Hall  
Leadership in Uncertain Times  
March 31, 2011**

*Featuring:*

**Mr. Bob Seelert, Worldwide Chairman of Saatchi & Saatchi**

*Introduced by:*

**Dr. Hugh R. Roome III, President Scholastic International and Director  
Foreign Policy Association**

BOB SEELERT: I would suggest that the inspirational dream for the United States of America today, should be to extend American exceptionalism by ensuring a harmonious and sustainable country that shines as a beacon for good in the world.

HUGH R. ROOME III: We have, I think a very interesting evening and please remember that there's a reception and drinks just up the flight of stairs immediately after Bob's remarks.

I'll be brief in describing Bob's background but this is a gentleman who's quite famous in the marketing communications worlds and had an extremely distinguished career of 17 promotions consecutively over 23 years at General Foods.

General Foods then changed hands in the state of mergers and acquisitions that altered the landscape of American Business but particularly in consumer goods and food related consumer goods. From there this gentleman forged a new

career as a turnaround specialist for large troubled companies and made a huge success of that.

He's been the Chairman at Saatchi & Saatchi but there's an intriguing story behind that, which is Saatchi & Saatchi, was a broken company quite literally. And the founders of Saatchi Brothers had been driven out of the company, reformed their own Saatchi Company and left a teetering global advertising and marketing agency that Bob came in and really took from the edge of oblivion into a huge success and an extraordinary increase in value to the stockholders, to the employees and to the marketing world.

Bob began life in Manchester, Connecticut, in central Connecticut. If you know it and if you don't mind my telling a little more of the background, his dad owned the Budweiser distributorship in that area and died while Bob was in junior high school. You know, an extraordinary time to have such a tragedy in your life.

His mother, which is very unusual for the time, took over the business and ran it and not only were there not that many women executives in business but not many in the beer business. Bob's mom encouraged him to go to the best school he could find. He got into Harvard and then went on to Harvard Business School. At the end though, didn't want to stay on in the business, and it was sold and he moved into the world of consumer products.

Bob has written a wonderful book, which I highly recommend to all of you, Start with the Answer. And I'm going to ask him to describe what that means exactly. But it's a wonderful precept and I wanted to give you a couple of short thoughts from it that I thought that this group particularly the Foreign Policy Association folk would appreciate.

Bob is talking about the differences among people and recognizing them. So, he tells this joke, which I love. "In heaven the French are the crooks, the English are the policemen, the Swiss are the bankers, the Germans are the mechanics and the Italians are the lovers." Okay.

"In hell, the French are the mechanics, the English are the crooks, the Swiss are the lovers, the Germans are the policemen and the Italians are the bankers." Now, not to offend any of you, he goes on to say there are obvious dangers in stereotyping and makes this point. But in this book also is great wisdom about running companies, about turning them around, about dealing with people and about managing a successful personal life while you have a distinguished career and maintain a notable golf handicap.

But he points out in Start with the Answer, talking about CEOs, he brings up eight important traits in the business acumen, people acumen, organizational acumen, but he also goes to two that you might find slightly surprising. Curiosity, intellectual capacity and global mindset. Also, motivation to grow and convert learning experience into practices two of the eight precepts. I

think it's an unusual CEO view to take that.

And then I'll just mention one short anecdote about one of the turnarounds. He went to Kayser-Roth, which was owned by Private Equity and at a critical point in its history. Running Kayser-Roth, he went to virtually all of the managers in the company, and sat them down, and posed almost everyone of them three questions. What do you like most about the company? This is a consistent theme in his book to go to the positive always.

Second, what's the single most important thing you would like to see us change? But he's asking for what your criticism but in a positive context. And then what is the one thing we could differently that would help you do your job better? Again, focusing the responsibility on the people that are managing the company day-to-day.

So, with that Bob Seelert. And thank you very much.

BOB SEELERT: Okay. Thank you.

[Applause]

BOB SEELERT: Well, good evening and thanks to Hugh for a very nice introduction. You can go out and get the book or Hugh has kind of told you all about it, so. Well, tonight's event is referred to as John C. Whitehead distinguished lecture. And to have such a legendary name associated with my appearances both in honor and a privilege, as it is to be speaking to such a distinguished group as all of you.

The honorary directors of this organization read like a veritable who's who of foreign policy. And the current directors are a group of highly accomplished individuals including Jeannette in the back a good friend of mine. So, I received a note last fall from Noel Lateef extending me an invitation to speak on the topic of Leadership in Uncertain Times. My original thought was, well, why me?

I'm not really a foreign policy guru albeit I have been a citizen of the world and I derived perspective as Chairman of Saatchi & Saatchi from watching over the activities of 140 offices in 80 countries of the world. But it also is true that I do know a lot about leadership particularly in uncertain times in turnaround situations. I've been fortunate to be the chief executive of five separate firms in three different industries and I've served on the Boards of companies in the U.S. the U.K. and France.

