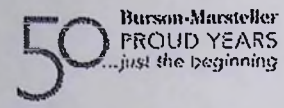

Sixth of a 50th Anniversary Series

The Next Steps in Going Global:
Offices in Asia and Australia

As we entered the decade of the 70s, our business was booming in the United States and growing in Europe, mainly from client referrals and unsolicited calls from companies seeking our services. We had grown 48 percent in 1966, 42 percent in 1967, 25 percent in 1968 and 26 percent in 1969. Our revenues in 1970 exceeded $5 million and, in 1971, the first year Jack O'Dwyer listed public relations firms by fee income, our $6,006,000 ranked us as the third largest firm behind Hill & Knowlton and Ruder-Finn. The following year, we ranked second after our twelfth consecutive year of double-digit growth.

In the United States, we boasted a nation-wide presence. The three offices we opened in the 50s – New York, Chicago and Pittsburgh – had been augmented with operations in Los Angeles and Washington. We were in Toronto and had a firm foothold in Europe with offices in Geneva, Brussels and London. Only one other firm, Hill & Knowlton, had broader geographic reach. We were not only "the other international public relations firm" but also the fastest growing.

Our goal to become a truly global business had not changed. That meant starting a business in Asia, a part of the world that was then almost as remote to me as the moon. My initial cognizance of Asia, as with many U.S. executives, was largely a result of observing Japanese auto, stereo-TV and camera manufacturers capture significant shares of the U.S. market. I was somewhat aware of the economic growth in Southeast Asia because our U.S. office was working (with a high degree of success) with the Singapore Economic Development Board promoting U.S. investment in that newly-formed island nation. Asia, other than potential Japanese competition, was just becoming a top-of-mind subject among client executives.

Starting in 1970, I began talking about our Asia plans with Bob Leaf, by then based in London and productively occupied expanding our operations on the Continent. Neither of us had a clear-cut idea on how to proceed in Asia, nor had either of us been there for a first-hand appraisal. Intuitively, I thought we should start with an office in Tokyo because Japan was far-and-away the largest market at a time when an "open" China was not yet on anyone's screen. In fact, several owners of Japanese public relations firms had sought me out during visits to New York to discuss affiliations with them. Usually, they wanted to represent Burson-Marsteller in Japan (which actually meant referring business from our clients). That was far afield from my objective – which was to establish a strong B-M presence in Tokyo, preferably a joint venture with a Japanese partner. Committed to providing a global service for multinational clients, I felt it was essential

for us to manage any operation we set up in Asia. Actually, our entry into Asia came about suddenly and unexpectedly in a way that was far afield from our early thinking.

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Seeking to expand our contacts around the world, Bob Leaf and I signed up for the International Public Relations Association (IPRA) world conference in May 1972. After an opening session in Oslo, we boarded a boat for what was to become a befogged two-day sail through the Norwegian fjords. Shortly after leaving dockside, Leaf appeared in the bar with a goateed gentleman, the spitting image of King George V. He was Peter Bostock, and like King George, an Englishman. Honeymooning with his new bride (his fourth), a lovely Chinese lady whose name is Kiat, Peter managed the Singapore public relations unit of a now-defunct but once thriving business in Asia, Grant Advertising. We were soon joined by his boss, David Mitchell, an Australian based in Hong Kong who headed Grant's Asian public relations unit. In his first ten minutes with them, Leaf learned they had decided to leave Grant because of a change in ownership that was unsympathetic to the public relations part of the business. In fact, Mitchell and Bostock signed up for the IPRA conference because they knew that Leaf and I would be there.

David Mitchell and Peter Bostock are among the most colorful (as well as competent) professionals ever associated with Burson-Marsteller. Their proposition was simple: they wanted to launch Burson-Marsteller in Asia. They were confident they could muster both staff and clients for a quick and immediately profitable start-up. Patiently, they explained that establishing offices in Hong Kong and Singapore had priority over an office in Tokyo and was sure to be more profitable. All they required was the Burson-Marsteller name, a modest amount of working capital, office space and a telephone system. Give them the word and we would soon be in business in Hong Kong and Singapore and on our way to a preeminent position in Asia. They also put forth the possibility that we may be able to convince their Grant counterpart in Tokyo to jump ship and join the new Burson-Marsteller Asian upstart. If successful, we would be starting our business in Asia with three offices – an auspicious beginning with minimal cash investment.

