Burson-Marsteller
50 PROUD YEARS
...just the beginning

Fifth of a 50th Anniversay Series

Our Most Significant Defining Moment: Establishing a Burson-Marsteller Presence in Europe

---

In November 1959 when we decided to go to Europe, Burson-Marsteller had three offices in the United States and was committed to open a fourth in Toronto. We had 50 employees, about half of them in New York, the remainder in Chicago and Pittsburgh. We were five years away from delivery of our first computer, an IBM 360, to do our bookkeeping, client billing and quarterly client P&L statements. Word processing was a decade away and, like our clients, we relied on the telephone and a wired typewriter called a "Telex" (maximum speed: 66 words per minute) for overseas communications. FAX (facsimile transmission) was still aboming. In reality, there were then few truly international brands - products sold and manufactured globally - IBM, Coca-Cola, Pan Am Airways and the grandfather of all global brands, Singer, the once ubiquitous sewing machine whose name has now all but disappeared from the business lexicon. And Mercedes-Benz and Rolls Royce and not many others.

News articles reporting American company plans to establish or expand operations in Europe reassured me that we were on the right course. To be totally candid, I never stopped to think of the financial risk we were taking, and Bill Marsteller never raised the issue. But over the past forty years, I have often asked myself whether I would have made the same decision had I known then what I later learned about risk-taking. The fact is, as of December 31, 1960, the combined net worth of Marsteller Advertising and Burson-Marsteller was about a million dollars. While I recognized that a new European enterprise must generate earnings quickly, it was three years before we broke even and five years before we earned a respectable profit. But my belief never wavered that companies with established agency relationships in the U.S. would be fair game in Europe. I felt strongly that they would recognize their need to identify themselves to buyers in countries where they were virtually unknown. Also, I envisioned a time when German companies would want to be better known in France and British companies would want to be better known on the Continent and vice versa.

* * * *

Assisted by Jere Patterson, a consultant who brokered relationships for advertising agencies seeking international ties, I made three trips to Europe in 1960, each of two to three weeks duration, to explore how and where to establish our first office. A flight to London then entailed 16 hours in a piston-engine DC6 and usually included a refueling stop in Gander, Newfoundland or Goose Bay, Labrador, and, on return flights, a mandatory stop in Shannon, Ireland (which boasted a humongous duty free store).

U.S. corporations, I soon learned, favored Switzerland as a headquarters location because of the favorable Swiss tax rate. Since overseas subsidiaries of U.S. corporations were taxed at the rate of the country of domicile, the lower the local tax rate, the more favorable for the American company. Switzerland's tax rate was about 30 percent when it was 52 percent in the U.S. and even higher in some European countries. My objective was to establish both Burson-Marsteller public relations and Marsteller advertising offices that could offer industrial clients a total communications service. Following our U.S. example, the two businesses would maintain separate identities and each would seek its own clients. Until 1979, when we joined forces with Young & Rubicam, both public relations and Marsteller overseas advertising operations reported to me.

Geneva was my choice over Zurich simply because there was less local competition. Already a magnet for American corporations, Geneva was yet undiscovered by advertising and public relations firms while Zurich had several Swiss agencies with strong credentials. Another reason favoring Geneva was that it would be easier to obtain work permits for non-Swiss employees. Since local competitors had a voice in granting work permits, gaining approval was more likely than in Zurich. In fact, the largest Zurich advertising agency, the Rudolf Farner firm, actively supported our application for work permits given our agreement to stay in Geneva. Jere Patterson introduced me to Rudolf Farner, the most prominent person in Swiss advertising, and we maintained a friendly relationship until his death some twenty years later.

Our first overseas office opened for business in February 1961 when Robert (Bob) March, his spouse and their cat (additional air transportation cost from New York: $25) arrived in Geneva. March, in his mid-forties, was a Marsteller advertising account executive. He had two capabilities that made him my choice to manage our first overseas office: first, he was versatile -- an excellent writer, a competent account manager, creative, good at new business, an energetic self-starter; second, he spoke French fluently (at the time one of the few in our company who could).

