

The Role of Business in Public Diplomacy
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Edited Transcript

This Corporate Communication Institute (CCI) Symposium presented authors published in the May/June Special Issue of the *Journal of Business Strategy*. Edited by Professor Michael Goodman, head of CCI at Fairleigh Dickinson University, the issue contained eight papers on “The Role of Business in Public Diplomacy.” Three of the authors discussed the topic and answered questions at the June 19, 2006 symposium held at the Weissman Center for International Business at Baruch College.

Terrence Martell, Director of the Weissman Center, and Dr. Goodman introduced the session. Nanci Healy, editor of the *Journal of Business Strategy*, moderated the session. Following is an edited transcript of the presentations.

Introduction

Michael Goodman

This symposium had its origins when Nanci Healy, editor of the *Journal of Business Strategy*, and I met over a year ago. When I mentioned my work with Keith Reinhard and Business for Diplomatic Action, we agreed that this topic would make an excellent special issue of the journal.

This special issue reflects the interest of multinationals in public diplomacy. In fact, Christa Freeland, writing on June 7, 2006 in the *Financial Times*, noted, “It is time to appreciate that the country’s businessmen are its best ambassadors abroad.” A recent Pew Global Attitudes survey report began with the headline “America’s Image Slips.” Those of you who follow the Pew studies could probably add, “America’s Image Slips *again*.” Robert Stone, reviewing John Updike’s book, *Terrorist*, in the *New York Times*, declared, “Today nobody abroad and very few people in the United States who invoke Americanization mean anything by it that is good.”

There is agreement, however, that business can and must act on this issue. As the Internet and new forms of digital media make communication instantaneous and ubiquitous, the call to action is even more urgent.

Nanci Healy

Keith Reinhard, our first speaker, is the founder and president of Business for Diplomatic Action, a not-for-profit, private sector effort that he started right after 9/11. The goal is to enlist the U.S. business community in actions aimed at improving the standing of America in the world. Keith has testified in this role before Congress and has been featured often in the media, from the BBC to Fox News. He is the chairman emeritus of DDB Worldwide, which is among the world’s largest advertising agencies

Keith Reinhard on "How to Help Your Country While Traveling for Your Company"

I’d like to use my time to expand on why we are so intent on changing the behavior of American travelers as one part of a broader program to enlist the U.S. business community in raising the standing of America in the world. Our reputation across the world as a country has been declining and has never been worse. It should concern us when that when people in 23 countries were asked, “Where would you advise a young person to go for opportunity and quality of life?” we finished behind Australia, Canada, Britain and Germany. A few years ago we would have been right at the top of that list. The most important root cause of anti-Americanism today

is the widespread disagreement with our foreign policy, even among friends. Australians now believe that U.S. foreign policy poses as big a threat to world peace as does Islamic fundamentalism. In a recent poll by a Korean newspaper, two-thirds of younger South Koreans said if war were to break out tomorrow between the U.S. and North Korea, they would side with their neighbor.

Opinions of the U.S. continue to decline. But up until now the Pew surveys on attitudes toward America have revealed a line between how people feel about our government and our policy and how they feel about the American people. Recently, for the first time, we noticed the blurring of those lines. In Spain, for example, a year ago 55 percent of the Spanish people had positive views about American people. In this latest Pew report, only 37 percent did (<http://people-press.org>).

The idea for a public diplomacy initiative by the business community first occurred to us just after 9/11. As the chairman of a company with offices in 96 countries and serving multinational clients, I have been aware for some time of the growing resentment against our country. This is not a single issue problem. It has been growing for two decades. I decided to ask our researchers in 17 countries to go out in the streets in late 2001 and ask, “What do you like about America and Americans and what don’t you like?”

The positive responses were very much what we expected. Respondents saw the U.S. as a land of opportunity and freedom and perceived us as a country of wealth and good business sense. We were viewed as competitive, enthusiastic and benevolent. We were recognized for our “can-do” spirit and our creativity. But even so soon after 9/11 there were strong and consistent negatives.

(Here Mr. Reinhard showed a video clip of the interviews on how Americans are perceived). Excerpts from the tape:

I don't care for their “ mono” cultural approach to the world. They want to export American culture and everybody should fit their mold and that scares me.

A little bit more humility would help.