As the IPRA voyage/conference ended, Leaf and I accepted the Mitchell/Bostock proposal and aimed for an early 1973 startup in Hong Kong and Singapore. We agreed to a joint venture owned 60 percent by Burson-Marsteller and 20 percent each by Mitchell and Bostock. We invited them to visit New York in August to finalize the agreement and meet Bill Marsteller and other B-M executives and agreed to pay for their trip (economy tickets). They arrived in New York and promptly charmed all concerned. The few remaining business details were dispatched with ease. They then spent a week learning Burson-Marsteller policies and procedures and absorbing the culture. Their insights on how the public relations business in Asia was likely to evolve proved to be remarkably on target, and they correctly predicted that Burson-Marsteller would become the region's premier public relations firm within five-to-ten-years. The only serious Pan-Asia (and Australian) competition at the time was Hill & Knowlton, which had acquired Eric White & Partners, an Australian-headquartered firm that was then the world's third largest public business. Mitchell and Bostock considered H&K vulnerable in Asia due to the departure of several key people.

We agreed that Burson-Marsteller offices would open for business in Hong Kong and Singapore on February 1, 1973. Leaf and I attended the opening festivities. For me, it was the first of about 40 visits to Asia and, for Leaf, the forerunner of even more trips and, toward the end of his career with Burson-Marsteller, a three-year assignment in Hong Kong. As the opening date approached, the new owner of Grant Advertising's Asian business, a Toronto-based company, indicated through legal channels his displeasure at the loss not only of Mitchell and Bostock but also the eventuality of losing more of their people and some clients. From the time we started talking with Mitchell and Bostock, I anticipated that their proposition might subject us to a lawsuit. Accordingly, I insisted that they obtain legal counsel in Hong Kong and Singapore and I consulted our own lawyer every step along the way. On both sides of the Pacific, attorneys assured us we would prevail in a lawsuit if we followed the procedures we had all agreed on. However, we were happy to dispose of the matter by paying Grant $50,000 in return for an agreement to forego any legal action against us. It was the biggest bargain ever for Burson-Marsteller.

The first stop of the Burson/Leaf Asian visit in late January was Tokyo where Mitchell had arranged for us to meet their Grant associate, the late Bill Fish. Mitchell hoped the Burson/Leaf combination would remove Fish's doubts about joining the new venture. Fish, however, was determined to stay the course with Grant. Accordingly, Tokyo temporarily remained an unfilled "dot on the map" for Burson-Marsteller. Leaf and I proceeded to Hong Kong and Singapore where we spent ten days meeting staff, the several clients who promised to follow Mitchell and Bostock, numerous prospects, including B-M U.S. and European clients, and the media. Our first Hong Kong client was Bank of America, an important win for us because BofA was the leading financial services business in Asia at the time.

Newspapers in Hong Kong and Singapore treated our entry into the Asian market with headlines as large as those that heralded Coca-Cola and McDonald's arrival in China. For several days running, interviews and articles reflected the close connections Mitchell and Bostock had with Asian media. They tried to outdo one another with lavish menus for client, staff and prospect dinners and receptions, including ten-course formal Chinese banquets at the Mandarin Hotel in Hong Kong and the Shangri-La in Singapore. Our Asian business was off to a good start with a staff of fourteen in Hong Kong and ten in Singapore. Almost all of them had worked with Mitchell or Bostock at Grant. Both offices showed a profit the first year, a situation somewhat different from our experience in Europe. Mitchell and Bostock were capable financial managers and their 20 percent individual ownership gave them a strong incentive to operate profitably.