We did not have a single retainer client when we opened for business in Geneva. We landed our first within 60 days, a now nonexistent company called U.S. Industrial Chemicals, a division of National Distillers, which agreed to an annual retainer fee of $12,000 plus additional income for projects. Our initial assignment turned out to be a blockbuster. USIC wanted to make a major splash at Kunstoffe, the plastic industry's biggest trade show in Dusseldorf. But USIC started so late they couldn't get enough space. Our small staff in Geneva came up with the idea of renting an ocean-going boat that would both house their exhibit as well as customers and staff. It was docked on the Rhine adjacent to the exhibit hall and was the hit of the show. To demonstrate the versatility of USIC plastics, we suggested creating oversized chess pieces that could be used to play what we named "deck chess." We had our first happy client in Europe and deck chess is now a part of ocean-going culture.

Total income the first year was about $100,000. With new business from Dow Chemical and IBM, Geneva revenues reached $400,000 in '66 (about $2 million in 2003 dollars), and the office had its first profitable year. We had invested a half a million dollars, today a piddling amount for a company our size but then almost 20 percent of our net worth. Geneva subsequently became one of our most profitable offices, accounting for 25 percent of our combined net worth when we sold our business to Young & Rubicam in 1979.

In making my early rounds, I learned quickly that all of Europe could not be served from a single location. Rather, U.S. multinational clients required on site representation in the larger markets like the United Kingdom, Germany, France and Italy. Brussels, having been designated European Common Market headquarters, was correctly perceived to be the future principal European center for public affairs matters, thus making it an almost mandatory place to locate an office. Later we knew we would also need our own offices in Spain, Holland and the Scandinavian countries. But I never imagined that one day we would have offices in Russia and the other Iron Curtain countries!

Lacking capital as well as people experienced in doing business in Europe, our initial strategy to service clients in the larger European markets was to acquire minority interests in industrial advertising agencies. This seemed preferable to linking ourselves to the relatively few public relations firms then operating on the Continent (London, however, was an exception; even then it was well populated with first-rate public relations firms). We negotiated ten to fifteen percent ownership interests in five industrial (business-to-business) agencies: Roles & Parker Ltd. (London); Herman Bruder GmbH (Stuttgart); Sodipa S.A. (Paris); Cappellini S.r.l. (Italy); and Boden & Dechy S.A. (Brussels). None had a public relations capability, but they gave us access to the local business and trade press at a time when our business was mainly media relations. It didn't take long for us to learn that our strategy was faulted. In every country, with the exception of Germany (we subsequently bought the Bruder agency), we differed markedly in approach and methodology in the way we served clients. But the experience gave us the know-how and the confidence to launch our own offices. And attending board meetings in five countries provided me a crash course in the idiosyncratic nature of each of the national economies.

****

The Tax Reform Act of 1964 changed the landscape for locating overseas headquarters of U.S. companies and accelerated our expansion plans. This legislation negated tax havens like Switzerland by leveling the tax playing field. The impact on our small but growing European business was enormous. Many U.S.-owned Swiss-based subsidiaries, including half our clients, moved to Brussels. The urgent need for a Burson-Marsteller office in Belgium was therefore a "no brainer." To make the decision easier, the joint venture with our Belgian partner was faltering. They were as eager to repurchase their shares and be rid of us as we were to sell. Our contracts with European partners provided for share repurchase by the majority owner, and we ended the relationship with a modest profit on our small investment. The greatest return from holding minority positions in these European businesses was learning that business in Europe differed not only from the United States but also from one country to another.

Geneva started as a "bootstrap" operation. We added staff only after we got new clients or additional business from existing clients. Claude Marshall, a graduate ceramics engineer, was hired in New York in 1962 and dispatched to B-M/Geneva in early 1963. He remained as Geneva general manager and European general manager for more than thirty years. Peter Hynes, a B-M/ New York account executive, soon followed. Peter Walford, later to head B-M operations in Tokyo, Sydney and Canada, joined before the end of the decade. He had worked for the Australia-based Eric White consultancy's London office.