Although these comments were made pre-Iraq, the recurring theme is that Americans exploit, Americans are arrogant, insensitive, ignorant of the world and totally self-absorbed.

We reasoned, why can’t business be enlisted to address some of these negative perceptions? U.S. multinationals have a vested interest in addressing the problem. With a significant cooling toward American culture and American brands, sooner or later anti-Americanism has to be bad for American business. For that reason, we organized this non-partisan organization we call Business for Diplomatic Action.

For a start, we want to sensitize Americans to the problem of anti-Americanism and its implications for business and future generations. This we are doing through appearances like this one, through the media and on our web site (www.businessfordiplomaticaction.org).

We want to counter our image as an arrogant and insensitive people by focusing on two areas: citizen diplomacy and our visa and entry policies. Citizen diplomacy needs to be expanded and improved. Our visa and entry policies need to be changed. One early attempt to change our attitudes and behaviors as a people is a series of World Citizen Guides. Thanks to a generous grant from PepsiCo, the first guide was created for U.S. students who study abroad. Over 200,000 students now have copies and we are about to go into our second printing. We offer advice such as, “You are not in Kansas anymore. It will be better if you don’t spend your entire trip comparing everything to the states. Take the opportunity to love where you are.” Simple tips like that can go a long way.

Americans make 60 million trips outside the U.S. each year. A quarter of those are business trips. The National Business Travelers Association sponsored a version of the guide for executives. It contains 16 tips for American business executives who travel abroad, such as, “think as big as you like but try to act smaller.”

Some of these tips will seem obvious to you who are seasoned travelers. You may not believe anyone could confuse Australia with Austria, for example, but it happens. We talked to one person who thought that Austria was an abbreviated spelling of Australia. One of the tips is to read a map. Another is to speak slower and lower. A man from New Zealand told us, “If you Americans can’t stop talking and learn to listen, could you at least lower your volume.”

Another tip: leave the slang at home. An American presenting a business plan to a Japanese executive promised to blow the competition out of the water. And the Japanese man said, “What water?”

We are now looking for a sponsor for a world citizen curriculum for grade school children. With our national education focus narrowed to reading and math, subjects like geography and social studies often fall by the wayside despite the fact that, according to a National Geographic survey, a third of young Americans couldn’t find the Pacific Ocean on a map.

Our entry procedures are in desperate need of change. At present they are seen as arrogant and unfriendly and greatly exacerbated negative feelings towards the U.S. *The Washington Post*, on its front page on February 23, 2006, related the story of a top Indian scientist, president of a prestigious organization, who was denied a visa to come to the U.S. for an important conference. Of course he was embarrassed and the episode made the headlines in all the Indian papers.

By one estimate, the U.S. lost over 30 billion dollars in 2004 because of visa delays, primarily in India and China. And once a visitor does get a visa, we have a reputation for being nasty at our borders. A woman from England said she was so hassled by our customs and immigration people that coming to the U.S. is no longer worth the trouble. A man from Germany who travels around the world said the only place he is afraid to come is the United States for fear of what might happen to him at the border. An Irish professor of literature invited to teach at the University of Pennsylvania was handcuffed and strip-searched and put in jail overnight at the Philadelphia airport for a small omission on his entry papers.

We have heard a lot of horror stories and we are sharing them with the US State Department. They agree this is a matter of some concern. A not atypical story concerns Ozzie, a native of Costa Rica who lives in the U.S. and has a green card. He has been pulled aside three out of his last seven trips to and from Costa Rica to the U.S. and he resents the types of questions he has been asked. Ozzie said the immigration officials “asked me about sexual relations between me and my wife -- how many times we had sex and how was it.” According to Ozzie, this was in the hearing of others. He also told us about a friend who is a lawyer from Italy. The day she arrived she was pulled over by U.S. customs and told her passport had been tampered with. She was detained for three days. Then they told her that everything was a mistake and she was free to go back to her business. She left the very next day and declared she would never put her foot on U.S. soil again.

We are not suggesting that the immigration service change the rules, but we are urging them to change their attitude. Working with the U.S. travel and tourism industry, we have asked companies like Disney and Marriott to work with us and the government to show immigration people how they can be very diligent at managing crowds but still be warm and hospitable and friendly. We also suggested warming up the welcoming sites at airports. The government has promised to do that on a pilot basis.