And I've seen a lot of different things from a variety of perspectives. So much so that I wrote the book Start with the Answer that attempts to pass on the wisdom that I acquired throughout my life in a 40-plus-year career in business. So, the book was published by John Wiley and Son in 2009. It's a collection of 94 bite-size real life stories. They're all one to three pages in length and each on is distilled down to a lesson learned, which we call in the book "Bob's wisdom."

I wrote the book in the hope that it could be helpful to others in shaping their careers. The basic idea being that if these were the things that worked for me in my career that they might prove to be helpful to others as well.

Well, tonight we're going to zone in on what I have learned about leadership throughout my lifetime, particularly as it pertains to uncertain or difficult times. And I'm going to begin by identifying what I believe to be the principles of effective leadership. I'm then going to provide an assessment as to how we as a country are doing in regard to implementing those principles and finally I'm going to identify what I believe to be some challenges as we move into the future, some things that lie ahead of us.

So, the topic of leadership has been the subject of numerous books and studies, but despite all of those efforts, it retains a certain mystical or elusive quality. I once looked in Webster's dictionary for a definition and under leadership it said, "The office or position of a leader." I thought, that was not very helpful. And so I went to leader and under leader, it said "A person who leads, a person who directs a military force or unit and a person who has a commanding authority or influence."

Well, I basically concluded that Webster did not know very much about leadership. Now, the simplest definition of leadership that I've ever heard is a leader is someone who has followers. And I once used this definition when I was terminating an employee from a key leadership position. Because I said to him, "The simplest definition of a leader is someone who has followers and the reality is you do not have any."

So, that stark statement spoke volumes about the nature of the situation and in truth, there was not a lot left to be said after I said that. But the most complete and articulate definition of leadership that I've ever come across was written by a guy by the name of Mike Vance. He's a management consultant; he speaks on the topic of leadership. And Mike wrote, "Leadership is the ability to establish standards and manage a creative climate where people are self-motivated toward the mastery of long-term constructive goals in a participatory environment of mutual respect compatible with personal values."

Now, in my view the key words in that definition are to establish standards, creative climate, self-motivated, long-term, participatory and mutual respect. But whatever your definition of leadership might be, my personal experience is that it essentially is all about three things. Number one, setting direction. Number two, establishing standards and then number three, unleashing the energy of your organization. So, I'm going to take those in order and bring them to life with some examples.

It falls to the leader to set direction. And the best way to do that is to articulate a vision for the enterprise or better yet, what we call in my business an inspirational dream. I say an inspirational dream because dreams are bigger than visions. You know, after all, Martin Luther king didn't stand up at the

Lincoln memorial and say, "I have a vision." He said, "I have a dream."

So, let me illustrate by example. My most recent turnaround experience was when I was recruited to be the Chief Executive of Saatchi & Saatchi following the ouster of the founding brothers by their Board. The company was in chaos, the brothers had gone across town to start a rival agency. The company was losing money, 6% of the revenue had walked out the door, we had too much debt, with too high an interest rate, it was all coming due too soon, and even worse every person in the company and all of the clients were asking, "Should I stay or should I leave?"

So, talk about a tough situation. So, beginning on day one, I got in front of as many people as I could as soon as possible. And I let them know who I was, how I saw the situation and how we were going to proceed. I told them that if I were going to be there, that we would want to turn the company into what I called the world's best creative communications resource. That was my ingoing vision.

I took those words apart, I explained their rationale, but I also said that we'd work together to improve on that statement and take it from there. So, we had our worldwide creative board go to work and evolve my statement into an inspirational dream. So, the inspirational dream that they came up with was "To be revered as the hothouse for a world changing creative ideas that transformed the brands, businesses and reputations of our clients."

Now, that dream became our rallying cry. It told everyone including all of the clients and all of the staff what we would be all about. You might ask, well, how can an advertising agency's ideas be world changing? And I'd simply say that for the agency that helped to elect Margaret Thatcher and secured the vote for peace in Northern Ireland, that it all seemed very appropriate and quite differentiating.

Now, one thing that you should note about an inspirational dream is that it needs to be written in 20 words or less. People can't remember longwinded statements and thick strategy books are not what rally the troops. You want them to be able to do what I refer to as tape the strategy to their forehead. In 20 words or less is what makes this possible. So, at any rate, in our case with our dream in hand, we made money the following year and then embarked on 13 consecutive years of revenue growth and earnings improvement; pretty good.