Knowing we could operate profitably in Europe, our confidence level was high when we entered Brussels. The original staff numbered fifteen, some hired in advance of need, and we leased enough space for at least thirty people. Four significant clients transferred from Geneva, including Texas Instruments and Parker Hannifin, and their account executives followed. While our expatriate employees preferred living in Geneva, Belgian work permits were easier to get and living costs were substantially lower.

The organizational structure in the two offices was similar. The general manager was an American with proven experience in our U.S. business. Group managers responsible for client relationships consisted of both Americans, mainly from within the company, and newly-hired U.K. professionals with either public relations or media experience. The nationality mix of expatriate professionals was about one-third American and two-thirds British, most of whom spoke French. The public relations talent pool was shallow on the Continent, but we worked hard identifying local nationals for entry level and client service positions. The support staff was almost totally local. Our goal was to hire and train local staff as rapidly as possible. Then, as now, the cost of maintaining expatriate staff was a burden.

The late Howard G. (Scotty) Sawyer, a long-time Marsteller advertising executive, was temporarily assigned to open Brussels - both public relations and advertising. Scotty had never traveled outside the United States but he quickly learned how to do business in Europe. Weighing barely a hundred pounds, he was effective at selling new business and usually crafted his winning proposals in the wee hours following late afternoon calls on prospective clients. His successor was an earnest 29-year-old New Yorker, Robert S. (Bob) Leaf, hired by Buck Buchwald as our first trainee in 1958. For the next quarter century, Leaf led our overseas growth. When he stepped down as international CEO in the early 90s, Burson-Marsteller was the premier public relations firm in both Europe and Asia.

For almost two decades B-M's Brussels office was a training ground for general managers of our newly-established overseas offices. Eric Sjogren, who joined us from the Swedish airline SAS, was dispatched to Frankfurt to head up our German operations. In short order, Chris Fisher, a Brit, went to Paris where he remained (save three years when he was our resident executive at EXPO92 in Seville) until he retired after the start of the new century. The late Michael Horton was general manager in both Canada (based in Toronto) and London. Mike Sperring went from Brussels to Tokyo and then to Sydney. All had worked together as group executives under Bob Leaf's tutelage during the decades of the 60s and 70s.

Our Brussels business grew rapidly as U.S. corporations moved to Europe in droves - to Germany, to England, to Holland, to France, to Italy, to Spain. Returned from Europe, Scotty Sawyer scanned the business pages for news of U.S. firms going to Europe and followed up with new business calls. We often made the sale before clients reached their new overseas offices, and designing and ordering new stationery was frequently our first assignment.

In 1994, with the growing regulatory function of the European Commission affecting all manner of business transactions, we equipped ourselves to provide a comprehensive public affairs service to clients by acquiring Robinson-Linton, a highly regarded firm in the political sector. Since that time, Robinson Linton, now operating as BKSH (a wholly owned B-M subsidiary headquartered in Washington) has served clients on significant regulatory and political issues.

For about 15 years, client needs in Holland were handled by Dutch-speaking professionals in our Brussels office (Amsterdam and Rotterdam are short train rides). But in 1981, Ferry de Bakker, a talented and dynamic Hollander who had joined us in Singapore five years earlier, returned to the country of his birth and opened an office in The Hague. With a staff of about 30 at the end of the decade, it was regarded as one of our most creative offices and served a variety of multinational clients like Unilever and other large Dutch enterprises like Akzo. Ferry went on to be European CEO and then Asia/Pacific CEO before retiring at the end of the century.

****

We established our third European outpost in London. While I had played a significant role in putting our London affiliate, Roles & Parker, in the public relations business, the working relationship between our organizations was a textbook case of "two peoples separated by a common language." Roles & Parker professionals considered American strategy and tactics too aggressive and out of context for a British audience; while my American colleagues thought the Brits were forever committed to the NIH (not invented here) syndrome and prone to inaction and the status quo.

