

# INVESTOR'S BUSINESS DAILY

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## LEADERS & SUCCESS

# Through The Customer's Eye

**Tight Focus:** Peter Georgescu pumped up Y&R by appealing to consumer needs

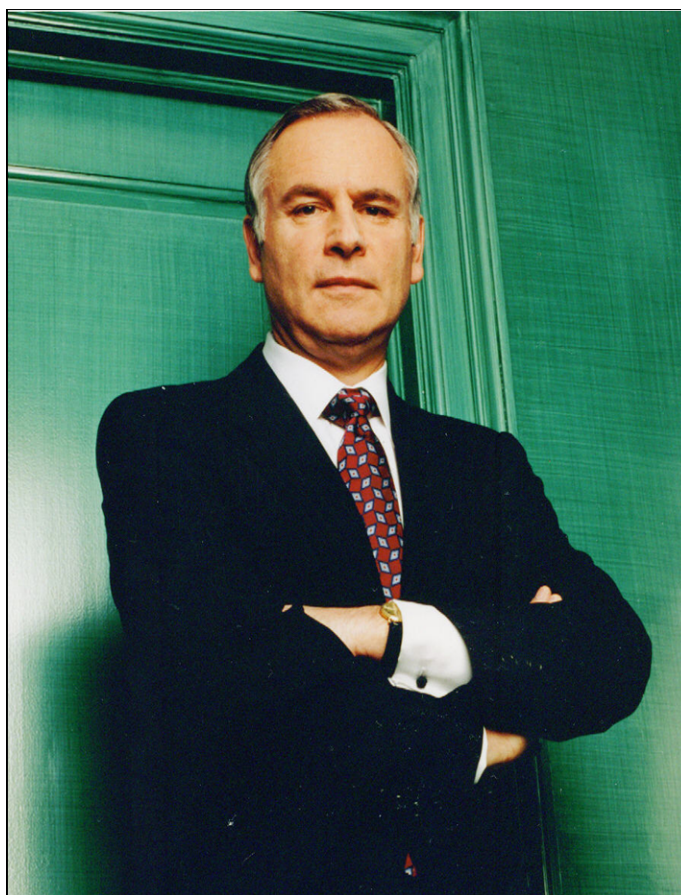
BY CURT SCHLEIER  
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It's all about perspective, according to adman Peter Georgescu. The consumer's perspective, that is.

Georgescu's first job after he got out of grad school was in the research department of advertising agency Young & Rubicam.

It was, he said, the best thing that could've happened to him. The surveys and research he conducted taught him "to respect the consumer point of view," he said in a recent interview with IBD. "I learned that all business problems could be solved from the customer's perspective, and that's how my mental wiring was created. That's the difference between people like (me) and people who approach problems from a marketing point of view."

That difference in outlook was in large measure responsible for his rise up the corporate hierarchy from research department trainee to Young & Rubicam's president and chairman. He took the company public in 1997. In the three years before he retired in 2000, revenue increased threefold, profit ninefold and price per share from \$25 to \$84. Georgescu, 66, is also the author of "The Source of Success: Five Enduring Principles at the Heart of Real Leadership."



**To provide any service well, Georgescu said, you should "know your client's business as well as you know your own."**

He put all those principles to work when the agency was competing for the Sears account in 1994. At the time, Sears was reeling and its management was looking for ways to increase its apparel business. Sears was and remains one of the nation's largest advertisers. Georgescu understood that to make the money that the

Sears account would generate, you had to spend money. All told, Young & Rubicam spent about \$2 million preparing its presentation.

"You have to be willing to spend the money, have the confidence that you'll get all the right information and that you'll be able to solve the problem better

than anyone else," Georgescu said.

### Know Your Subject

One of the first things he did was underwrite research. "Creativity in business is not a random event. You have to study your subject," he said. "We became students of that business. Before going to the creative new solution, before you get to the new, you have to understand the now."

Some of the agency's researchers spent a week shadowing Sears' customers. The results were surprising: 84% of the retailer's customers were women. Women even bought power tools.

What to do with the information? Georgescu encouraged creative answers. "No idea was too ridiculous or stupid to voice," he said. "No one was allowed to pull rank."

Eventually a staffer came up with a tag line, "the softer side of Sears." Typically, an agency will go into a presentation armed with fallback positions in case the client doesn't like the primary idea.

But Georgescu went with just this one big idea. "If you believe in something, if you believe that this is going to drive the business, increase purchases of Sears apparel, than go with it," he recalled saying. "We all said, 'Guys, this is it.'"