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Before we left Singapore Peter Bostock informed us that we would soon require an office in Kuala Lumpur. In the most far-fetched business scenario I could ever have conjured up, I would never have thought that Burson-Marsteller would one day have an office in Malaysia. With considerable patience, Bostock explained the close ties between Singapore and its neighbor Malaysia. Because of our work for the Singapore Economic

Development Board (as well as from reading The New York Times), I knew that Singapore had seceded from Malaysia in the early 60s. But I failed to appreciate that the economies of the two nations were so closely tied to one another. In July, we opened a small office in the Malaysian capital, Kuala Lumpur. It was temporarily headed by Robert (Bob) Bussjaeger, a retired Vietnam War veteran who had been General Westmoreland's public information officer. During the several months we searched for space, our office was in a hotel suite that also housed a cot where Bussjaeger slept. Two early hires were CT Hew, who eventually headed our Asia/Australia operations after two years in London, and Jacqui Chan, who later married Peter Walford when he was manager of B-M/ Tokyo. Godfrey Scotchbrook, today regarded as one of Asia's most experienced public relations counselors, took over from Bob Bussjaeger and four years later became head of B-M operations in Hong Kong and then all of Asia.

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Although I tried to resist considering myself an expert on Asia after a single visit, I believed that a viable operation in Japan required a respected Japanese partner. After meeting several Japanese public relations firms, the small firms seemed inadequate for our needs and the larger firms showed little interest in having Burson-Marsteller as a partner in their home market. In the course of my talks, which included a second visit to Japan, I learned that Fuji Bank, then Japan's second largest bank, owned an advertising agency subsidiary headed by Keizo Iwasa, son of the well-known and highly respected Fuji Bank chairman. After meeting Keizo, I proposed establishing a jointly-owned public relations business which Burson-Marsteller would manage. In effect, we would be starting our own office with well-established Japanese sponsorship. Several weeks later, the chairman of Fuji Bank sent me a message by Telex inviting me to join him for tea at the Hotel Pierre in New York. It was hard to believe the chairman of one of the world's largest banks would engage me in negotiations to establish a small jointly-owned public relations firm in Tokyo, but that's what happened.

After some small talk about politics and the economy, Chairman Yoshizani Iwasa asked through his interpreter how much capital would be needed to start a public relations business in Japan. I told him $100,000 should be adequate, not knowing that a tenant renting office space in Tokyo must ante up a year's rent in escrow. Mr. Iwasa agreed that $100,000 seemed reasonable for initial capitalization and said Fuji Bank would loan the new company funds to cover the rental security deposit and the cost of new furniture and equipment. We then discussed equity ownership. I proposed an eighty/twenty division; he countered with seventy/thirty. I accepted and we had a deal.

The meeting, in retrospect, had a great deal of fantasy about it -- something akin to negotiating with David Rockefeller to establish a five-person business on the other side of the world. But it started a personal relationship between me and the Iwasa family that has continued through the years. (The senior Mr. Iwasa died in 2002 at the age of 95.) When in Tokyo, my wife and I were regularly invited to the Iwasa home for dinner. Though forewarned by Japan "experts" that it would take "several years to become profitable," the company we named Burson-Marsteller/Fuji was in the black its first year.

Anticipating a Tokyo office, we hired two young professionals – one in New York, the other in London – and put them through a training program that would enable them to transfer B-M methodology and culture to Japan. One was Satoshi Sugita, a business news reporter on the Cincinnati Post, who, after reading that we planned a Tokyo office, telephoned me to talk about joining Burson-Marsteller. Born and educated in Tokyo, with a master's degree in journalism from Ohio State University, Satoshi's objective after four years in the United States was to return to Tokyo with a U.S. employer. We bought him a ticket to New York for an interview and hired him immediately. He worked at B-M/New York for six months before relocating to our new office in Japan. Concurrently, Paul Adams, an Australian who received the Japanese equivalent of a Rhodes scholarship and studied in Tokyo, had joined B-M/London. His facility in spoken and written Japanese made him a natural choice for our new Tokyo office. Both arrived for the opening of our office in November 1973.

The account handling team was augmented by Makoto Yagi, who came to us from United Press International and remained with B-M/Tokyo for the next 25 years. Another long timer, some 20 years, was Gerry Simmel, who transferred from B-M/Hong Kong. Our first general manager in Tokyo was Peter Walford, whose 30-year career with Burson-Marsteller started at B-M/ Geneva. Peter was Burson-Marsteller's most gifted linguist. He spoke ten languages, including Mandarin and Russian, and I felt he would quickly learn Japanese. He headed the office for seven years before moving to Sydney. Learning Japanese, he said, was the toughest language challenge he ever faced.

