

I N S I D E   T H E   M I N D S

# Public Relations Client Strategies

*Top PR Executives on Enhancing Brand Value,  
Developing Communication Strategies, and  
Understanding Customer Needs*



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# The Global World of Business Diplomacy

Margery Kraus

*President, Founder, and Chief Executive Officer*

APCO Worldwide



The world of international business today is challenged like never before. Companies from around the globe—operating in a vast array of industries—compete in every facet of business. They acquire, divest, open plants, close others, move service facilities, and establish new research centers in developed and emerging markets everywhere on the planet. As they do, they strive to be responsible citizens in their home markets while they work to be valued suppliers and active participants in those new markets where they hope to find fresh opportunities for growth.

With global expansion comes a greater emphasis on corporate responsibility and inward investment, a renewed focus on environmental and human rights, and an expectation that each of those companies, regardless of their national origins or customs, will be valued corporate citizens in every other country where they operate. The demands are formidable.

It is those very same pressures that have ushered in a new era for the communication counseling arena. “Business diplomacy” has become a strategic initiative adopted in the boardrooms of the most forward-looking companies. In the future, these strategies will be recognized as an imperative tool for global business success.

Business diplomacy is built on three concepts:

- Global companies have more to offer to host countries than simply goods, services, plants, and employment—even though all of those are incredibly important.
- Global companies bring innovations and resources that enhance local and national economies, leveraging their economic development.
- Global companies act as catalysts in making some nations even stronger and transforming others into the economic powerhouses of the future.

But to be a force in this new and challenging era of global business, a corporate communications firm—any public relations and public affairs firm—must have a unique set of skills. Public relations is a people-driven

industry. We don't produce widgets or corn flakes. We produce ideas. And ultimately, successful business diplomacy dealings are dependant on a very special cadre of people who, better than most, have the diplomatic and business experience to operate at the most senior levels where the goals of corporations and government leaders converge.

### **APCO: With a Special Focus**

It is this field of business diplomacy that is the hallmark of APCO. In fact, business diplomacy has formed the foundation of our firm ever since first opening our doors in 1984 as a special partnership within one of Washington, D.C.'s premier law firms, Arnold and Porter. Together, we saw an opportunity to help clients solve business problems using sophisticated communication techniques designed to gain understanding, acceptance, and active support for their business initiatives.

APCO has grown tremendously since then. Today, APCO is an independent, employee-owned company. We have close to 500 employees in offices around the world—including the major capitals from London to Beijing, from Brussels to Washington—and we were recently named “Public Relations Agency of the Year.”

Throughout all the growth and changes, however, our culture, values, and driving philosophy have remained largely unaffected. Just as in our early days, we operate in a very interdisciplinary way and have never felt confined by the labels of traditional public relations and public affairs.

Our special history and deep talent serve as the starting point for many of our most groundbreaking ideas. APCO's consulting work brings together the very best of corporate reputation, public relations, and public affairs.

Through our dedicated research practice—APCO Insight—we are able to equip our staff to see the trends and analyze how they will create changes in the marketplace our clients need to address. That kind of precision and forward-thinking gives us a special place in the counseling arena.

Early on, when APCO was little more than a one-woman shop borrowing

both office space and a secretary from the law firm, we recognized that, if our consulting firm were going to stand out, we would have to do something very different. We would not have been able to replicate others. However, that was never our intention. On the contrary, we began to feel as if some of those businesses were competing in a sector of the industry that was becoming more and more of a commodity...and providing less and less of a value-added, board-level service.

### **On Being Different**

We knew our future would be different. We were not like any of the others. We may have been small, but that only motivated us. We knew we had to be the best, and we went to the highest levels of government and industry to do just that. And as our business grew, we invested in expanding talent at the highest levels.

Among APCO's staff in Washington, D.C., are highly seasoned veterans of the U.S. State Department and international diplomatic corps. Our staff in Brussels includes those who have been part of the European Commission, representing many of the otherwise disparate European countries. In Beijing and Hong Kong, we have teams that understand many of the subtleties in the Chinese mix of government and business. And in other national capitals, the staff is a microcosm of the cultures and skills unique to that country.

These members of our team came to us with remarkable talents. Certainly, they are experts at carefully communicating in difficult situations. However, they also possess the finer nuances of diplomatic training, including: learning to anticipate, manage, and stabilize resources in the face of political upheaval, civil unrest, and cultural change; developing goodwill through wise investments in communities and people; knowing the real value of meaningful relationships with decision-makers, whether they're on your side or not.

