

Saatchi And Saatchi

In the final analysis, it was not that much of a pay cut. Charles and Maurice Saatchi, past masters at the art of presentation, took their penance for the losses at their advertising firm in the form of a £187,500 drop in salary. The sacrifice was public, for Maurice at least - Charles has not been seen for so long that there is a question whether he, like God, really exists. But the brothers still receive £437,500 each a year, and their fortune is large enough to have one of Britain's foremost art galleries in their back garden.

The Saatchis have fallen: like George Davies; like Sophie Mirman; like Sir Terence Conran; like John Gunn,

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whose British and Commonwealth often headed the list of donors to the Conservative Party; like John Ashcroft, praised by Mrs Thatcher as a shining example of the British entrepreneurial spirit; like Tony Berry, who had the audacity to invite Norman Tebbit on to the board of Blue Arrow before the proverbs hit the fan.

These were the stars of the aggressive 80s. They were young men in a hurry. They came from unlikely backgrounds. There was no family money behind them. They were not part of the 'establishment'. Their brash style and American ways made the old money wince.

But if they hadn't suckled on a silver spoon, they weren't poor either. These were Thatcherite heroes, not working-class ones. They were products of the grabbing middle classes - grammar school and redbrick educated, immigrant stock or, even better, immigrants themselves. These were people

with something to prove.

They built up their companies on sweat, toil and 'bloody hard work'. Harvard business school systems. Men with MBAs and mobile phones. Over to New York and back on the Red Eye. I'm in the office before you arrive. I'm still working when you leave. Fear me.

The Saatchis were the key. They proved the beauty of selling a concept. The art of persuasion was the art of the possible. If you could sell something, you could run anything. The Saatchis sold Mrs Thatcher. Mrs Thatcher ran Britain.

Everything was down to marketing and design. At Coloroll, John Ashcroft said, 'Every manager is a sales manager'. At Next, George Davies sold you a suit smart enough for work, trendy enough for play, and tough enough to hold a mobile phone in the pocket.

Even the annual reports were a monument to presentation. When you had scrolled through the pages of arty pictures at designer angles, had your fill of corporate positioning statements, you found that Next had not made provisions for a bond with a repayment bonus, that Saatchi and Saatchi was leaking cash like it was going out of fashion, that Blue Arrow was granting interest-free loans to property ventures in Canvey Island.

Salesmen were the rulers of this empire. You sold bonds, you sold shares, you sold suits, you sold concepts. These people over-borrowed to buy houses in Fulham. These people drove their GTis too fast down narrow streets in built-up areas. These people were invincible.

And there is the rub. Invincibility only exists until you are defeated. The Saatchis' moment came one day in 1987 when they arrived at the door of 27 Poultry, the headquarters of Midland Bank. Midland was ailing, we all knew that. It had bought Crocker, a Californian bank



The Saatchis: Fallen icons of the 80s

whose main skill was losing money. It had so many bad loans in Latin America that it nearly owned Mexico. But its problems were not ones that could be solved by Saatchi and Saatchi.

When the brothers put their offer to the Midland board they were laughed off the premises. It was not so much the audacity - you were expected to go for something beyond your reach, that was the way you proved yourself - it was just it was so inappropriate. The old money sneered, of course it would. The Bank of England would never have allowed such a bid. Saatchi's problem was that even the new money thought it was a bad idea.

Once Saatchi's cover was blown they were on a slippery slope. The stock-market crash didn't help. In the boom days of the mid-80s, a company could buy anything in sight, selling its shares to an investing public whose appetite had been whetted by Telecom and Gas, TSB and Virgin, it was pure 'buy now, pay later'. But once the shares fell out of bed, who would pick them up? The piper had to be paid. The puttable-convertible-redeemable preference shares - which

seemed like a good idea at the time - were now a nightmare.

High interest rates - the product of a smooth selling job through the 1987 election - highlighted any weaknesses in the concept. It was back to basics in business and no amount of design could paper over the cracks.

The Saatchi and Saatchi empire was built on confidence and egos. Once the image was cracked, it became embarrassing to sit at a dinner party and say you work for the Saatchis. If you are not on the up and up, where are you going?

The Saatchis are hoist by their own petard. Saatchi and Saatchi as an entity will never be the same again. The City is salivating as it speculates who will be the next 80s' whiz-kid to fall. Michael Green of Carlton Communications? Roy Bishko of Tie Rack? Asil Nadir of Polly Peck? But the bets are off on the man who was with the Saatchis on the way up, and learned from their mistakes - Martin Sorrel of WPP, which has just eclipsed Saatchi and Saatchi as the largest advertising group in the world.

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