Now, the second thing a leader has to do is to establish standards. And one can establish standards for any job or for any enterprise. So, for example I told my executive assistant that her role in the company was to help make me successful in my job. And therefore, what she needed to do was to ensure that I was always in the right place, on time, fully prepared to perform at my peak. And I told her that the standard for her performance was what I referred to as flawless execution.

In other words, she had to make that happen 100% of the time. It would never fail; there was no room for error. Now, on a broader note in our company we have an ongoing standard regarding what kind of revenue growth we should expect. We may or may not build that kind of target into each of our annual budgets, but the performance standard that we expect long-term is to outperform whatever is happening in our industry by 50%.

So, if our industry is up 4% we want to be up 6%. If it were up 8%, we'd want to be up 12%. If it were falling, 4% we'd only want to fall by 2%. Now, that sets a very high standard and a very ambitious goal. It basically, commits us to an ever-increasing share of market in our industry. But high performance companies set high standards. You need to ask a lot of your people because they ultimately are going to work very hard to deliver on whatever it is, you legitimately expect.

So, while we're on the subject of standards, one thing that I'd like to emphasize is the importance of excellence in execution. You know, ideas and strategy are a great starting point. But in my experience, a good idea poorly executed can in truth be worse than no idea at all. Because it usually doesn't work, yet it wastes a lot of time and it costs a lot of money. High performance companies pay a lot of attention to detail in excellence in execution.

So, take Walmart as an example. You know, they built their business on the idea, "Always the low price." But in truth, it's the capabilities of their organization and the superiority of their systems that always ensures that the right product is in the right place at the right price at the right time. It's the thing that makes them successful. No detail in their operation is ever left to chance.

Now, the third task of a leader is to unleash the energy of the organization. Because the simple truth is that, you cannot get the job done alone. Great generals get carried to victory on the shoulders of their armies. So, your inspirational dream is the starting point, but then you then must employ your communication skills in order to rally the troops. You know, in my experience there's no substitute for face-to-face communication.

In today's world there, a lot of telecommunications kinds of technologies that can help you extend your reach in frequency. So, things like the Cisco TelePresence System will let you connect with people in your enterprise that are halfway around the globe and you can do it in real-time and in life-size kind of figures. So, those are very, very helpful.

Now, in turnaround situations in uncertain times, there are four additional factors that effective leaders need to keep in mind. The first is that it's terribly important to get the facts and the truth up on the table no matter how ugly. During tough times, people often have the tendency to want to pretend like things might not be all that bad. But that inevitably causes them to delay taking action and before they know it, they find themselves digging out of a

deeper and deeper hole. The facts are that until you get the truth up on the table you're not in the position to deal with it. So, no matter how ugly you have to make sure that you confront it.

The second factor is that in tough times it's absolutely critical to set very, very tight priorities. In my first six months at Saatchi & Saatchi, I spent 100% of my time on only two things, stabilizing clients and staff and refinancing the company. But the fact that I got those two things done and done well, is what set up and made possible all of the good things that have happened to the company ever since. Tight priorities.

The third factor is that it's particularly important to take advantage of your first 100 days with a new enterprise. During this time, you have a special permission as the new guy on the block and it's important to remember that you are only new once. Now, failure to take advantage of that time period risks the chance that you become seen as an ongoing participant in the affairs of the enterprise and even worse, that you begin to be seen as part of the problem rather than as you want to be seen, the solution.

And forth in turnarounds in tough times, it's important to set the right expectations. Now, Maurice Saatchi was once quoted as saying, "Satisfaction equals performance minus expectations." In other words if you significantly outperform expectations then people are going to be highly satisfied. And I applied that principle when I refinanced Saatchi & Saatchi by using a financial plan with gradual but consistent improvements built in over a five-year period of time. And as it turned out, we outperformed each and every year, ultimately improving our share price by 450% during the same period of time.

Now, finally there's one additional factor that I'd like to mention from my own experience regarding effective leadership and that is that leadership begins at the top. There's room for leadership at all levels of an organization but unless the leader at the top is performing at a peak level. It makes things all that much more difficult.

So, these are what I've found to be the principles of effective leadership. First and foremost the ability to set direction, establish standards and then to unleash the energy of your organization. Additionally, when in uncertain times or turnaround situations it's important to remember to make sure that you get the facts and the ugly truth up on the table, that you set very tight priorities, that you take advantage of your first 100 days and that you establish the right expectations. All this while remembering that leadership begins at the top. So, those are the things that have worked for me in countless situations. And they're the principles that I've observed working for other high-performance organizations as well.

So, with these leadership principles in mind, you might ask, how have we as a country been performing? And unfortunately, I would have to say, not very well. I mean, to be candid, it is my view that an inability to achieve effective

leadership at many levels of government is letting our country down across the board. I say this out of no feelings of partisanship but it simply is the only objective conclusion that one can reach when one compares what is happening in our country today to what should have happened in accordance with the leadership lessons that I've described.