Peter Parker, the Roles & Parker chairman, was not of a mind to throw in the towel. He had joined our board of directors, a quid pro quo for my being on his board, and relished his quarterly visits to the United States (I enjoyed my London visits with him because he put his chauffeured Jaguar at my disposal!). The two of us had a friendly relationship throughout our five-year association and often discussed the deep-seated differences and disputes at the working level of our two organizations. One simple example was his unyielding notion that a British client would never "accept" an American account executive, no matter how competent. He insisted that all contact with our shared British clients, even subsidiaries of U.S. companies, be undertaken by members of his UK staff. Without telling him, I queried a couple of clients in London and found the opposite to be true — like clients everywhere, they wanted new ideas and new approaches without regard to national origin.

I came to the conclusion we must have our own office in London despite Pete Parker's refusal to acknowledge that the cultures and work styles of our two businesses were irreconcilable. Knowing he would react strongly to my unilateral decision to terminate the relationship, I met with him over dinner at the Ritz Hotel in London one quiet Sunday evening in July 1967. He was surprised when I told him my decision was non-negotiable, and he very reluctantly accepted the one year separation notice provided for in our contract. He was palpably disappointed because he had hoped we would eventually purchase his company. Instead, he repurchased the fifteen percent interest we held and we again made a profit on the transaction.

The actual timing to pull out of the Roles & Parker relationship was triggered by a telephone call from John Addey, the colorful co-owner of C.S. Services, a mid-sized London public relations firm. Addey had visited me in New York five years earlier and we had seen one another many times since. Addey's partner was Claude Simmonds, once Parliamentary Secretary to the former Prime Minister Sir Stafford Cripps. A prototypical English country gentleman nearing his 65th birthday, Simmonds wanted to retire. This necessitated selling his half interest in the firm. While Addey had the right of first refusal, he lacked ready cash to buy out Simmonds. Also, Addey had told me many times that his ultimate goal was to be part of a larger international public relations business, hopefully Burson-Marsteller.

Leaf and I quickly reached agreement with Addey and Simmonds. We paid about $100,000 for Simmond's half interest and swapped Addey's C.S. Services shares for our shares on a basis somewhat favorable to Addey. After a short interval, we dropped the C.S. Services name and began to do business as Burson-Marsteller in an office located in London's West End across the street from the fashionable Connaught Hotel. Despite the classy neighborhood, 5 Carlos Place provided a less than ideal layout for a 29-person public relations firm. It was a five story Victorian town house, once a single-family home, with no elevator and minimal usable floor space. Most of the business seemed to be conducted on the spiral staircase. Barely a year later, in 1968, we moved to another impressive address at 73-75 Jermyn Street, occupying 9,000 square feet on two floors of a six-story building owned by the Church of England. Bob Leaf, who negotiated the lease, later spoke of "the nice people who gave us a break on the rent." In fact, when we moved into larger space on North Row, near the Selfridge department store, three years later, we realized a substantial profit selling the lease.

Through John Addey's efforts, we were involved in a high profile hostile takeover shortly after our arrival in London. Our client was Rupert Murdoch, whose objective was to establish himself as a major Fleet Street publisher by making a hostile tender offer for the News of the World tabloid. Bidding against him in a bitter widely fought contest for majority control was Robert Maxwell, who was then building his own publishing empire. In the Wall Street Journal article reporting on Murdoch's victory, John Addey, identified as managing director of Burson-Marsteller's London office, was said to have organized an "anti-Maxwell claque" that was "rude" to Maxwell during his presentation to stockholders. Fearing my wrath because one of our senior managers had been rude in a public setting, Bob telephoned to assure me that Addey's tactics, though a bit extreme, were a significant factor in Rupert Murdoch's successful takeover. Through the years, Bob has expressed surprise at my reply. As Bob puts it, "in his deepest Southern drawl, Harold said 'Bob, now everyone knows that we have a London office that is doing significant work and I already have gotten some telephone calls about it.'" We became a major presence on the London public relations scene early on.

