

No bonus: More than a Publicis affair

Corporate bosses are not exactly enjoying the sunlight these days, what with public outcries against “fat cat” bonuses and excessive boardroom pay despite the crisis. So when the chair of advertising giant, Publicis, Maurice Lévy, renounced his bonus at the end of 2011, people took notice. A case apart or an example for other bosses to follow? Mr Lévy explains.

OECD Observer: On 1 December last year you announced that from January 2012 onwards you would no longer be paid a fixed salary. Why did you decide to do that?

My mandate as chairman of the management board of Publicis Groupe was due to expire on 31 December 2011. The supervisory board unanimously decided to reappoint the management board, for a further period of four years and insisted that I carry on as chairman. Having already spent more than 40 years at Publicis, I would rather have stepped down. So, to make it quite clear that I was not simply hanging on to my job or my salary, I decided that I wanted to be paid solely on the basis of my performance, or rather the amount by which I exceeded my performance. It’s a kind of challenge I’ve set myself.

In the current economic climate, do you think that other heads of companies will follow your example?

My situation is to a very great extent the result of my particular career path at Publicis and I have no desire to set an example or give lessons to anyone at all.

At the moment, as a simple citizen, I think that those who benefit most from the system should be visibly seen to share in the efforts asked of us all in this time of crisis. I think it is absolutely essential that the first people to show solidarity should be those who have gained the most from both the merits and vagaries of life.

I have always thought that most business managers deserved their salaries, and



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Interview with **Maurice Lévy**, Chairman, Publicis Groupe

indeed that some of them deserved to be paid even more. However, I’m not surprised that some might find these salaries shocking, although I would point out that footballers and top models are paid much higher salaries for much lower contributions to either growth or society.

I think that it is only normal that all those who have been given the opportunity to succeed and earn money should act out their role as citizens to the very full, particularly during the current period of hardship and uncertainty. This is why last August I appealed for the wealthiest members of society, and not just business managers, to make an effort.

Is a reduction in top salaries merely a symbolic gesture or does it genuinely help improve the economy?

You can only look at individual cases in this respect, and therefore at the symbolic value. In free economies, it would indeed be impossible to entertain the idea of having the legislator set maximum salaries upfront.

The principle followed by states that are based on free enterprise, free trade and industry, is to allow their citizens free rein and then to redistribute the wealth created through taxation. This is an extremely important principle and it would be a serious mistake to challenge it.

That said, there's nothing to stop some people, either individually or collectively, from cutting their salaries. The simple fact that we are in a crisis offers sufficient justification. When recession hit in 1993, we had a choice at Publicis of either making our employees redundant or offering them lower salaries. The employees opted for salary cuts (ranging from office workers to the chairman of the Board) and by "sticking together" we were able to survive the crisis, from which we emerged even stronger.

I give this example to make an important point: the enterprise is really the only relevant level at which such decisions can be taken. If they are imposed from outside the enterprise, the consequences can be extremely serious. At a more fundamental level we also need to look at our model of society: do we want a society based on mediocrity or do we want a meritocracy that allows us to move forward by rewarding the most deserving—even if the reward is disproportionate? I am against mediocrity and in favour of moving forward, enthusiasm and the opportunity for people, for everyone, to succeed.

The developed world is in the throes of the severest economic crisis for 50 years. Looking ahead to 2012, what are the greatest challenges that France, and at a wider level the global economy, will have to meet and what advice would you give to decision makers in this respect?

The main characteristic of the crisis we are currently experiencing is the speed at which it has spread to every different sphere of life: at first we thought it was a financial crisis, then it turned out to be an economic crisis and now, with the sovereign debt crisis, a political, and some would add, geopolitical crisis.

It is this mix which makes the current period a critical point in time and which best illustrates the phenomenon of globalisation. As a result, I think that it is necessary to

vigorously work towards recovery. A politician's job is not easy, but it does not preclude the use of imagination. This crisis is about a model and a sea change in the world; we will not overcome it if we just sit back and use ideas and tools which we inherited from that very model which is currently in crisis or, even worse, which were responsible for the crisis in the first place.

In the short term, it seems obvious to me that restoring public finances is a must (for the countries concerned), an obligation that has to be met, failing which it will be impossible to either plan for or build

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towards the future. No country can build a place in the world by living constantly on borrowed money or by accumulating mountains of debt.

Regardless of how painful and difficult it might be, this means revisiting public expenditure on health, as well as the situation and organisation of the missions of public institutions. A hard look at the good governance of finance and banks is also essential: to date it has merely been examined sketchily and, unfortunately, fairly unevenly due to a lack of consensus and proper linkage between states and regulators. Lastly, a three-fold paradigm needs to be placed at the heart of the economy and public policies, namely knowledge, the spirit of entrepreneurship and creation. This is the price that a country must pay to put itself on the road to competitiveness in a globalised economy.

You manage the third largest communications group in the world. Are you optimistic about the future in your sector?

With hindsight, we can see that the main

outcome of the crisis which began in 2008 has been to speed up changes in the communications sector.

One major change has been the integration of digital technology into every single aspect of communications. This makes me more optimistic about the future for communications, whose destiny is increasingly tied in with that of digital technology. There is no sector with a higher growth rate than that of digital technology. All this is highly promising for communications.

When the crisis first struck in 2008, we saw a sharp fall in spending on advertising. However, brands paid dearly for this decision, which they later regretted. Digital technology can indeed make it easier and quicker to both build and dismantle brands. No major brand in the market place can allow itself to cut back too sharply on investment. The speed at which brands and products become obsolescent is increasing and defending one's brands is the first investment that needs to be made to boost market share in a knowledge economy. Since our entry into the second phase of the crisis, the sovereign debt crisis, we are witnessing a very careful scaling back of investment rather than a sudden halt. Overall, growth in investment worldwide in the first half of 2012 should amount to around 4.5% to 5%.

Girard, L., "À partir de janvier 2012, je n'aurai plus de rémunération fixe", in *Le Monde*, 31 November 2011.

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