Another part of our program is to find ways to amplify those qualities that are still admired about our country. It turns out that one of the best ways to improve our image is by getting more people to visit us in the United

States. International travel is still down substantially from pre-9/11 levels. But research shows that people who visit us, once they get past our borders, like us a lot better than people who have never been here. French citizens who have visited us, for example, give us a 52 percent positive rating. French citizens who have never been here give us only a 17 percent positive rating. So it is incumbent upon us, our government, and our tourism industry to get people to come here.

Yet our government currently spends only four million dollars annually on promoting international tourism. The island of Fiji spends \$10 million. Australia, the number one global destination, spends \$125 million. We are the only developed country with no ministry of tourism.

The last point I will touch on is our effort to build new bridges to key foreign constituents thru business-led initiatives. Our first efforts are concentrated in the Middle East. The most ambitious idea we have announced to date is a suggestion that U.S. business could join together to “out-recruit” Bin Laden. Popular opinion in the United States says that all Bin Laden offers is death and violence to young people. This of course is not true. He offers them respect, a form of dignity. America offers few if any alternatives even though American ideas are still appealing to many Arab and Muslim youths.

Business could offer alternatives to the Muslim brand. To move this along we have joined in a partnership with a group called Young Arab Leaders. As a first step, we are conducting a series of one-on-one interviews with 200 young Arabs to better understand their hopes and their dreams so that we can form youth development programs within U.S. companies, as well as internships and mentoring.

But the single most important challenge for all of us was articulated by Julia Sweig, a fellow at the Counsel on Foreign Relations, in her new book, *Friendly Fire: Losing Friends and Making Enemies in the Anti-American Century*. She says “the best antidote to anti-Americanism may not come from how we fight or prevent the next war but from the degree to which we keep intact the social contract and the international appeal of American society”. To me, this means the most important thing we can do is to create an America that is once again, attractive to the world because it lives up to the promise of opportunity for all people.

Nanci Healy

Keith, do you think that your efforts and those of other people involved in Business for Diplomatic Action are being severely hampered by the Iraq War and will they become easier once the war is over?

Keith Reinhard

The most important root cause of anti-American sentiment at this moment is disagreement with our foreign policy. But remember, the first research I discussed was conducted pre-Iraq. Those sentiments are quite alarming. They have been building since the fall of Communism. We want to sensitize the American public to this problem and get them to vote for people who are more internationally sensitive and understand the importance of America being a good global citizen in the 21st century. At the same time, we need to work on how the American people are perceived around the world. That has nothing to do with Iraq. We can work on that. Business can work on that. By the time we get to 2008, our hope is that we can have a vision for America in the 21st century that we can share with all political parties and get it on the national agenda. If we stopped the fighting in Iraq today, that would probably help. But this is not a one issue situation.

Nanci Healy

Our next panelist, Dick Martin, retired in 2003 as the executive vice president of public relations and brand management for AT&T. Following his retirement, he wrote a fascinating book, *Tough Calls: AT&T and the Hard Lessons Learned from the Telecom Wars*. His next book is *Rebuilding Brand America*, scheduled for publication in 2007..

Dick Martin on "Rebuilding Brand America - Corporate America's Role"

If the 20th century was the American century, the 21st century may be shaping up as the anti-American century. I am sure you are familiar with the doleful statistics, so I am not going to repeat them here, but I would like to note that if the world indeed is flat (according to Thomas Friedman), it is also tipping, and not in America's favor. The Pew Center's data shows that America's reputation has declined further in 2006, after appearing to stabilize at historically low levels in 2005. Pollsters tell us that for a third of the world's people, American foreign policy is the most significant factor in their low opinion of the U.S.

But that leaves plenty of room for other causes of America's declining reputation. A little digging behind those numbers reveals that in many cases those unfavorable opinions of the United States have hardened into what can be called anti-Americanism, which one academic defines as a principled distrust and dislike of American civilization in all its manifestations. People hate us for who we are, not only for what we do. In fact, it may be more appropriate to speak of anti-Americanisms in the plural, because they are a complex blend of emotions that condense in an unpredictable ways. It can include envy of America's power and wealth, anger at our real and imagined faults and defenses, contempt for our ignorance and lack of sophistication, embarrassment at one's dependency on us. Paraphrasing Tolstoy, it seems that friends of the United States are all alike, but anti-Americans are all anti-American in their own unique way.