Entering a country by acquiring an existing agency was aberrational behavior for me. My goal was to build a company with a single culture worldwide - a goal most effectively reached by growing organically. My rationale for taking the acquisition route in London was that I considered it important to enter the mature London public relations scene with "mass" - an established client roster and a going business. Also, I was attracted to C.S. Services because I knew John Addey and because the firm's clients were in the consumer product/services sector, among them Beefeater Gin, Vidal Sassoon (cosmetics), Burberry and Austin Reed (department stores). This was in keeping with our plan to broaden our range of services beyond business-to-business. To instill what was even at that early date an incipient identifiable Burson-Marsteller culture, Bob Leaf made weekly visits to our newest office before taking permanent residence in London a year after the acquisition. He quickly discovered that most of the staff failed to meet our standards and within 18 months only five remained. Among those hired as replacements were Reginald Watts, who later headed the office for more than a decade, and Martin Langford, whose 30-year career included stays at B-M/Hong Kong and B-M/Singapore. Claude Simmonds, after selling his shares to us, postponed his retirement and spent a productive five years with us.

Of the many "Bob Leaf stories," one I like happened during one of his frequent trips from Brussels to London. On arriving at Heathrow, the immigration officer, with deliberation and visible suspicion, warily eyed Bob and then his passport, looking at Bob's passport and then at Bob and then repeating the process. Realizing something was amiss, six-footer Bob leaned across the counter and quickly saw he had mistakenly presented his five-year-old son's passport. Pointing his finger, Bob explained, "That's an old photo," looking the flabbergasted immigration officer straight in the eye. He was allowed to enter the UK.

****

During the decade of the 70s, B-M/Brussels was the "crown jewel" of our overseas business, the largest Burson-Marsteller office outside the United States. It was a truly international operation that turned out work in a dozen languages. In delivering a pan-European service it routinely prepared and placed articles in publications across Europe, including the Soviet Union. In so doing, the office was simply adapting to the needs of multinational clients whose distributors and customers did business in a multitude of languages.

The operating model of American companies of that era was to establish a regional headquarters, frequently in Brussels, headed by Americans and staffed by local nationals. The intent, especially for business-to-business companies, was to manage their Europe-wide business from a single location. Marketing executives worked with distributors or agents in the various European countries and controlled advertising, promotion and public relations from headquarters. This worked well until increased sales signaled a market's importance to either the manufacturer or the local distributor. Invariably, sales management in larger markets like Germany, France, the United Kingdom and Italy sought greater freedom from regional headquarters - not to speak of their own budgets and control over advertising and public relations. We had anticipated this evolution in our clients' marketing strategies and began preparing ourselves to fulfill their public relations needs country-by-country.

****

Our first office in Germany came into being in 1972 in Stuttgart after Marsteller advertising bought the Bruder agency. We thought it only natural to offer public relations services to Bruder clients and several hired us. The next year, we moved two Stuttgart staffers to Frankfurt as the nucleus of a new office headed by Eric Sjogren, transferred from Brussels. He was manager of our Frankfurt office for the remainder of the decade. After winning a major assignment in 1977 to promote Berlin's 700th anniversary, we opened a small office in the one-time German capital but it was closed two years later when the project was completed. We reopened the Berlin office in 1990 after the removal of the Berlin Wall and the restoration of Berlin as Germany's capital city. The office now provides public affairs services under the BKSH banner.

Germany, the largest economy in Europe, has always been a difficult market for public relations firms. Prior to our entry - my recollection is that Burson-Marsteller was the first international firm to establish an office in Germany - the typical large German company had a well-populated, self-sufficient public relations department. Some, like Siemens and Bayer and automobile companies like Mercedes-Benz, Volkswagen and BMW, had departments of up to a hundred people. A few highly regarded public relations counselors advised these large companies as well as other institutions. These consultants were often students of the opinion formation process deeply immersed in opinion formation and communications theory.

Our operations in Germany grew slowly although we got considerable recognition for our pioneering role.

Our clients were predominantly U.S. and UK multinationals like Unilever (introducing their low cholesterol margarine) and Dow Chemical, which had a large manufacturing facility in Germany. We added a Hamburg office in 1982 and it developed a strong healthcare capability to serve such clients as Johnson & Johnson's Ethicon Division. Another small office was opened in Bonn to provide public affairs services. After recruiting Jurgen Togotzes from Schering A.G., the large German pharmaceutical company, in the early 80s, our business expanded considerably. For a short time at the end of the decade, we were the largest public relations firm in Germany after acquiring Conti Public Relations, based in Munich. This acquisition proved to be an expensive mistake. We operated the 30-person business for two years before closing the office and taking a substantial write-off. Conti had a small office in Vienna, also closed after two years.