We recognized early on that these tools of diplomacy could be used by the business community to great advantage. As multinational corporations grew larger than even some nations, it became clear that these emerging "corporate

superpowers” faced a significant need for a diplomatic corps of their own to help their representatives open the right doors, say the right things, and reach the right audiences. Our focus on business diplomacy does just that. We facilitate businesses in their foreign operations, however diverse their needs may be.

Because of the experience of our teams, we knew governments do certain things tremendously well, as do corporations. We could see they have very different strengths and weaknesses. And we have pioneered how to harness the best practices of each. We pride ourselves as serving as “translators,” helping business to learn from government and government to learn from the corporate world.

### **The International Advisory Council**

Recognizing the extraordinary importance of business diplomacy to the overall strategy of major global corporations, we always believed APCO should circle itself with the best of advisors. With that in mind, we formed APCO’s international advisory council. Comprised of approximately thirty of our top consultants, the international advisory council is key to our growth. We are fortunate to have among our ranks those who have served at the highest levels of government in the United States, France, the United Kingdom, Canada, and Germany. We also have experienced business professionals, former journalists, and non-governmental organization leaders. In a very real way, international advisory council members understand what it is like to sit in the seats and at the tables of our clients, potential clients, and the people they want to reach.

This kind of real-world experience gives us a place at the strategy table when the best of advice and counsel are needed to help companies work their way through the challenges of global expansion.

Clients count on us as the place to go when they cannot afford to fail. To meet this expectation, the best of senior talent and experience are critical. Many of our international advisory council members are people with whom we’ve worked before—clients and government officials with whom we developed relationships during the course of our work. Since 75 percent of

APCO's business comes from referrals, there is no excuse for anything other than client satisfaction. And it is such a compliment to all the APCO team members that when distinguished professionals from governments around the world start to look at the next phase of their careers, they think of APCO as a place they would like to be.

### **Cross-Border Transactions: Business Diplomacy and Financial Expertise**

No company can operate on a global scale without strategies and plans that include the acquisition and divestiture of businesses in different countries. It could be a new research facility or the outsourcing of service operations. It could be the sale of a division or the development of a strategic partnership for marketing new products. It could be the purchase of a manufacturing company in a new market or competing for a contract that requires government approval. These kinds of cross-border transactions are the future of business. They are the backbone of any global business strategy. They are the future of a company's global expansion.

To implement any scenario that involves corporate growth, there must be a partnership between business diplomacy and corporate financial transactions. This is a challenging time for our global clients. Quite simply, this is where two of the most complex and sophisticated techniques must mix, coming together to ensure that clients are able to dramatically change their businesses for the better, jumping over some of the most formidable hurdles imaginable.

To give us the resources needed, we continue to look for the best of talent with the kind of experience needed today and tomorrow. Since APCO's growth model is dependant on building each office from the ground up, we handpick everyone who works at our company. We open each new office by pairing the very best APCO culture has to offer with top on-the-ground experts who are familiar with the local market. This has helped us develop a "glocal" business: global experience and resources partnered with intimate familiarity of the local market.

By building a diverse team of world-class experts supported by extremely capable, flexible junior staff, we've been able to transcend traditional boundaries between practice areas and even among various types of consultancies. As a result of this intellectual cross-fertilization, APCO boasts a broad and seamless suite of services targeting the most complex and unpredictable aspects of today's business environment. This internal diversity, paired with a consolidated business plan that shares profits across the company, allows us to tailor our client teams for each specific situation. We staff every project with exactly the best people for the work, regardless of where in the world they may have a desk. We know our clients will demand the best, especially as their growth strategies become more complex.

Our philosophy is simple: we believe in the strength of teams and interdisciplinary resources. Inside the halls of APCO, traditional public relations or public affairs labels no longer matter. What counts is the team coming together to help make our clients successful as they implement their business strategy.

### **Cross-Border Transactions: The Importance of Respecting Cultures and Values**

Building on the insights of those who have been with APCO from the very start, we recognized early on that we always had to be looking for the kind of talent that had an instinctive respect for other cultures, values, and ways of doing things. Such was the nature of the evolving global business world.