For example, many Europeans are offended by the ostentatious religiosity of American political leaders, while many Muslims decry America's irreligious materialism and immorality. But one factor seems to run from the intellectual salons of Europe through the madrassas of the Islamic world. Several years ago Harvard Business School dean John Quelch identified the emergence of a consumer life style, with broad international appeal, that is grounded in a rejection of American capitalism. When Communism collapsed, it seemed that free market capitalism had become the world's reigning economic ideology and U.S. corporations its principal delivery vehicle. The *Wall Street Journal* was even moved to editorialize that we are all capitalists now.

Well, we are not all happy about being capitalists. It seems that much of the non-Anglo-Saxon world has a sharply different view of capitalism and subsequently of a corporation's role in society compared to the American model. For example, researchers asked 15,000 executives from around the world whether the only real goal of a corporation is making a profit or whether, besides making a profit, a company has the goal of attaining the well-being of various stakeholders such as employees, customers and so forth. Four out of 10 American managers said the only goal of the corporation is to make a profit. Half as many managers in France and Germany felt that way and fewer than eight percent in Japan did. A 2003 survey by Pew showed broad support for the quote, "free market model" in eastern Europe, sub-Saharan Africa, the Middle East and Asia. But when the possible impacts of free market capitalism are specified, such as closing an inefficient factory or laying off large numbers of people, a great deal of resistance surfaces. In India, for example, 53 percent favor free markets but 78 percent oppose closing inefficient factories.

The deterioration of America's reputation around the world is due in no small part to foreign perceptions that U.S.-based companies are so obsessed with their stock price that they will mistreat their employees, mislead customers and bend the accounting rules to ring an extra penny per share out of their financial results. We can all find examples of every single one of those forms of misbehavior. Executive compensation that verges on corporate looting reinforces perceptions of America as a materialistic, narcissistic society where the powerful exploit the weak and the recent crime wave of corporate fraud only adds insult to injury. As Simon Anholt has suggested, if the rest of the world envies or fears American economic might, the idea that it was acquired dishonestly is bound to cause huge resentment.

In other words, it is not only United States foreign policy that is seen as arrogant, heavy-handed and self centered, so is American business. The ugly American of the 1950's was loud, boring and obnoxious. His 21st century descendant is all that plus a sanctimonious bully who patronizingly assumes that, given the chance, everyone would adopt his way of life in a heartbeat. Meanwhile he will force it on them. When European intellectuals complain about the pervasive influence of American culture, I don't think there is so much

bemoaning our fast food, gangsta rap and movie violence as much as our hyper-competitive, share price-obsessed business culture. Jack Welch scares them a lot more than Brittany Spears.

Accurate or not, and I may have overstated them to be provocative, these perceptions have significant implications for American businesses. The question is, what to do about it?

I start from the premise that America is a brand, not in the sense the name itself has commercial value, though it does, but because the notion of America occupies a special place in the hearts and minds of people around the world. American businesses share that space and if it has become a bit shabby and less welcoming lately they share responsibility for restoring it. The reputations of U.S. companies and the country itself are so intertwined that rebuilding brand America must be a joint undertaking of government and business. Both have a lot to learn from each other and in the end will only succeed if they share the same values because they already share the same brand.

One may ask why business should get involved in the first place. I'd like to offer four reasons:

1. American's global companies are part of the problem. They have a reputation for practicing a brand of selfish capitalism that the rest of the world deems at best unseemly and at worst inhuman.
2. Second, if anti-Americanism is allowed to fester, American businesses will eventually pay the price. The declining dollar, among other factors, may be masking the real impact of anti-Americanism on foreign sales of U.S. goods but, as Keith suggested, foreign tourist travel to the United States benefits from a weak dollar and tells a very different story. America's overall share of the international tourism market dwindled from about 17 percent to 12 percent between 1998 and 2005. As one travel executive put it, the U.S. is on sale and we are not crowded. As a tourist destination, we have fallen to sixth place, behind Australia, Italy, New Zealand, Canada and Switzerland. Even allowing for the extra hassle of getting through stepped-up U.S. security at the borders post 9/11, these figures are striking.
3. Third, unless U.S. businesses get involved they risk a backlash from the government's own efforts to fight terrorism and cure anti-Americanism. Tightened immigration laws have already made it more difficult for U.S. businesses to hire foreign-born technical talent, even if that talent was acquired at an American university. Government attempts to win the battle of ideas seem to be stuck at the rhetorical level in an approach not unlike what many Americans use when confronted with someone who speaks no English. You speak slower, louder, use a lot of broad gestures and you add a vowel to the end of important words.
4. Fourth, American global companies are actually in a better position than the U.S. government to help solve the problem. Although they are often hammered for focusing on the short term, U. S. businesses are actually better in making long-term investments, particularly in new markets. Politicians come and go with every election cycle, taking their programs with them. Businesses can give what will be a generation-long undertaking, more continuity than any elected officials can. U.S. global companies have more people in the trenches around the world. They have greater credibility, at least for the moment. And they have greater flexibility. One week after the South Asian tsunami of 2005, consumers worldwide were surveyed and they were so impressed with American companies' response that their opinions of American brands improved significantly. Perhaps even more importantly, in a stunning turnaround, for the first time ever in a Muslim nation since 9/11, Indonesian support for Osama Bin Laden dropped significantly, from 58 to just 23 percent. Although in practically every country Pew researched in the study released last year favorable opinions about the United States went down, Indonesia was one of the exceptions where it held steady.

The bottom line is that corporations cannot afford to be simply followers or observers in the process of rebuilding brand America. Doing business globally in the 21st century requires skills and corporate diplomacy equal to those in finance and marketing. The American Management Association is sufficiently concerned about this situation that they asked me to study the issue and will publish the results in January

2007. During my research, I discovered that successful global companies such as McDonalds, Starbucks, MTV, Proctor and Gamble, Nike, Intel and IBM shared a number of best practices.

They sink roots wherever they do business. They share their customers' cares and dreams. Thanks to an influential article in the *Harvard Business Review* by Ted Levitt, a generation of MBA's was brought up thinking that the world was morphing into one global market for standardized products. Levitt may have been ahead of his time by a century or two. The global business leaders that I interviewed said they adopted a local face and adapted to the local culture wherever they do business.

MTV, for example, might seem to be a typical global brand that means the same things to kids from Boston to Bangkok. In fact, that is the way MTV saw itself when it entered Europe in 1987 with advertisers who supported English language programming. But it quickly discovered that while many young people shared attitudes and musical tastes, there were also sharp differences from country to country. Today, MTV is in 164 countries in multiple languages and formats, with nearly 50 percent local programming. In total, MTV runs 80 distinct music programming services in Canada, Asia, Europe, Australia, Latin America, the Caribbean and Africa. MTV dug roots; it didn't just spread branches around the world.

Successful global companies also share their customer cares to a greater degree than in the United States. Global consumers see multinationals as the most powerful institutions on the planet. As Tom Friedman observed, they believe those companies command the power not only to create value but to transmit values. According to consumers in 141 countries, they hold global brands to even higher standards of social responsibility than local companies. They don't demand that the corner gas station try to solve the global warming problem but they do expect the giant oil companies to try. This seems to confirm a 23-nation poll taken at the turn of this century. Some 60 percent of the respondents said they judged a company on its social record and 90 percent wanted companies to focus on more than just their profitability.

Now this requires more than corporate "do-gooding." Successful global companies give back to the community in a way that become identified with their brand and meets real community needs and reflects their competencies and values.

McDonalds' core customer, for example, is a family with children, so Ronald McDonald House Charities concentrates on finding solutions for the problems facing children and their families today. But it isn't all dictated from the company's Chicago headquarters. There are 160 local Ronald McDonald House Charities in 27 countries, each aimed at improving the lives of underprivileged children in their communities. McDonalds attacks this global problem by addressing it locally. And they do more than write checks. Donating money is important but social responsibility is even more meaningful when it flows from a company's actual operations.