****

In 1976 Chris Fisher, one of the pioneer B-M/Brussels group managers, opened a Paris office and remained there until his retirement a quarter century later. I had lived in Paris for five months immediately following the end of the war in Europe as a member of the news staff of American Forces Network. Our headquarters was at 19 Avenue de lena, residence of the German ambassador during the occupation. The timing of my stay in Paris was perhaps the best ever for an unwed young American!

Like Germany, France was also a difficult and unexplored market for international public relations firms. Unlike Germany, which had not at that time nurtured a single sizeable firm, France boasted a strong public relations consultancy headed by a charismatic former press chief to General Charles de Gaulle during and immediately following World War II. His firm, still in existence, had a staff of about 30 when we entered the market and continues to be the largest public relations firm in France.

For more than a decade B-M/Paris mainly served multinational clients with French operations. Two acquisitions gave Burson-Marsteller the credentials to compete as a French agency and gain some important French companies as clients, among them Rhone-Poulanc and L'Oreal. The first, in which we acquired a 49 percent interest in 1988, was Londez Conseil, a specialist in financial public relations. Although we subsequently acquired the remainder of the shares in Londez Conseil, the cultures of our two firms never meshed and we sold the business in the mid-90s. Financially, we came out even. A more successful acquisition in 1995 was Eurocorporate, a specialist in corporate relations headed by Jean-Pierre Rousset. This move reinvigorated our French operations and made us one of the country's larger and most respected firms. For most of its existence, B-M/Paris was quartered in the Champs Elysee area. In 2000, the office moved to Boulogne Billancourt on the outskirts of Paris, a move necessitated by steeply escalating midtown rents.

****

Burson-Marsteller began an affiliation in Spain in the 70s with a small firm owned by the late Bernard Jennings, a transplanted American who once operated a public relations business in pre-Castro Havana. As Spain's economic importance grew after it joined the European Community, the Jennings firm was too small to service the growing needs of B-M clients. The situation was exacerbated when Jennings became terminally ill with cancer.

For several years, B-M managers in Europe had worked successfully with a Jennings junior staffer, Teresa Dorn, an American with a passionate interest in Spain. Her first visit was as a University of Wisconsin exchange student and she literally never returned to the U.S. to live. Realizing she had outgrown Jennings from a career standpoint, she resigned in 1981, and Bob Leaf quickly asked her to start a Burson-Marsteller office in Madrid. Less than a decade later, after adding an office in Barcelona, Burson-Marsteller became Spain's largest public relations firm with a totally Spanish staff and a strong Spanish client base. Over the past two decades, we have been the market leader in that country, our visibility heightened when we were selected to manage the public relations function for EXPO92 in Seville. The versatile Chris Fisher was EXPO's resident chief public relations officer for three years and Burson-Marsteller also represented several major exhibitors. Our Madrid business has continued to flourish under the leadership of Carlos Lareau, who now heads B-M operations on the Continent.

In the late 90s, we established a small office in Lisbon, a successful mini-office until the economic turndown in 2002 when the office was closed and its activities transferred to Madrid.

****

In 1982, Burson-Marsteller opened its own office in Italy in a manner somewhat akin to how we got started in Spain. For years, we relied on a succession of small Italian public relations firms to cover the

Italian market. For the most part, we were less than satisfied with our affiliates, an evaluation that fit many of the loose affiliations Burson-Marsteller has had with other public relations firms both in the United States and around the world. This negative experience seldom reflects a lack of competence or professionalism on the part of the affiliate. Rather, these relationships usually lack the financial substance and incentive to make them important to both parties. In setting us up in Italy, Leaf acted on rumors of management discord at our competitor, Hill and Knowlton, whose Milan office was then tops in Italy. Gigliola Ibba, a motivated Milan native schooled both in strategic public relations and in managing a public relations business, was the person behind that success. Leaf hired her to start a B-M office in Italy. Within a decade, and after opening a public affairs office in Rome, Burson-Marsteller was the country's market leader.