(Continued)

Georgescu had confidence in his idea — and confidence that Sears executives would recognize its merits. “You have to have faith in the wisdom of your customers as well,” he said.

That faith was rewarded. Sears hired Young & Rubicam, which is still the company’s advertising agency of record.

To provide any service well, Georgescu said, you should “know your client’s business as well as you know your own.” To learn more about KFC, for example, he spent three days serving chicken before he pitched the account.

That may be unusual, but so is his life. Georgescu was born in Bucharest, Romania. His father, an oil company executive, was on a business trip when a shift in Romania’s political winds left him and Peter’s mother stranded in the U.S.

Just 9 years old at the time, Peter, a brother and their grandparents were sent to a Romanian labor camp. They were all finally permitted to emigrate in 1954, reuniting in the U.S. thanks to pressure from the U.S. government.

## Act With Integrity

Since then, he said, he’s become “an American culturally. (Americans) say ‘I don’t care what the problem is, I just want a solution.’”

“One’s ability to provide solutions also gives one permission to unmask problems, to eradicate the denial of reality. Many businesses are good at playing denial roles. They tell themselves things will get better; good times are just around the corner.”

Giving clients news they don’t want to hear is a matter of integrity with him. Warner-Lambert asked Young & Rubicam to handle the introduction of a new line of Arthur Ashe sunglasses — a brand extension to some of the other toiletries and confections sold in drugstores. It was a great opportunity for the agency: do a good job and most likely pick up other Warner-Lambert business.

But after researching the market, Georgescu realized the program would be a costly failure — and told that to Warner-Lambert.

Similarly, the agency resigned all business dealings with Walt Disney Co. The company’s attitude was “Dis-

ney must win and you must lose,” Georgescu said, and he wouldn’t accept that.

“If your organization has limited resources, you can’t do everything well. You have to choose who you want to work with,” he said. “Some people say, ‘I’ll take any business that comes my way.’ Others only do business with companies whose values they share. You do great work for them. They respect you; you respect them. Otherwise you have friction, and it’s not worth it. You don’t want to have a client denigrating employees; you don’t want to put your people in harm’s way.”

## Challenged To Grow

It isn’t that Georgescu dislikes demanding clients — on the contrary, they can pose challenges that force a business to grow. “Some of our most essential and rewarding innovations were driven by demanding clients,” he said.

He cites his dealings with Colgate.

“They were a very tough client, but always fair,” Georgescu said. “They said, ‘You operate in close to 80 countries. We don’t want 80 different solutions. We want global solutions where that’s desirable.

When we succeed in one market, let’s take that idea and apply it elsewhere.’”

Until Colgate pushed the company, Georgescu said, “the level of cooperation geographically (between divisions) wasn’t what it should be. Colgate, more than any other client, forced us to be a global agency.”

Leadership isn’t a popularity contest, he notes.

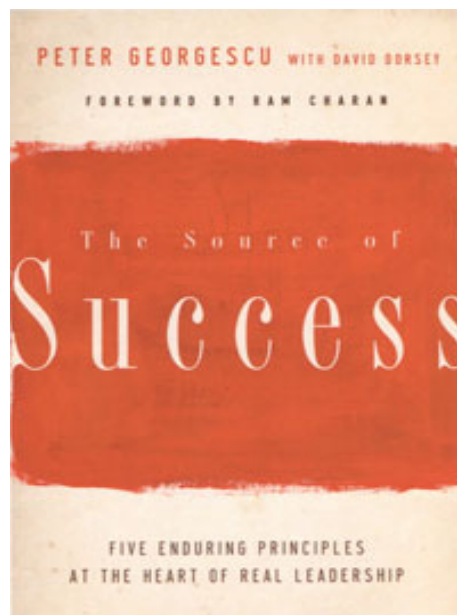
“You can’t live your life trying to get everybody to love you,” he said. “You have to do what you think is right. If you know that you’re doing your best, that should be enough. Don’t wait for people to pat you on your back and say what a good boy you are.”

Georgescu acknowledges that over the course of his career, he made numerous mistakes. Each one was valuable, he says.

“Every leader has to make dozens and dozens of decisions every day, and in business you’re lucky if you bat .500,” he said. “You can’t be afraid to make mistakes.

“You can’t dwell on your mistakes, but you have to learn from them and not make them again. A colleague once said to me, ‘There’s not a lot to be learned from the second kick of the mule.’”

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