So, let me elaborate with some specifics. If the first obligation of a leader is to set direction and the best way to do that is to articulate a vision or better yet an inspirational dream, it would be safe to say that no recent president has done this for our country. You know, President Obama was elected on a platform of "change you can believe in." And I think that was an absolutely brilliant campaign slogan. But the inauguration on January 20<sup>th</sup>, 2009 was the moment to translate that campaign rhetoric into an inspirational dream for the country.

But as it turned out, that really didn't happen. And there was a second chance to do that during the following year's State of the Union remarks, but it didn't happen then either. The unhappy result for the current President of the United States is that all too often during the first two years of his term, many citizens seem not to know what he stood for. And even worse, for him he oftentimes became defined by his opposition.

You know, leadership is all about standing for something and then going into the fray under that banner. And without an inspirational dream, one is left with no platform for rallying the country.

If the second obligation of a leader is to establish standards, one would have to say that this is an area where government actions can only be described as woeful. And I think a prominent example was the stimulus bill. One of President Obama's first appointments was Larry Summers. And I for one thought this was a great appointment. You know, Larry Summers may be a controversial guy but I know enough about this to know that he's one of the smartest economists of our time. So, I thought that would be great.

And Larry Summers said that he thought given the situation that the country was in that a dose of Keynesian economics would be a good idea. And I actually studied Keynesian economics at Harvard and for the unique situation that we were in, I thought he was right.

I mean, Keynesian economics have been eclipsed by Milton Freidman and the monetarists. But the country was in a very unique kind of situation. So, I thought, yeah, I agree with Larry Summers. And then Larry Summers said three things that I thought were really smart. He said that any stimulus needed to be timely, targeted and temporary and I said to myself, I knew Larry Summers was a smart guy, these are just the right three things.

Then something terribly wrong happened. President Obama and Larry Summers delegated this whole thing to Congress. And we ended up getting a \$787 billion

pile of pork that wasn't timely, wasn't targeted, and won't be temporary. Now, I was in France in the summer of 2009 and they had a stimulus bill as well. And it was a lot smaller than ours, but they had a stimulus bill. But in their stimulus bill, 75% of their stimulus spending was in the marketplace by July 1<sup>st</sup> and 100% was targeted to be in the market by the end of the year.

In contrast to that in the United States of America, we could only muster 34% of stimulus spending into the market by January of 2010. So, my own feeling is it's not a good sign when we're being badly out executed by the French. This is not a good thing. The stimulus bill in my mind is a classic example of a good idea poorly executed, which turns out to be worse than no idea at all. Because it's wasted a lot of time, it's costed a lot of money.

And I don't know whether it cost twice as much as it should have or was half as effective, but I do know that we didn't get good bang for the buck. I think much the same things in truth could be said about the war efforts in Afghanistan and Iraq. They're additional examples of how an idea poorly executed can be worse than no idea at all.

Effective leadership initially would've focused 100% of our attention in Afghanistan on capturing and killing Osama Bin Laden and Al-Qaeda. An effective leadership never would've permitted the outsourcing of that task at the moment of truth. An effective leadership never would've endorsed prematurely moving on to some unrelated new activity for which as it turns out we were also less than fully prepared.

So, we can all hope that these engagements work out for the best, but the facts are that it is now more than nine years later, countless lives have been lost, trillions of dollars have been expended and we still are left with uncertain results.

Now, in uncertain times getting the facts and the truth up on the table no matter how ugly is another mark of effective leadership. But this is an additional area where our government consistently has great difficulty. You know, the budget director's first budget assumptions following the inauguration were that the economy will turn around in the second half of the year, followed by two plus threes and a plus four.

And I remember when I heard that, I was thinking to myself, what planet is this guy on? I mean, it's not the one that I'm living in. My own view was that it was pretty clear to the average citizen that the country was facing the greatest financial crisis in the most significant economic downturn since the great depression. So, I ask you, how could these assumptions have been viewed as anything but wishful thinking? I mean, it didn't get the ugly truth up on the table so it could be dealt with.

But that faulty assumption also contributed in turn to a failure to set very, very tight priorities, which has turned out to be a compounding problem in our

economic crisis. So, if I had been president of the United States given the reality of the situation that the country faced at the time of the inauguration, I would've set all campaign rhetoric aside and I would've focused almost exclusively on only two priorities, resolving the financial crisis and restarting the economy.

Now, the Fed did something on the former but as to the latter seeing as the administration assumed a second half recovery, and they placed undue faith in the stimulus bill. It then moved onto a series of other initiatives like health care and cap and trade. And those initiatives have the net effect of geometrically increasing business uncertainty. Thereby contributing to stifling any restart of the economy.