The lavish reception celebrating our opening was attended by the heads of major Japanese companies as well as U.S. and European multinationals. It received extensive press coverage that included photos of Chairman Iwasa and me. Our new business effort got a boost when client and prospective CEOs were invited for lunch in the private dining room of the chairman of the Fuji Bank when they visited Tokyo. Unilever, an early client, hired us to promote Rama margarine. We successfully used the same public relations strategy that had proven so successful for Unilever's Flora margarine in the United Kingdom.

Within five years, Mr. Iwasa Sr. retired as Fuji Bank chairman and his son, Keizo, left the bank's advertising subsidiary to pursue other interests. While relations with our joint venture partner remained cordial, Fuji Bank's participation in our joint venture was severely diminished. Absent the chairman's personal interest, owning a minority interest in a single office of an American public relations firm was an aberration for Fuji Bank and provided no benefit to us. In the early 80s, we offered to repurchase their thirty percent holding. As a face-saving device for the Fuji ad subsidiary's new manager, we agreed that the Fuji stock interest would first be reduced from thirty percent to twenty percent and that the subject would be revisited within two years. For ten percent of the stock, Fuji Bank received $69,000. Their total original investment was $30,000. Two years later, we regained one hundred percent ownership upon payment of an additional $200,000, a reflection of growth in book value. It had been a good financial deal for both us and the Fuji Bank.

In 1989, after Jim Dowling succeeded me as CEO, we entered into a relationship with Dentsu, Japan's largest and most prestigious advertising agency, whereby our two companies shared ownership of B-M/Tokyo and a new U.S. agency called Dentsu/Burson-Marsteller. In addition to the fact that our parent company Young & Rubicam and Dentsu were partners in Asia and shared ownership of an advertising agency in the United States called DYR (which included the Marsteller Advertising), Burson-Marsteller had two reasons for joining forces with Dentsu. First, though B-M/Tokyo had been profitable from the outset, fee income had leveled off for the past four or five years. While we won our share of business from U.S. and European companies, we had never been able to develop a significant relationship with a major Japanese company. My associates felt that an affiliation with Dentsu would help us win Japanese clients. Second, Dentsu/Burson-Marsteller, set up offices in Los Angeles and New York to serve Japanese clients marketing their products in the United States. D/B-M also offered a public affairs service. The joint venture lasted until 1997 when we repurchased our shares in B-M/Tokyo and disbanded Dentsu/Burson-Marsteller after failing to reach either objective. Our Tokyo office still lacked a major Japanese company as a client and Japanese companies did not embrace the idea of working with a jointly-owned Japan/U.S. public relations/public affairs firm in the U.S. Burson-Marsteller resumed full ownership of B-M/Tokyo and, a couple years later, installed our first Japanese general manager, Tsuyoshi (TT) Takemura.

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A change in ownership and management of the Southeast Asia offices occurred in the late 70s. David Mitchell, who headed both the Asian region and the Hong Kong office, was offered the job of chief public relations officer for the World Wildlife Fund in Switzerland. For Mitchell, it was tempting both professionally and for family reasons. His children were of school age and he preferred that they be educated in Europe. Also, his German-born wife, Renata, would be closer to her family. The WWF position entailed working closely with Prince Philip, WWF international chairman, and a host of world class business leaders to achieve the organization's environmental goals of saving endangered species and preserving endangered habitats. Mitchell took the job and sold his twenty percent minority interest to the company. Peter Bostock became Asia Regional CEO and remained in Singapore. For five years I was on the WWF board amidst royalty and multi-millionaire industrialists.