* * * *

The aftermath of the two oil crises in 1973 and 1978 spurred several of our larger clients, including American Express and Citicorp, to establish themselves in the newly (but briefly) thriving Middle East. While we had not identified that part of the world as a market for our services, several of the region's leading advertising agencies encouraged us to form alliances with them to establish Burson-Marsteller offices in the Arab world. The most persistent was Intermarkets, whose senior executives made repeated visits to New York and London to press their case with me and Bob Leaf. With headquarters in Beirut, Intermarkets had the Middle East's largest advertising network. We joined forces with them in 1979 and treated the venture as an extension of our European operation.

Our strategy called for setting up a small regional Burson-Marsteller/Intermarkets office in Bahrain staffed by professionals from our two companies. This office would serve as a central planning and coordinating resource and draw on Intermarket offices in Lebanon, Syria, Egypt, Saudi Arabia and the Gulf Emirates to implement client assignments. We also made plans to open a Burson-Marsteller office in Beirut. In fact, the civil war in Lebanon broke out the day after Bob Leaf finalized arrangements and, of course, the idea was abandoned.

The Bahrain office was in business for three years before client interest in the Gulf area waned. We closed our office in 1983 and reverted to depending on our affiliate, Intermarkets, to fulfill client needs. Bill Rylance, now CEO of B-M's Asia-Pacific Region, spent two years at B-M/Bahrain before moving to Korea to head our work for the Seoul Olympic Organizing Committee for the 1988 Summer Games and, subsequently, to his present post in Hong Kong as CEO of Asia-Pacific. Following the retirement of Intermarket senior management with whom we had worked, we established a Middle East affiliation with ASDA'A Public Relations with headquarters in Abu Dhabi (UAE) and offices throughout the region. In the interim, we "tested" the market with our own small office in 1996 when Allan Biggar, now CEO of B-M/London, was sent to Cairo. The impetus was a contract from the Egyptian Tourist agency to rekindle European travel in Egypt. Although the office played a substantive client service role, we quickly concluded that the market was not yet ripe for a fully-staffed office.

* * * *

Scandinavia tempted us for many years - both for the potential in Europe and for Swedish multinationals operating around the world. Bob Leaf and I made numerous exploratory visits, primarily to Stockholm, before deciding to enter into an arrangement in 1981 with a small public relations firm in Malmo to represent us in Stockholm. It worked for a year or so, but it became obvious that we would have to make a relatively significant investment in staff. Unexpectedly, Young & Rubicam provided the key that soon made us a major player in Scandinavia. Y&R owned Norway's largest public relations firm, Planned Public Relations (PPR), the result of an advertising agency acquisition ten years earlier. PPR changed its name and our European staff took on 40 new people and more than $4 million in income. As part of its public relations business, PPR was Norway's premier designer of exhibits and trade shows. Trond Andresen was general manager of the Oslo business and he quickly accepted the challenge of establishing a Burson-Marsteller presence in Stockholm. B-M/Oslo has been one of our most creative offices and played a major role in helping Lillehammer win the venue competition for the 1994 Olympic Winter Games.

A Copenhagen office was added in 1985 and was strengthened with the acquisition of Brinkmann Kommunications in 1988. Major Brinkmann clients included the Danish Post Office and Tuborg beer. Burson-Marsteller became the largest public relations firm in Scandinavia with income in excess of $10 million.

* * * *

Our most recent expansion in Europe was in the countries once dominated by the Soviet Union. Actually, we were in Moscow before the dissolution of the USSR in two unconnected situations. The first was during the Cold War "d*tente" interval when President Nixon and Secretary of State Henry Kissinger sought to reduce tensions with the Soviet Union. The B-M presence resulted from speeches on public relations Bob Leaf delivered in the early 1970s in Bucharest, Prague, Warsaw and Moscow. In the audience were representatives of Vneshtorgreklama, the Soviet state advertising agency. They hired Burson-Marsteller to represent their trade magazines in the United States, an assignment that continued for three years and B-M/Los Angeles helped facilitate the big exposition in 1977 that marked the USSR's 60th anniversary.

