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## *Goodwill Hunting* **Trying to Turn Its Image Around, U.S. Puts Top CEOs Out Front**

**State Department's Ms. Hughes  
 Rallies Companies to Play  
 Bigger Role in Diplomacy**

**Mr. Lane Surveys a Mud Slide**

**By NEIL KING JR.**

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Henry McKinnell, chief executive of **Pfizer Inc.**, got an unusual call last fall from the White House. Would he be willing to fly to an earthquake-wracked corner of Pakistan with Karen Hughes, President Bush's longtime confidante and now his chief of public diplomacy?

The U.S. had won a rare surge of goodwill nearly a year earlier in Indonesia by sending warships to help in tsunami relief. Now the administration wanted to do something similar after the devastating Oct. 8 earthquake in Pakistan, but with U.S. business -- and Mr. McKinnell -- playing a starring role as fund-raisers.




***Karen Hughes***

Three weeks later, the head of the world's biggest drug maker was kneeling in the dirt in a remote Pakistani village, cradling a 5-month-old orphaned boy in his arms. After Ms. Hughes passed out Urdu versions of "Alice in Wonderland" and other books at a local school, Mr. McKinnell went to a field hospital to donate boxes of Pfizer antibiotics and other drugs. Also on the trip were **Xerox Corp.** Chief Executive Officer Anne Mulcahy and James Kelly, former CEO of **United Parcel Service Inc.**

"It's just something we have to do," Mr. McKinnell says of the corporate relief effort, which so far has raised around \$78 million in aid for Pakistan. Mr. McKinnell also is chairman of the politically influential Business Roundtable, an association of CEOs of top U.S. companies. He cites "the geopolitical importance of Pakistan being on our side" and kicks

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himself that the donated cartons of drugs didn't come decorated with American flags.

Partly at the behest of Ms. Hughes and the White House, but also prodded by their own worries, U.S. companies are jumping into the type of overseas public diplomacy long shouldered by the federal government. Ms. Hughes and her team are enlisting corporate and private-sector help on a variety of fronts. In addition to disaster relief, companies are taking on reforestation projects in Central America and brainstorming ways to encourage foreign students to study in the U.S. They also are discussing ways to provide free television programming for Arab satellite stations and a plan to jazz up the arrival experience at U.S. international airports.

Executives at companies as diverse as Pfizer, **PepsiCo Inc.** and **American Electric Power Co.** describe the administration's outreach effort as an untested but overdue twist in the annals of corporate cooperation with the federal government.

"I think companies are realizing that we all have to be salesmen for America and not just sit back and rely on the government," says Sanford Weill, chairman of Citigroup Inc., who helped lead the Pakistan relief drive and whose company contributed \$7 million. The money is collected by an offshoot of the Business Roundtable called the Partnership for Disaster Relief. U.S. government relief efforts are completely separate.

Mr. Weill notes that big companies like his have long been hit up by city governments to help build concert halls and parks. "Now the federal government is doing it," he says.

The image of the U.S. has taken a beating around the world in recent years. The Iraq war and subsequent reports of torture have caused friction with many longtime U.S. allies and have raised the level of resentment against the U.S., particularly in the Islamic world.

Both government-appointed and outside panels for years have suggested that U.S. corporations play a greater role in efforts to boost the nation's image overseas. But U.S. multinational companies have been more inclined to accentuate the length and extent of their presence in overseas markets than promote their American-ness.



Karen Hughes and the CEO of Deere & Co., Robert Lane, on a relief mission in Guatemala last year.

That hasn't entirely gone away, as even the companies drafted by Ms. Hughes say their aims aren't purely patriotic -- some of their motives are simply to improve their own image in important global markets. Some company chiefs also worry that a growing reliance on private-sector largess could strain corporate resources or drag companies into areas where they don't belong.

"Our mission is to provide quality products and services," says Robert Lane, chief executive of **Deere & Co.**, who accompanied Ms. Hughes on a relief mission to Guatemala in December, along with PepsiCo CEO Steve Reinemund. "So if we're asked to do things that go beyond what our mission is, that's where we may

have to say it has gone too far," Mr. Lane says.