As a result, we added staff and developed new services to take full advantage of our expanding presence in geographies around the world. We were among the first firms of our kind to go into China and Russia in a serious way. Even as we were developing our own teams, the early years in both regions were filled with challenges as we worked to navigate the new markets, establish our brand presence, and understand local bureaucracies. But those early years of investment and learning gave us the skills and knowledge to build practices that have now been serving our clients for years, because we understand—and appreciate better than most—the local and national cultures in which we do business.

We were guests at first but quickly became local champions, helping our clients navigate the sophisticated yet different ways other nations found to bring business and government together. These emerging markets soon were to be global powerhouses, and it was our experience and deep relationships in those countries that put us in a unique position to assist on a range of cross-border transactions. Companies wishing to do business in Russia and China sought us out, and Russian and Chinese companies looking to expand into markets in other parts of the world felt confident we could be their partners.

This knowledge—and our sensitivity to other markets—continues to help us as we move into yet other new markets. When we open up a new office in a new country, we often ask experienced staff to spend time in new offices—sometimes as long as a year or two—to help integrate the new office into the APCO family. Not only do these “ambassadors” help new employees understand our company’s culture, but they also learn about the local market so that when they return to their “home base” they are facilitators for the international accounts and cross-border transactions that have become our hallmark.

### **Leading the Industry**

We have a unique approach at APCO. It is built on courage, the power of the individual, and the power of learning. We do not allow ourselves to be limited by labels—personally or professionally. And we encourage our people to operate in non-traditional spaces. As a result, APCO has been able to compete, win assignments, and work in areas that, in the past, may have been the domain of management consultants, boutique communication firms, lawyers, and the diplomatic corps.

We’ve been able to pioneer the industry because of a great team, a solid vision, and a fearless determination to do something new. We develop new ideas and work in the most challenging arenas of corporate reputation, corporate responsibility, and cross-border transactions. We invest in research and deeply talented people so we truly know of what we talk.

At APCO, as in life, true leadership stems from seizing opportunities, having the courage to create new ideas, placing great trust and value on those around you, and trusting your instincts so you can truly be different.

*Margery Kraus, president and chief executive officer of APCO Worldwide, specializes in public affairs, communication, and business consulting for major multinationals.*

*Ms. Kraus founded APCO in 1984 and has transformed it from a company with one small Washington office to a multinational consulting firm in major cities throughout the Americas, Europe, the Middle East, Africa, and Asia. In September of 2004, Ms. Kraus led a management buyout of her firm from Grey Global Group, making APCO one of the largest privately owned communication and public affairs firms in the world.*

*Throughout the years, her approach has been to fuse the best local experience with a global perspective, resulting in an international agency with a unique culture based on seamless teamwork. Ms. Kraus's achievements have been recognized through a number of prestigious awards.*

*Ms. Kraus specializes in providing strategic counsel on issue-based communication, crisis management, market entry, and corporate reputation across diverse industry groups. The range of her experience is reflected in APCO's industry practice groups, which include aviation and aerospace, education, energy, environment, financial services, health care, manufacturing, telecommunications, and transportation. Ms. Kraus has also pioneered one of the industry's earliest practices in corporate responsibility and the development of public/private partnerships.*

*Prior to starting APCO, Ms. Kraus assisted in the creation and development of the Close Up Foundation, a multimillion-dollar educational foundation sponsored in part by the U.S. Congress. Ms. Kraus continues to be involved with the foundation by serving on its board of directors.*

*Ms. Kraus is active on other institutional and corporate boards and committees, including Northwestern Mutual Life (trustee), Group MENATEP (advisory board),*

*the Catherine B. Reynolds Foundation (trustee), the Public Affairs Council (chairman), the Institute for Public Relations (treasurer), the Council of Public Relations Firms (board of directors), and the Eurasia Foundation. In addition, she serves as a trustee of American University and sits on the advisory board of the J.L. Kellogg Graduate School of Management at Northwestern University, as well as the steering committee of the school's Center for Executive Women. She is a member of the advisory board of the Terry Sanford Institute of Public Policy at Duke University and the council on American politics of the George Washington Graduate School of Political Management.*

*Ms. Kraus has authored numerous articles in the field of public affairs management and corporate reputation, and she has been a guest lecturer throughout the world. She holds a bachelor's of arts and master's of arts in political science and public law from the American University.*



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