Now, in my view not only did we turn out to be working on the wrong priorities, but even worse, what we were working on was at cross-purposes to our real needs. Now, during difficult times it's important for a leader to take advantage of his first 100 days. I think President Obama could've used that timeframe to establish new standards of performance for our government.

Now, a little notice but important opportunity to accomplish that occurred when the omnibus spending bill crossed his desk immediately following the inauguration. This was festooned with billions of dollars in earmarks, which was something that Obama had campaigned against. And as the new sheriff in town he could've and should've taken a stand and sent the legislation back for revision.

I mean, such an act on his part would have massively reinforced and brought to life his campaign mantra of change you can believe in. But instead, he declined to act and instead he characterized it as "prior legislation." Well, that action indicated, at least to me, that instead of change you could believe in, things in Washington were going to be business as usual. I believe that that was one of the first events that helped to lay the groundwork for the tea party and now the earmarks may finally be going away, they're the ones that are going to be getting the credit. It could've all been his.

Now, in uncertain times, in turnaround situations, another important task for a leader is to set the right expectations and the inauguration was the moment for President Obama to do that. But as it turned out nothing was done to damp down the unrealistically high expectations in hurdle rates that were anticipated following his election. But remembering that satisfaction equals performance minus expectations by not lowering expectations the administration unfortunately laid the groundwork for low satisfaction. I believe that that was the phenomenon that played itself out in our midterm elections.

Finally it's absolutely amazing to me that President Obama who was one of the most electrifying speakers to ever campaign essentially declined in his first two years in office to use what I would refer to as the bully pulpit of the presidency to channel and unleash the energy of the American people as a means of forcing

Congress to do the right things. Of course, such as action would have first required him to articulate an inspirational dream. And it also would've required him to act as the president of all the people rather than as the elected leader of the Democratic Party, which during his first two years in office, seemed to be his primary modus operandi.

To me, as a lost leadership observation and opportunity this was the saddest observation of all because leadership must begin at the top and when it doesn't happen there in our government things tend to degenerate down to special interests, partisan politics, and ideology.

So, where does this leave us as a country and what are the implications for our foreign policy? Well, first I would argue that the foundation for our foreign policy starts right here at home. A nation that cannot manage its own affairs certainly cannot expect to set the standard for the rest of the world. And second, I would argue that our strength in world is based primarily on our values, beliefs and principles, the character of our people, the vibrancy of our economy and the strength of our currency.

A country cannot live long-term on military superiority alone. So, to be candid I fear for much of our future and I fear for our place in the world. So, let me illustrate one example as to why I have that fear. In 1991, I made my first trip out to Bentonville, Arkansas to visit Walmart. It seems amazing to think about now but in 1991, Kmart actually was larger than Walmart. However, Kmart had a lot of bad stores, a lot of bad locations and Walmart happened to growing like a weed.

And here it is 20 years later, I should say only 20 years later because 20 years isn't really all that much time. And Walmart is now the largest company in the world and Kmart basically is a foggy memory. So, to understand how that happened, it's good to be familiar with the power of compounding. In mathematics there is a phenomenon known as the rule of 72, which basically just says that you can divide any growth rate into the number 72 and it will tell you how long it will take you to double your enterprise.

So, if you're growing at 8% you're going to double your size every nine years. Whereas if you're growing at 3%, it's going to take you 24 years to do the same thing. So, you might wonder why am I telling you about all of this and the rule of 72. Well, many of you may have guessed. But to see the relevance I think in foreign policy terms, let's consider the current status of China and the United States.

At this moment in time, it feels to me that China is shaping up to be the equivalent of Walmart in 1991 and unless we change our current course we could be headed towards becoming Kmart. The Chinese GDP, is currently only half of our size. But at current growth rates, they will be doubling and redoubling every nine years. While we're going to be the ones taking 24 years to double just one time.

Now, I am 68 years old but the math tells me that in my lifetime the Chinese economy is likely to pass ours. And you know what? My eyes tell me the same thing. I first went to China in 1986. And everyone was dressed in Mao jackets, they were all riding bicycles, there essentially were no cars and there was no sign of Westernization. However, there were unmistakable signs of dynamism.

So, I went to Beijing again last year. I'd landed at the world's most modern airport, I drove down the new six-lane highways and it was as though they had built New York and Chicago in Beijing alone while nobody was watching. The cell phones in China don't drop calls, there's an emerging high-speed rail infrastructure, they are building the most effective and efficient electrical grid for the next 100 years and their government can deal with the paradox of on the one hand being the world's biggest polluter and on the other hand being the frontrunner in green technology.

So, sure, China has plenty of issues on the social side, but in my judgment, we have a set of combined problems that dwarf theirs. And it's my view, that we always have entered what will come to be known as the Chinese century. I think our foreign policy had better get used to the probability of that view.