Subsequently, in 1989, Mike Adams moved from B-M/Chicago to Moscow to become Russia's first western public relations professional. Officially, Mike headed a joint venture between Young & Rubicam and our former associates, Vnestorgreklama, our former client. Soon after the dissolution of the Soviet Union, we established B-M offices in Moscow, Almaty in Khazakstan and Kiev in Ukraine. They worked largely on privatization projects and other public sector initiatives financed by the World Bank and the U.S. Agency for Industrial Development. At peak in the late 90s, we had about 160 employees in the countries of the former Soviet Union. Soon after the fall of the Berlin Wall, we opened offices in Budapest, Warsaw and Prague and became the premier public relations firm in that part of Europe.

After the start of the new century, B-M management decided the potential in central and Eastern Europe did not justify wholly-owned Burson-Marsteller offices. Employee managers of five offices were provided an opportunity to acquire ownership of these offices and continue to work alongside Burson-Marsteller as affiliates. Mike Willard took over the Kiev (Ukraine) and Moscow offices; Michal Donath took Prague; Y&R Poland, including several former Burson-Marsteller employees, took Warsaw; and a group of B-M employees continued to operate the Budapest office.

****

With the retirement of Claude Marshall in 1993 and a sharp reduction in revenues due to the transfer of several international accounts to B-M/London, our Geneva office was closed 32 years after it became our first overseas office. In the 80s, we established a corporate/financial outpost in Zurich with a staff of six people. Its operations were at a low level and the office was closed in favor of an affiliation with Jaggi Communications, a leading Swiss public relations/public affairs firm which also had an office in Bern. In 1997 we acquired the Jaggi business and have operated as Burson-Marsteller in Switzerland since then.

****

Our "most significant defining moment" - that's the importance I attach to opening a Burson-Marsteller office in Geneva in 1961.

At that time, our annual revenues were less than a million dollars. Although there were no published rankings, it would be a stretch to say we were among the top 25 public relations firms. Hill & Knowlton was the largest and the only firm with offices in Europe. By establishing ourselves in Geneva, Burson-Marsteller became the "other" international public relations firm. For us, it was a powerful differentiator that had a positive impact on our growth and reputation.

We now have 16 offices in 11 countries in Europe. They account for 25 to 30 percent of our global revenue. B-M/London is our third largest office. Until 1990, Burson-Marsteller and Hill & Knowlton were the dominant pan-Europe firms. Since that time, the other top ten firms have entered the market, mostly by acquiring local firms.

Also noteworthy was the success of Marsteller Advertising. Like Burson-Marsteller, it started in Geneva then expanded to Brussels, London, Paris and Frankfurt. Bob March, who briefly headed both advertising and public relations in Geneva, was succeeded by Reginald Bird, who managed the advertising business until the mid-80s when the business was consolidated into Y&R. Bob Trebus and Lou Magnani, who both came from Marsteller Advertising's New York office, made Brussels one of the major agencies in Belgium. The late Peter Johns was hired in London and built an organization of a hundred people with clients like Mercedes on his roster. Like Geneva, the other Marsteller offices in Europe were taken over by Y&R.

The aspect of our achievement that amazes me is that a couple dozen (at most) pioneering B-Mers created a seamless network of offices with so small a financial investment. Businesses in Switzerland, Belgium, Germany, France, Spain, Italy and the Netherlands were all created by giving B-M professionals assignments to start offices and, in effect, to "live off the land" while doing so. In the other countries, mainly the United Kingdom, our investments were minimal. In just about every country, we are among the market leaders serving both multinational and local clients. And in Europe as elsewhere, there's no better credential than having Burson-Marsteller on one's resume when seeking a position in public relations!

####

Harold Burson
July 2003

Copyright ©2003 by Harold Burson.
All rights reserved.