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Having become a major player in Hong Kong with a staff of 75 people during our first decade in Asia, we began to eye mainland China as a potentially important market for our services. At the time, 1985, foreign-owned firms establishing themselves in China were required to associate themselves with a Chinese joint venture partner. Our Hong Kong general manager, Godfrey Scotchbrook, and his second-in-command, Sam Lam, came up with the novel idea of joint venturing with the official Chinese news agency, Xinhua. For several years, Xinhua had operated photography and printing and translation businesses that catered to Western business customers. Together, we established China Global Public Relations, a new public relations firm owned by Xinhua but managed at the outset by B-M/Hong Kong. Xinhua provided tactical staff which worked under our supervision

to implement projects for B-M clients in China. This arrangement had obvious advantages, among them Xinhua's ministerial status as China's official news agency which gave our clients access to both media and government officials. The agreement also required Burson-Marsteller to train China Global staffers. This was done mainly in Hong Kong for two to four trainees per year. Several came to New York for stays of a few months.

The Xinhua contract specified an eight year relationship. China Global Public Relations would then operate independently and Burson-Marsteller would be free to open its own office in China. China Global's long-term objective was to prepare itself to represent local Chinese businesses while Burson-Marsteller's aim was to serve multinational clients doing business in China. Both parties were satisfied with the collaboration. When the agreement terminated in 1993, Burson-Marsteller opened its own offices in Beijing, Shanghai and Guangzhou although we had effectively operated in China since 1985. Scott Seligman, who joined B-M/Washington after several years with the U.S.-China Business Council in Beijing and Taipei, transferred to B-M/Beijing and played a significant role in gaining credibility for Burson-Marsteller in both business and government circles. Scott, who is fluent in Mandarin, left us in 1998 to join a client, United Technologies, and has returned to Washington. Susan Tomsett, Australian by birth, joined us in Shanghai and transferred to Beijing to head our China operations. Her team of local Chinese and expatriate professionals have made Burson-Marsteller the country's premier international public relations firm.

My first visit to China in 1986 was in response to an invitation from our joint venture partner, Xinhua. Almost 20 years later, that trip ranks among my most memorable experiences. Our "party of four" included my wife, Bette, and my associates Godfrey Scotchbrook and Scott Seligman, both well known to our hosts. During the ten days of our visit – each day meticulously planned hour-by-hour – our escort consisted of a senior Xinhua executive and a mid-level Xinhua journalist, two spanking new sedans of Chinese manufacture and two chauffeurs. Since the two Xinhua representatives had the same surname Yu, we referred to them, with their amusement and total endorsement as "Old Mr. Yu" and "Young Mr. Yu." (Scott Seligman was our interpreter.) At the time of our visit, China was at an early stage in developing an infrastructure to accommodate visitors from abroad. That Bette and I were assigned a suite in what was then regarded as Beijing's most desirable hotel was something extra special. Xinhua's hospitality started with a banquet for about 200 guests at the Great Hall of the People hosted by its Director General. Escorted tours of the Forbidden City, the Great Wall and Beijing's national art museum followed. Of the numerous restaurants we visited, the one that stands out was the "duck factory" where duck combs and duck tongues were among the delicacies.

In Shanghai, we were treated no less royally. The suite assigned us at the Jinjiang Hotel was the one occupied by President Nixon when he visited Shanghai. We attended a fashion show with svelte Chinese models and spent a delightful evening at the Peace Hotel listening to pop tunes of the 30s and 40s played by an aging Chinese combo whose members gave the impression they had played the same songs, uninterrupted, since their introduction before, during and immediately following World War II. One day we drove

two hours on a one-lane paved road to Suzhou, frequently referred to as the Venice of China. Next on our itinerary was the ancient Chinese capital Xion, where the recent electrifying archaeological discovery, the buried terracotta soldiers dating back two millennia, was the principal attraction. The 8000 life-sized uniformed soldiers and their weaponry and their horses and chariots in parade formation were in pristine condition. A temporary viewing platform, covered by a hastily built shed-like wood structure, had been constructed to accommodate sightseers flocking to Xion to see what globally came to be known as "the terracotta soldiers" now housed in a structure that covers about five acres.