Past efforts by the Bush administration to shore up its image through public relations and marketing have sometimes fallen flat. Right after 9/11, Mr. Bush named Charlotte Beers, a star Madison Avenue executive, to be undersecretary of state for public diplomacy, the position now held by Ms. Hughes. Ms. Beers quickly set about "branding" the U.S. in the Islamic world through videos and publications promoting a more positive image of the U.S. The effort was criticized by think tanks and members of Congress and some Arab countries balked at running them.

Ms. Hughes decided to make corporate assistance a major part of her strategy when she assumed the post of undersecretary of state for public diplomacy in August. She got her marching order from President Bush, she says in an interview. "The president hears from his friends in the business world all the time about their interest in having an environment that is conducive to doing business."

#### **A Trusted Aide**

A former TV reporter, Ms. Hughes, now 49 years old, served as Mr. Bush's communications director when he was governor of Texas. She then followed him to the White House, serving as a counselor and overseeing the communications effort. She is one of the president's longest serving and most trusted aides. She returned to Texas in 2002 because her family missed living there, but she remained an informal adviser and consulted on his 2004 re-election campaign. She penned a book, "Ten Minutes from Normal," about working with Mr. Bush and helped write the president's autobiography, "A Charge to Keep."

She kicked off her new job with two high-profile but bruising trips through the Middle East in late September and then Southeast Asia three weeks later. On both trips she drew criticism for her lack of foreign experience and for defending unpopular moves like the Iraq invasion.

Far more quietly, Ms. Hughes has traveled extensively within the U.S., soliciting advice and assistance from entertainment executives in Hollywood, technology companies in Silicon Valley, and bankers, advertising executives and TV producers in New York.

Ms. Hughes says the private sector has vast resources to offer and that companies have a duty to contribute to the greater cause. "There is a growing awareness of corporate responsibility," she says. "After some of the corporate scandals there is a responsibility for some of these CEOs to stand up."

Ms. Hughes concedes she is likely to see few clear results for years and says her main ambition is to put basic structures in place before the Bush administration leaves office.

The Asian tsunami in December 2004 opened the administration's eyes to the benefits of corporate involvement in boosting the U.S. image. Nearly 600 U.S. companies coughed up around \$570 million in reconstruction aid. The U.S. government appropriated \$841 million for tsunami relief and reconstruction, including both cash and such in-kind contributions as

military airlift and engineering support, according to the U.S. Agency for International Development. The overall U.S. effort helped boost favorable opinions of the U.S. in Indonesia to 38% from 15% a year earlier, according to a Pew Research Center survey conducted last summer -- an unusual uptick in public opinion in the Islamic world since 2001.

Ms. Hughes was on her way to the Oklahoma-Texas college football game on Oct. 8 when she heard about the Pakistan earthquake. Mustering relief faced several problems. The quake left tens of thousands of victims scattered in villages high in the mountains. There was no dramatic television footage to stir private donations, as after the tsunami. And coming just weeks after Hurricane Katrina, Americans already were feeling tapped out.

### **Sending Help**

Some Business Roundtable members' contributions to the Partnership for Disaster Relief, which aids the victims of the Oct. 8, 2005, earthquake in Pakistan, in millions of dollars:

COMPANY	CASH	NON-CASH	TOTAL
Pfizer Inc.	\$2.0	\$10.0	<b>\$12.0</b>
Citigroup Inc.	6.0		<b>6.0</b>
General Electric Co.	3.2	2.2	<b>5.4</b>
Eli Lilly & Co.	0.1	2.0	<b>2.1</b>
Coca-Cola Co.	2.0		<b>2.0</b>
Bristol-Meyers Squibb Co.		1.8	<b>1.8</b>
BP America Inc.	1.2		<b>1.2</b>
Wyeth	1.2		<b>1.2</b>

Source: Business Roundtable

[Click the graphic to see the full list.](#)

Yet the Bush administration was eager to show support for Pakistan, a key ally in the region. The U.S. quickly offered millions of dollars in government relief aid. But Ms. Hughes and her team decided that there had to be a focal point, something similar to the team of former presidents Clinton and Bush, who lead the tsunami donation drive. What they hit on was the idea of enlisting a core group of companies to lead the relief charge.