Now, I don't believe the United States necessarily has to be the biggest economy in the world but we do have to be vibrant, we have to be growing and on a number of parameters such as the strength of our currency, we have to be perceived to be the best. Or looked at another way, we simply cannot allow Americans that are being born in the 21<sup>st</sup> century to be the first generation of Americans to become less well-off than their parents. We cannot allow that to happen.

So, the only way for us to achieve the right result in my view is through leadership at the highest levels of government. I'm in a consumer-driven business and I can tell you that the American people are not the problem. To the contrary, they are really ready to take on any challenge. I think if a leader came forth and got the ugly truth up on the table laid out a course of action that this country needs to follow, that he'd be greeted with open arms and an Army of 308 million Americans all fired up to re-energize our country.

But our country can't get to where it needs to be based on rhetoric alone. As we say at Saatchi & Saatchi, an idea is not an idea until it touches the consumer. So, in this regard, we need our leaders not only to articulate an inspirational dream for the future, but then they need to follow through with attention to detail, with excellence in execution and real programs that have real change that deal with real problems.

At the starting point for leaders setting direction is the articulation of an inspirational dream. One is left to ask what should the inspirational dream for the United States of America be at this moment in time? Whatever one chooses to say, it would need to be highly relevant to the challenges that our country faces today. Further, I think it would need to be something that could relate to

and unite all of our citizens and it would need to represent a rallying cry for our place in the world.

Now, for a subject as complex as that topic, putting an inspirational dream into 20 words or less is a rather daunting task. At any rate, in the spirit of nothing ventured, nothing gained, here's what would be my attempt. I would suggest that the inspirational dream for the United States of America today should be to extend American exceptionalism by ensuring a harmonious and sustainable country that shines as a beacon for good in the world.

Extend American exceptionalism by ensuring a harmonious and sustainable country that shines as a beacon for good in the world. Now, by American exceptionalism, I mean the values, beliefs and principles that brought us to the point where we became the envy of much of the world. By harmonious, I mean a country where we all get along and that the government represents all of the people not just a variety of special interests.

By sustainable I mean thriving in perpetuity without fear of financial collapse or insolvency. And as shines as a beacon for good in the world, I mean, always to set the right standard and occupy the high moral ground, albeit not necessarily be the policemen for the world.

Now, I don't ask that you necessarily agree with what I'm saying but wouldn't it be great if we had an inspirational dream for our country that everyone could tape the strategy to their forehead. I think such a statement would provide the platform for a president to leverage his bully pulpit, provide a unifying framework for articulating bona fide programs that could deal with the reality of this country's fundamental issues.

I guess the question is is anything remotely similar to this likely to happen? And right now I think there's a lot to do but there's no real life solutions in sight. And meanwhile the rule of 72 time bomb is ticking away and I hate to say it, but we are running out of time. So, let me close with the wish that something happens for our side and happens soon.

So, thanks very much for your attention. I'm sure there's some parts of that that could merit some questions here. Thank you.

[Applause]

BOB SEELERT: Here we go. Yes. The gentleman over here on the left.

MALE VOICE: Well, the solutions as I see it, is innovation, jobs and revenues.

BOB SEELERT: Yeah.

MALE VOICE: And the only way we can have a consumer economy by the services is have an industrial base.

BOB SEELERT: Yeah.

MALE VOICE: And the only way we can compete in the global economy is in high technology.

BOB SEELERT: Okay.

MALE VOICE: So, I have a suggestion and it's a simple legislative way to do things. Perhaps the government should pass legislation that prevents the manufacturer, the innovation and R&D from going overseas, retain it in this country for three to five years, which would create the job base that will give us the revenues, maintain the innovation and have revenues to cut down the debt.

BOB SEELERT: Yeah. Well, you know, certainly, innovation is an incredible tool for growth and you only need to look as far as Steve Jobs and Apple to see the most dynamic company in the United States of America today, commercializing their stuff. I think they happen to build a lot of these iPads in other places but the technology in that case does stay here.

You hear a lot of talk about jobs, jobs, jobs and my own feeling is that what we should be focusing on is restarting the economy because if the economy were started and were flying along, jobs to some extent would follow and take care of themselves. But I agree with you. My background I'm really a consumer package goods marketing general management kind of guy and when I went to the Harvard Business School, the mission for the school was to produce captains of industry. And I went off to General Foods Corporation, which was a manufacturing company and made stuff.

And today 70% of the students at Harvard Business School go into consulting and investment banking. So, it's a different kind of world. Germany as a country has been pretty good at retaining a manufacturing base and there's been a coalition so to speak between the government and business to help foster that. They don't make this cheap stuff that could be made almost anywhere in the world, they focus on real high-end, high quality machinery that lasts, so.