In addition to sharing their customers' cares, successful global companies root their brands in their customers' dreams and aspirations. All great brands are myths of a sort, not in the sense that they are tall tales but in tapping into their customers' most intimate aspirations. Consider, for example, this package of Brooklyn chewing gum. The label features a nice engraving of the Brooklyn Bridge. It claims that it is extra fresh and sugar free. You would have to turn the wrapper over to realize that this product is made in Milan, Italy and sold in candy stores across Italy. It is not an American product at all. I don't think you can even get it in America except on the web. It has been on Italian store shelves since the end of the Second World War, at a time when America and everything American was "perfecto." Brooklyn chewing gum back then was an affordable, chewable piece of America. Even more to the point, chewing gum was uniquely American. Putting Brooklyn on a pack of chewing gum sold in Italy is no different from putting the Leaning Tower of Pisa on a pizza box delivered in Brooklyn.

Today, few U.S. companies can count on a free ride courtesy of brand America. They need to create their own myths by identifying with their customers' deepest concerns and aspirations. That doesn't mean global brands should be anything but what they are. Consumers expect global brands to tell their myths from the particular places that are associated with the brand.

Nike, for instance, has not tried to hide its American roots. The values that it celebrates -- fun, competitiveness, achievements, spontaneity -- are all ideals and ideas closely identified with America, even if they are expressed in French, Swedish or Swahili. At the same time, Nike has taken pains not to be identified too closely with the sports or hobbies of any particular country. It celebrates street games and has constructed an image of having fun outside of the normal rules. Nike's brand reflects young people's willingness to join a new tribe that has looser rules. "Just do it" and the Nike brand have become the tribe's insignia and represent values that cross borders by being true to their roots.

Finally, the most significant contribution U.S. global companies can make to rebuilding brand America is to become the domestic constituency for America's public diplomacy. At the end of 2005 the state department counted 29 different reports on what needs to be done to fix American public diplomacy. The recommendations are so consistent that no one has to waste time trying to figure out what to do. They simply need to prod the administration to do it and provide some helpful blocking and tackling when the inevitable special interests come onto the field.

America's most successful corporations have learned that public relations is about more than what a company says and is really about what a company does. Public diplomacy is not a substitute for good policy or for constructive engagement with the global community. No country can afford to sacrifice the safety and security of its people to quiet its critics or to be liked. But it also can't achieve true security unless it understands how its actions are perceived by others and how others perceive their own interest. America's corporate leaders need to convince America's political leaders that the United States will not be truly secure until the people of other nations believe we are using our power to serve their interests as well as ours.

Every poll suggests that this is far from the case now and is actually getting worse. Corporate leaders should be more willing to expend their political capital in Washington, advocating a strong role for public diplomacy in the formulation as well as the explanation of government actions. They should commit their businesses to play a significant role in public diplomacy themselves. This is not a temporary need stemming from the war in Iraq or the war on terrorism because the problem pre-dates anything that happened in Iraq. It reflects a permanent shift in how governments relate to each other.

De Gaulle's observation that great powers have no friends, only interests, is still true. But in a world of instant communications and growing democratization, many governments determine their interests more than ever by taking the temperature of public opinion. In the 18th century, America could afford to ignore the public outside its borders. But in the 21st century, we have lost that luxury. America's greatest challenges are global in nature and require coordinated global responses. For the moment, America is powerful enough to go its own way if it can't jolly or bully others into line. But the list of problems that will yield to unilateral action is getting shorter even more rapidly than the cost of going it alone is rising. The idea that America has publics outside its own borders whose needs, interests and expectations it should take into account is at the heart of curing anti-Americanism. Helping to inform political leaders' foreign policy choices is not simply a matter of social conscience or even of patriotism; it is a necessary fact of this century.

Nanci Healy

Our next speaker, Jay Wang, has just flown in from Italy. He returned yesterday from a small town near Venice where he was teaching a course for the past month. Jay regularly teaches marketing communication at Purdue

University. Before joining Purdue, he was a senior communication specialist at McKinsey & Company. He is the author of several books on the topics we have been talking about today: *Becoming Global, Becoming Local, Foreign Advertising in China* and *China's Window on the World TV News, Social Knowledge and International Spectacles*. While he has his graduate degrees from this country, he received his B.A. in English from Beijing University.

Jay Wang

A *New York Times* story is headlined "Experts say the world loves and hates the U.S." and starts with this lead: "Three public opinion experts told Congress today that people of the world still like Americans, but they have steadily declining respect for American policies." The dateline for this story is July 22, 1968 and the experts testified before a U.S. House subcommittee on foreign affairs as part of hearings on the future of U.S. public diplomacy. Nearly three decades later, the U.S. is facing similar challenges in managing its image and reputation overseas.