In expressing my appreciation to Xinhua's director general for the ultra hospitable reception, I told him I was especially touched because the revenues Burson-Marsteller would generate for Xinhua during the next several years would likely be small – in the range of $250,000 to $500,000 annually. To my surprise, he told me that this was a significant sum that came at a timely moment. The fact that the funds were U.S. dollars, then in short supply in a China just emerging as a commercial trading nation, was of great consequence. He planned to use them to augment the hard currency appropriation from the government to speed the computerization of Xinhua around the world. He was also optimistic about China Global Public Relations as a future revenue producer for Xinua. His optimism was well-placed. China Global is now among the largest domestic public relations firms largely serving, as planned from the outset, Chinese companies marketing their products in mainland China.

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The Burson-Marsteller connection with Korea started in the late 1970s when Godfrey Scotchbrook, manager of B-M/Hong Kong, discovered Joanne Lee and her firm, Star Communications, in Seoul. Star Communications became our affiliate, and Joanne became a close friend from the time we first met in New York. She is a lady of beauty, charm and intelligence. In business matters she has few equals.

My personal interest in Korea started when the International Olympic Committee (IOC) awarded Seoul the venue for the 1988 Summer Olympic Games. Since Burson-Marsteller had had a significant role in the 1984 Summer Games in Los Angeles I was passionately committed to a continuing relationship with the Olympic movement. My objective was to make the Seoul Olympic Organizing Committee (SLOOC) a B-M client. The first hurdle was getting an introduction to the Korean executives in charge of the 1988 Summer Games. Luckily, I had engaged the late Philip Habib as a senior Burson-Marsteller adviser following his retirement as one of our nation's most senior professional diplomats. Phil ended his long career with the Foreign Service as Under Secretary of State, the department's third most senior position, during the Carter administration. He subsequently served President Reagan on short-term assignments mediating the Israeli-PLO dispute and developing a Latin American diplomatic strategy. For my purposes, his most pertinent qualification was that he had been U.S. ambassador to Korea and, even twenty years later, was still highly regarded in Korean government and business circles.

As the American ambassador in Seoul, Habib had worked closely with Roh Tae-Woo, the former Korean army commander who was chairman of the Seoul Olympic Organizing Committee (SLOOC). I asked Phil if he would facilitate an introduction to General Roh. A couple days later, he called to suggest that we fly to Seoul to meet General Roh and other Korean leaders who would participate in the selection of a public relations firm. The trip in November 1985 exceeded my expectations. During our four days in Seoul, I met Korea's sports hierarchy, including Kim Un Yong, a member of the IOC (now IOC executive vice president) and head of the world taekwando federation, as well as highly placed government officials and business leaders. We left Seoul with a request to submit a proposal to be SLOOC's agency of record. Preparing the proposal, I learned that Richard V. Allen, President Reagan's first national security adviser who was well-connected in Korea and who started an international public affairs firm after his White House job, was also seeking to represent SLOOC. After a meeting in Washington, we decided to pool our interests. The result was that SLOOC chose Burson-Marsteller as its global public relations firm. Dick Allen's firm was our sub-contractor handling international public affairs and political matters. Our engagement started on January 1, 1986 and continued until December 31, 1988, three months after the end of the games.

Our contract with SLOOC required on-site representation in Seoul. Bob Leaf suggested Bill Rylance, then 28 years old and a newcomer to B-M/London after two years as head of our office in Bahrain. "I received a call on New Year's Eve 1985 and a week later I was sitting in Harold Burson's office in New York discussing the role," Bill recalled. One month later – on Valentine's Day 1986 – Bill arrived in Seoul willing and eager. It was a chilly reception, twenty-below and snowing. A year later, Bill hired his former colleague, Bryan Matthews, then a journalist covering the Philippines for a London newspaper. The two of them bore the brunt of handling the Seoul Olympics assignment although local programs were also carried out by B-M offices in the U.S., the U.K., Germany, Spain and Japan. Our first assignment was working with SLOOC preparing for the Asian Games in 1986

In the three years before the actual 1988 Olympic Summer Games, I made about ten trips to Seoul and developed a number of high-level relationships both in government and business. One of them was Park Seh-jik, who had succeeded Roh Tae-Woo as SLOOC's director-general shortly after we got on board. General Roh was appointed leader of the reigning Democratic Liberal Party and eventually became the first democratically elected President of the Republic of Korea. The Korean economy surged during the years preceding the Olympics, and I was determined that a legacy of our engagement would be an ongoing Burson-Marsteller office in Seoul. At the time, however, Korean law forbade foreign ownership of advertising agencies. Although the law was not explicit, the ban was thought to cover public relations firms as well. While Star Communications and Joanne Lee were not involved in our Olympics assignment, my intention was for her to have a significant role in the Korean launch of a full-service Burson-Marsteller office.