Citigroup was a logical first choice. It has had a presence in Pakistan for years and a former Citibank senior executive, Shaukat Aziz, is now the country's prime minister. The other companies at the top of her list -- Pfizer, Xerox, UPS, and General Electric Co. -- also had long experience in the country.

Ms. Hughes drafted the White House to make contact with the CEOs. President Bush invited each executive personally to an Oval Office meeting to talk about the campaign. The trip also was designated an official presidential delegation.

"Getting a call from the White House makes a big difference," says Mr. Weill, who flew down from New York for the 20-minute chat on Nov. 9.

With a goal of \$100 million, the relief drive has since become something of an obsession for the top five executives still working to raise the final \$22 million. The U.S. government pledged \$300 million in cash for the effort and \$110 million in in-kind support from the U.S. military, according to USAID. The CEOs have collectively made hundreds of calls to other CEOs and have sent out hundreds of letters nudging other companies to give. Every Friday they convene via conference call to brief one another on the effort.

Mr. Weill concedes it hasn't been easy. "There aren't a heck of a lot of companies that have business in Pakistan," he said. "So it's been tough. But what we have to say is that this is an important partner to the U.S. in an important part of the world."

## Another Mission

In December, Ms. Hughes decided to duplicate the Pakistan mission, but this time on a smaller scale. Guatemala had just suffered huge mudslides in the wake of Hurricane Stan, killing nearly a thousand people and leaving tens of thousands homeless.

On Dec. 6, she flew into a tiny Guatemalan village called Piedra Grande along with Deere's Mr. Lane and PepsiCo's Mr. Reinemund. As villagers streamed around the delegation, Ms. Hughes tossed out a few words in Spanish and described the purpose of her visit.

Mr. Reinemund says he promised to "go back to the United States and share what I've seen" in the hopes of raising relief money from other U.S. companies.

So far, the effort -- with a goal of raising \$5 million -- hasn't exactly taken off. Both company chiefs concede they have been a bit slow since the trip to get the fund raising going but insisted they would reach their goal.

Messrs. Lane and Reinemund praised the trip, though, as a good opportunity to deepen business ties. Mr. Reinemund dropped by a local bottler, while Mr. Lane visited local Deere dealers in Guatemala and Honduras. Both men also went to an embassy dinner in Guatemala attended by local government and business leaders. "One reason I agreed to do this, outside of thinking it was the right thing to do and that the president had asked me, is that we have business down there," Mr. Reinemund says.

## Reforestation

Back in Washington, Ms. Hughes touted the corporate disaster work before a group of 65 top CEOs at the Business Roundtable. She made an impassioned pitch for others to jump in, featuring a slide show from Pakistan and Guatemala. Her appeal for someone willing to do reforestation work in Guatemala caught the ear of Michael Morris, the CEO of **American Electric Power**, Columbus, Ohio, which now is planning to do tree-planting and other work valued at \$2 million or more.

Mr. Morris disavows being part of any government public diplomacy campaign. "This is our effort to help people who have been devastated," he said. "If this serves to enhance the reputation of the United States, that's great, but it's not our primary goal."

Another Hughes initiative is the announcement last month that the State Department planned to launch a pilot project to turn Washington's Dulles and Houston's George H.W. Bush airports into "model airports" that will be more welcoming to the country's 50 million international visitors a year.

The seed for the project came from the U.S. travel industry after a meeting just before Thanksgiving. "I said to her, what if we could turn all those visitors into 50 million ambassadors?" says Roger Dow, president of the Travel Industry Association of America. "She jumped all over that." The idea is to use corporate-style marketing techniques, theme-park crowd management and Hollywood glitz to improve the arrival experience and send

an upbeat message to a captive audience.

--Michael Phillips contributed to this article.

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