Public diplomacy in its essence is about managing relations and communications between nation-states. If we look at nation state A and nation state B, traditional public diplomacy took place primarily between government A and government B through very formal channels and usually behind the scenes. Because of the communication revolution and growing democratization, as well as public participation in the political process around the world, and the growing presence of international commerce, communication between nations has branched out, expanded. We have governments communicating to publics in multiple countries and we have various non-government entities communicating, business among them. There is also citizen diplomacy. The original process between two nation-state governments has become more complex. We also have the growing role of the super state organizations, like the United Nations and other multinational organizations. Nation-state governments often communicate through these super state organizations.

I want to talk about the public and who it is we are communicating with. There are basically three dimensions: the first public other countries where the government is the target audience. In traditional diplomacy, government is the primary audience. We have expanded this to include the citizens of the country. The second dimension of the public is the activity carried out in the open, not behind the scenes. That is another notion of what public diplomacy is as opposed to traditional diplomacy. The third aspect of the public is the non-government entities also taking part in the process.

What we are addressing today is the role of business as opposed to the role of the nation-state government in this whole process. The evolution of the concept of public diplomacy originated in 1965 with Edmund Gullion of the Fletcher School of Law and Diplomacy at Tufts University in a government study of international and cultural programs. The term itself was first used during World War I by President Woodrow Wilson in a speech. Dean Gullion provided a very precise definition of what public diplomacy is. It helps us understand why the role of communication between nation states has expanded and has involved different entities beyond the government.

Let me now say a few words about what might be the challenges that we are facing in the contemporary practice of public diplomacy. First, we need to look at the audience and what the purpose is. Post-cold war, we have international political realignment and new audiences. In the cold war days, U.S. public diplomacy was primarily focused on the elites in the former Soviet bloc countries. Certainly, as we look at the current makeup of the global publics and the relevance to American interests and American business, those audiences have broadened. Internal (U.S.) audiences have different views and different communication needs from non-U.S. audiences.

There is also the messenger, or credibility, issue because of the centrality of the government in this whole enterprise. We intuitively view communication from the government, whether it is domestic or foreign, as

propaganda. The credibility of the government in leading an initiative on public diplomacy or leading this communication endeavor is increasingly undermined in part because of other actors on the international stage.

We also face challenges from the media in public diplomacy. We have seen the rise of all kinds of new media tools. In fact, one of the communication tools, text messaging, is more popular in some other countries than in the U.S. We need to look beyond the traditional media tools such as television, for U.S. public diplomacy and explore the role of other tools.

All this comes down to the role of global corporations in building relationships among nations and people. First is the imperative -- why business needs to be involved. As business expands overseas, establishing social legitimacy and authority in a host country market is a must. Further, a negative climate of public opinion about a country is likely to cast a shadow on its companies' brands.

We have seen reports on how U.S. brands have suffered in the last few years because of our foreign policy. But there is no conclusive research that shows that it is a direct link and I think it will be very difficult to establish that. However, anecdotal evidence tells us that the negative opinion climate is not going to be good for our brands. We have seen Japanese brands, for example, suffering in the Chinese marketplace because of the very negative opinion climate. Finally, in an increasingly competitive marketplace, American brands going into emerging markets are competing not just with established brands but against the local brands. In that kind of competitive environment, the negative climate of opinion does not help your competitive advantage.

The next question is, what does global business actually bring to this whole process of public diplomacy? First is the global outlook, second is managerial capability and third is talent and technical expertise. The global outlook primarily arises from the fact that multinational companies tend to have a global perspective in contrast to the nation-state government. Nation-state government is a local institution in a global environment.

Managerial capability is important because the challenges facing public diplomacy call for multilevel strategies and solutions requiring world class communication management. Many U.S. corporations have these capabilities.

Third, the talent and technical expertise that business provides will help to infuse this whole process.

Public diplomacy has three goals. The first is to promote national policies and goals. Second is to promote national ideals and values. You want to make sure people understand what American values and American democracy are all about. The third goal is to establish common understanding and build trust. This is a pyramid because if people appreciate or understand the values or the ideals the country embraces, that will help you promote your policies. Common understanding forms the basis of trust for any of these to happen.

I think it is very important to dissect these various goals to see where business can contribute the most.