But innovation is a key to growth there's no doubt about that.

Yes.

MALE VOICE: I listened with a great deal of interest to what you said, and the one thing that struck me about it is the concept that Roosevelt once said, that "The only thing to fear is fear itself." And the question of whether putting all the dirty laundry on the table is a necessary condition to solving it or whether in certain political times it can lead to paralysis and to a cycle of despair that goes down. And that creating whether it's a false optimism or a real optimism but just the notion of it can make that become a self-fulfilling prophecy as people then start to feel bad in expanding - - et cetera.

BOB SEELERT: Yeah. But I gave a talk yesterday in Greenwich, Connecticut to a group called the Retired Men's Association, and I'll give you an example though,

because I really believe that we've got to get the ugly truth up on the table and that people are smart enough. And the reason that they don't react to things in a positive way is they get demagogued into black and white situations and in truth don't even exist.

So, for example, I said, in this talk that I gave yesterday, that if Social Security were a business problem, it would've been solved at least ten years ago. It probably would've taken about ten minutes and it wouldn't have had any controversy. And I happen to be in Social Security and when I was a kid I thought you retired at age 65. But when Ronald Regan and Tappan O'Neal got together back in 1980, they basically laid out a road map that we need to go back down again. Because when I called up to get on Social Security I found out, oh, you're not retiring at 65, Bob, for you, it's 65 and ten months. Right? So I have a very simple solution.

And the reason it should've been solved ten years ago, is it's not a secret that the baby boom generation in 1946 and they can start to retire in 2013. And once they get into the program, it's going to be a different can of worms. So, we need to act before they get in the program. And so I have a very simple solution for you. If you were born in 1946, you're not going to retire at today's retirement age of 67.

You know what you're going to retire at? Sixty-seven and one month. One month. I mean, you talk about people making sacrifices. I mean, if you can't postpone your retirement for one month in order to help say, do your part to save Social Security then shame on you.

If you were born in '47 by the way, it's 67 and two months. If you were born in '48, it's 67 and three. And for the next 24 years, we add one month to each guy's Social Security kind of thing, we stretch out the biggest baby boom bubble in history and if you buy two years, you save a hell of a lot of money.

Now, my first year in Social Security after I got my first check, follow up January, I got a letter from the government and it says, we're pleased to tell you that the cost of living adjustment for you is 5.8%. Now, I thought to myself, wow. Hey look, as a recipient I'm really happy to be getting 5.8% but I'm also not a very dumb guy and I'm in business and I can tell you inflation was 1.9%.

So, having a cost of living adjustment, it's three times the rate of inflation, just isn't sustainable. My thing is ensuring a harmonious and sustainable -- well, guess what, that isn't sustainable. So, we don't need to trash and can Social Security. We don't need to tell people that they're 67, that you're never going to get Social Security, we need to tell them, hey, give up a month, pal. And if you're 24 years older than that, you give up two years because the retirement age has got to change to 69.

And do you know what? Sixty-nine today, is the same a 65 used to be in terms of how long people live and how long they live after they get to a certain age.

So, these are facts. They're kind of simple they're straightforward. In business, it would've taken ten minutes and it would've been done and nobody would've complained.

Because there's some young people in the audience, I already revealed that retirement age is 67, but if you ask most people that are in their 40s, what's the retirement age for Social Security? You know what they tell you? I don't have any idea. And I could care less because it's never going to be around by the time I get there. And in truth, what we could tell them is, hey, this program is going to be sustainable and secure and you're going to get that check when you turn not 67, 69, congratulations.

But see how we make it black and white. By not revealing the truth, by not getting the facts out on the table, we create this polarized kind of situation of "Save my Social Security. Please." I mean, this is demagoguery at its worst in my view.

Yes. Right here.

MALE VOICE: Hi. How would you address the differences in efficiency between authoritarian versus democratic regimes?

BOB SEELERT: Well, you know, I mean, I majored in economics and I thought central planning, this is the worst thing in the world. But actually, it has some real advantages on certain things. So, for example, I said in my remarks that the Chinese are now building the most efficient and effective electrical grid for the next 100 years. I was at a business school event and I was sitting next to the head of McKenzie who had been doing a project for the Chinese government and by the way, he was doing the same project for the United States of America.

How do you build the most efficient and effective electrical grid for the next 100 years? And I know nothing about this. I mean, I'm not a scientific guy at all, but if you want to build the most efficient and effective electrical grid, it has to be in an exact straight line. Because all deviations make it less efficient. Right?

So, they're with the guy in China and they lay out and they're going to start here and it's going to end over there and he draws a straight line, and the Chinese guy says, "Well, what is on that line?" He says, "Well, there's a factory here, there's a town here, there's some farm houses over there." And the guy said, "So, what's the consequence of working our way around that?" He said, "Well, it'll be less efficient and less effective." And so the Chinese guy said, "Okay, good. Then move the factory, move the town, move the farm houses, because we're going to have the most effective and most efficient electrical grid for the next 100 years."