During the early part of 1988, I informed a couple of well-placed Korean friends of our desire to establish a permanent B-M presence in Korea after our SLOOC assignment. As the year progressed, I had conversations at the Ministry of Culture and Information and

the Ministry of Trade, the government entities that had oversight under the law. Both were sympathetic to what I hoped to achieve, but they were non-committal about issuing a permit that would allow us to open an office.

During the week of the Olympics opening ceremony in September, I was told by a person whose authority I had no reason to doubt that if we applied for a permit to open an office in Korea, it would not be denied. I took this to mean that our three-year commitment to making the 1988 Summer Games a runaway success was recognized from "on high" in the Korean government and that the permit was our reward. I learned later that the government had also decided to relax, over a period of several years, the restriction on foreign ownership of advertising agencies. Before the end of the year, we filed our application and it was quickly approved. This action enabled us to acquire Joanne Lee's Star Communications and it became the nucleus of our business in Korea. Over the years we had worked together, Joanne was deeply steeped in the ways of Burson-Marsteller and knew many of our people in U.S., European and Asian offices. In a sense, we were starting a new office with someone we identified with and could call our own.

In the meantime, Bill Rylance and Bryan Matthews, after three years of high energy performance that was universally commended by our clients at SLOOC and at the highest levels of government, decided to leave Burson-Marsteller and start their own business. They named it Merit Communications. While I would have preferred that they continue their careers with Burson-Marsteller, their departure was without rancor. I wished them well and continued to maintain my friendship with both Bill and Bryan. For almost ten years, Burson-Marsteller and Merit were competitors in Seoul (it pains me to admit that Merit was the market leader for most of that time). We transferred Jeff Hunt from B-M/New York to serve as chief operating officer for the new B-M/Seoul with principal emphasis on instilling Burson-Marsteller culture and methodology. By 1997, after Jeff's transfer to another new office in Mexico City, Joanne Lee decided to reorder her priorities and severely curtailed her involvement with our business. That led to discussions with Bill and Bryan that resulted in our merging B-M/Seoul into Merit. In exchange Burson-Marsteller became a minority shareholder in Merit with options to acquire the business. Two years later, we acquired 100 per cent ownership and Bill Rylance departed Seoul after fourteen years to become Asia/Pacific Regional CEO based in Hong Kong. Today, we are undisputed market leader in Korea.

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Australia was on our "to do" list until the Spring of 1980 when our Asian regional manager, Peter Bostock, and I met in Sydney to determine how we would introduce Burson-Marsteller in that faraway market. With a population of about twenty million, Australia has perhaps the highest per capita density of public relations professionals and firms in the world. And like Canada, its population occupies only a small sliver of the country's land mass spread across thousands of miles. The public relations consultancy business in Australia was then dominated by two large firms, our traditional global competitor Hill and Knowlton, which had acquired Eric White & Associates a couple years earlier, and IPR (International Public Relations) a firm headquartered in Melbourne. In the next tier were six to eight mid-sized firms each with fifteen to thirty

employees. And in the third tier were more than a hundred small firms with one to five employees, many home-based. My intuition was to start offices afresh in Australia as we had in Europe. But I thought it would be instructive for Peter Bostock and me to meet with the owner/managers of four of the mid-sized Australian firms that had previously approached me in New York to talk about mergers or otherwise representing Burson-Marsteller. We also met with a half-dozen corporate public relations officers from whom we sought to evaluate our potential in Australia. We were even briefed by the head of Hill & Knowlton's offices.