Nanci Healy

Our final speaker, Greg Waldron, has kindly agreed to fill in for Peter Hirsch and Peter Horowitz to discuss the global employee volunteer. Greg is Porter Novelli's chief talent officer and a partner at the agency. He leads the agency's human resources and knowledge development and learning functions.

Greg Waldron on "The Global Employee Volunteer"

PricewaterhouseCoopers is a Porter Novelli client and has done a wonderful job addressing a multiple set of agendas and goals in a very powerful and results-oriented fashion with the Ulysses Program.

My career in human resources over 30 years has involved me in this thing called leadership development. What is leadership, how do we know when we have it, how do we recognize when somebody in our organization might begin to develop it? How do we help that person along? And if we get all that right, how do we make sure we deploy the person in the right way and keep him with the organization and engaged.

I want to talk today about PricewaterhouseCoopers' (PWC) Ulysses Program. It is not one of these generic corporate social responsibility initiatives that don't have much bearing in the economic or strategic imperatives of the business. The value that PWC is getting from this program is that the results are being achieved not only in those regions in the third world in which it operates but at PWC itself. For the regions, there is a long term positive social and development result that emerges over time. The program also supports PWC's corporate strategy for the development and retention of strong leaders with strong values.

Not unlike a lot of highly effective corporate programs, this one starts at the very top. It has as its architect and as its advocate Samuel A. DiPiazza, global CEO and a passionately concerned individual when it comes to the stewardship of what he terms sustainable businesses practices -- those that produce what he calls responsible leadership. I would like to quote him on this topic because I believe it sets up the discussion of the program very nicely.

Does your company practice responsible leadership? Shareholders expect a company to generate profits but they also want the company to make a positive contribution to society while minimizing any negative effect it might have on the environment. This approach to business balancing economic interests against social and environmental concerns is commonly referred to as sustainability. Over the past decade sustainability has moved from the fringes of the business world to the top of shareholders agendas. For corporate management finding the right balance among competing economic social and environmental goals is the essence of responsible leadership. In practice, responsible leadership means integrating ethical considerations and company decision making in managing on the basis of personal integrity and widely held organizational values. Responsible leaders manage for the common good and gain authority and legitimacy in direct proportion to their success in serving others. Is that kind of leadership readily achievable? Clearly a perfect balance of all competing interests is terribly difficult to achieve, nevertheless, most stakeholders are adamantly in favor of companies dealing with sustainability issues in an honest and open fashion. So as a first step toward demonstrating responsible leadership companies must establish trust between themselves and their various stakeholder communities. Sometimes the process of establishing trust can be painstakingly slow but it starts by understanding stakeholders concerns and acknowledging their legitimacy.

It is a very nicely crafted statement and all is well and good, but how do we accomplish this? The description of the program in the *Journal of Business Strategy* will take you a long way toward understanding how PWC has done such a professional job in putting a highly effective leadership development program together. The program broadens leaders, instills significant and key values that drive the way they look at their world, their peers, their partners, their teams.

The program has the benefit to the world community of showing a different face of American corporate life. This is really something special. The outline of the program is simple: PWC partners select middle management people after assessing them as being among the higher performers with the greatest potential for moving into top management at PWC. Those selected are sent on eight-week odysseys to third world developing nations after much preparation and coaching. The program is very rigorous and accepts only the proven highest performers, yet also is a very important development program because it is hitting these people in their careers at just about the right time. It is during that period of time, after their first 10 to 12 years in the professional work world, where they have really become the masters of their corporate discipline, their corporate trade. They have developed technical specialties.

Once they have been assessed as emergent corporate leaders, the Ulysses Program tests them against a far broader and more important set of criteria. This program has had a dramatic personal impact for the people who have completed it. These assignments to exotic places represent discontinuity and change for these people. High levels of stress are part of the eight week experience. One of the most interesting elements of this is that these technology savvy junior partners in most cases have little or no technology to assist them. I would change that phrase to say they have little or no technology to get in their way. They are better able to understand what interpersonal contact and intercultural flexibility are all about. It challenges bedrock assumptions that these people have come to base their thinking upon.

At the end of the eight weeks, these junior partners are assessed and given feedback. All the people who to date have participated in the Ulysses Program are still at PWC and have moved into positions of increasing leadership.

End of presentations

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