Okay. So, I don't know the exact specifics of it in the United States of America but it's kind of, like it should be a straight line from Washington DC to San

Francisco. So, they got out to the western suburbs outside of Washington in Virginia and it started to go like this because everybody is not in my back yard. Fundamentally they just threw up their hands and said, "Well, this country, you cannot build the most efficient and effective electrical grid."

Now, you know, look, there's all kinds of reasons for that, there's good things and bad things about this. But in this particular case, central planning could spread the next 100 years, they're economy is going to have the benefit of something that we're not going to have. We're just not going to have it. And so there's some compromised position in the United States of America.

But we don't even deal with the compromises because it just goes like that. For some particular special interest group.

Yes.

FEMALE VOICE: - - .

BOB SEELERT: Yeah.

FEMALE VOICE: - - ?

BOB SEELERT: What was what?

FEMALE VOICE: What was the fall of their empire?

BOB SEELERT: The fall of their empire. All right. Okay. Well, first of all, Charles Saatchi is one of the foremost art collectors in the world and then when I came into the company, I inherited a lot of the bad art, because somehow, all of the good stuff is in Charles collection and all of the bad stuff was in the company's collection and so that wasn't so good.

Fundamentality what happened to the Saatchi brothers is that they were running a public company as though it were a private company and they were running it to their agenda as opposed to the best interest of shareholders and it just so happened at a moment in time that five large investment funds happened to own 51% of the stock. And when they got onto the story and what was going on, compared to what should go on to their best interest is investors and shareholders, they rose up and they ousted the founding brothers from their Board.

And they basically said, "Either you're going to get rid of these guys or we're going to call an extraordinary general meeting and we'll get rid of them for you." So that was the platform, which led to my going in there.

FEMALE VOICE: - - ?

BOB SEELERT: All right. Well, as I said, the brothers went across town, they started a rival agency. Charles Saatchi I mean, he didn't work in advertising since order of magnitude 1990, 1985, but he lends his initial because they're called M&C

Saatchi. Maurice Saatchi is a Lord and he's a very well placed guy in the Tory Party and he doesn't really spend a lot of time in advertising these days, but they lend their name to the company and they've been very successful in London as a local agency.

The Saatchi & Saatchi that I'm in is a worldwide organization. We do advertise; I mean, our biggest clients are people like Procter and Gamble, Toyota, Lexus, General Mills and whatever. And we service them in 50 to 60 countries of the world and fundamentally, M&C Saatchi is a U.K. based agency serving clients in that area but they've done well.

Okay. All right. Well, we've got one more question, Hugh. Can we do that?  
Yeah.

MALE VOICE: From your purchase Chairman of Saatchi & Saatchi looking at this social media craze with Facebook and Twitter --

BOB SEELERT: Yeah.

MALE VOICE: -- is this a revolutionary and transformative campaign of advertising in the media?

BOB SEELERT: This train has pulled out of the station and you'd better be on it, or you just missed the whole world. This is a revolutionary time in our business in terms of how people are connecting with each other, how they're receiving and digesting information and how they are making decisions.

And so, I mean, this is a revolutionary kind of thing in our company. We're bringing in all kinds of digitally savvy people and we need to come up with ideas that instead of beating people over the head with product attributes, we learn how to make connections and add value to people. So, I was saying earlier to someone here that, we do all the advertising for Pampers and we used to barge into your living room, beat you over the head, tell you that Pampers keeps baby drier and then you would go out and buy Pampers.

Then today, people don't want you barging into their home telling them that Pampers keeps baby drier, it's pretty much a generic thing, diapers. It's not very interesting, it's pretty boring. So what we do is we make connections with new moms, we are using Pampers as a resource in growing happy and healthy babies. And we try to provide value added information as to what that's all about and how you can do that.

And raising happy and healthy babies is pretty exciting and dry diapers are pretty boring and you know, we oftentimes have situations today where women are coming to us as opposed to us going to them. So, it's changed media, it's changed the way we need to develop our messages and it's a whole revolutionary new world.

We're very much on top of it and one of the things about our business is that

we are the timeless bridge between clients who make stuff and consumers and customers who have needs to be fulfilled. So, what we have to do is communicate in any way in order to close that bridge. Once upon a time, it was radio and magazines and then television came in and we hopped on television and now the whole digital world is here, but this is a revolutionary kind of thing.

I mean, Facebook is the third largest country in the world and still growing very rapidly.

All right.

MALE VOICE: Thank you very much.

BOB SEELERT: Well, thank you.

[Applause]