After a week of discussions that gave us a well-rounded picture of the public relations market in Australia, Bostock and I concluded that Burson-Marsteller would be best served starting its own office. Our reasoning was simple: if we acquired one of the mid-sized firms, we would likely be positioned below the top tier. But if we started our own office, little matter that it would be teeny compared to our two top competitors, our global reputation would position us with the top firms. In July, Peter Walford moved from B-M/Tokyo to Sydney. In August, John Birch, another Brit, went from B-M/London to Melbourne. Requiring representation in Canberra in order to take on public affairs assignments, we joint ventured with Australian PA Consultants and eventually established our own office in Canberra. In 1982, having acquired Bridgestone Tires and Mitsubishi Autos as clients, we opened a small office in Adelaide which, for the years it was in existence, was our most consistently profitable operation in Australia. In 1984, when Paul Adams was transferred after a decade at B-M/Tokyo to B-M/Melbourne to head our Australian operations, we started offices in Brisbane (to capitalize on the high tech industry that was developing in Queensland as well as the World's Fair in 1993) and in Perth on Australia's west coast (where a petroleum/minerals exploration boomlet was under way). To serve a major information technology client, we opened a small office in Auckland, New Zealand in 1986. Today, we have offices in Sydney and Melbourne, the two major population centers.

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From the time we began operations in Asia in 1973, we considered other Asian markets and, for brief periods, operated our own offices in several countries where we do not now have wholly-owned offices. As early as 1976, we began a relationship with George Capps in Bangkok that lasted for two decades, first as an affiliate and, in 1986, when we acquired his business and established a Burson-Marsteller presence. George had been in Thailand as a member of the Peace Corps in the 60s and was fluent in three Thai dialects. Despite the country's sixty million population, the market for public relations in Thailand has been slow developing and B-M divested the office to local management in 1998. The firm, now a B-M affiliate, is known as Aziam Burson-Marsteller.

In Taiwan, we had an affiliate relationship with United Pacific International Inc. (UPII) dating to the late 70s (one of the most interesting evenings I ever spent was at the old Grand Hotel in Taipei with the Jimmy Li, the father-in-law of one of the owners, a close confidante of Chang Kai-shek – the two of them left mainland China together to go to Taiwan where Li was one of the Generalissimo's most trusted advisers; Jimmy Li headed the Chinese Information Service in Washington during World War II and could

recite the batting averages of players of that era in both major leagues). In 1991 we established a joint venture with UPII which was dissolved in 1996. We recently signed an affiliate agreement in Taiwan with Compass Public Relations.

In Indonesia, we depended on affiliates for two decades to supplement the efforts of B-M/Singapore staff fulfilling client needs in that populous country. With the promise of economic and political stability in 1992, we established PT Burson-Marsteller Indonesia with a staff of six people. By July 1997, the office had a staff of forty and was profitable, its client base mostly U.S. and European multinationals. By year-end, after a major economic downturn in southeast Asia that had a severe impact on Indonesia, the staff was reduced to a handful of people and the office, as such, was closed in 1998. Presently Indonesia is mainly served from our Singapore office.

In India, the second largest market in Asia – and one with enormous economic potential – we entered into a formal joint venture with Roger Pereira Communications Pvt Ltd after working with him and his staff in Mumbai (Bombay) for a decade or more. Burson-Marsteller held a minority stock interest, with options to acquire more. For many years, the relationship was productive, but in 2002, a decision was made by B-M management to end it because of the need for more broadly based coverage, both geographically and functionally. Burson-Marsteller is now represented in India by Genesis, a firm of more than a hundred people with offices in five major cities. We have high hopes that India, like China, will one day be among the largest markets for public relations and public affairs services.

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Burson-Marsteller has been in Asia thirty years, in Australia twenty-three years. The region accounts for about fifteen percent of our total revenues. For many years, it was our fastest growing region percentage-wise but the late 90s were not kind to either our business or to the region's economy in general. Growth resumed in the new century and the chances are good that Asia/Pacific will again grow dramatically in coming years. Given political stability and a recovering world economy, Asia has the potential once again to live up to its promise. It's hard to overlook that two countries in the region have the world's largest populations – each of them an awakening giant economically with the potential of substantial future rewards. Taking Burson-Marsteller to Asia in the early 1970s was one of my best decisions.

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Harold Burson
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