



**Women's Foreign Policy Group
Celebrating Women Leaders
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Washington, DC**

Anne Mulcahy
Former Chairman and CEO of Xerox

Leading a Global Corporation

Bianna Golodryga: Well, hello everybody. My name is Bianna Golodryga. I am the Co-Ancor of Good Morning America's Weekend Edition as well as ABC News Business Correspondent. I am happy that today I get to be your MC at this wonderful event for today's Women Shaping the Global Economy Luncheon with none other than Anne Mulcahy. She'll be joining us later today. She is, of course, the former Chairman and CEO of Xerox Corporation. I'm delighted to welcome all of you to today's program honoring Anne, an extraordinary corporate executive who rose through the ranks at Xerox. Having started at the company in 1976 as a field sales representative, in 2001 she took the post as CEO of the company and remained at that post until 2009, and she was Chairman of the company until May of this year. She also passed the baton onto another woman, Ursula Burns, who is doing a fabulous job at the company as well, we should say.

After lunch, we will hear from Anne. She and I will be sitting down and having a conversation here and of course you will be submitting your questions that I'm sure she will be delighted to answer later on this morning. She is also on the Board of Trustees for Save the Children, where she has been actively promoting saving the lives of newborns and children around the world, so we're going to talk about that. And now I have to tell you that Anne is not only the honoree, but she is also my next door neighbor in New York City. [*Laughter.*] This is true—I reside in 12A; she is in 12B, and I was going to ask Anne if I could have a ride home today but it turns out she's staying in DC a little bit later, so next time, but that is a small world. And, now, this is going to start to sound like a friends and family plan [*Laughter.*], but I am also excited to be introducing Maxine Isaacs, who got the full Golodryga Russian experience at my wedding a couple weeks ago. She has lived to survive it, and I want to introduce Maxine. Thank you for having me. [*Applause.*]

Maxine Isaacs: Thank you, Bianna—I did indeed and it was a wonderful privilege to be there, thank you so much. Thank all of you for joining us today. This is our fifteenth year promoting women's leadership in international affairs and it is really exciting to be here with such an accomplished group of women and women leaders who really show the breadth of our family: the ambassadors and government officials, as well as representatives from corporations, non-profits, international organizations, and the media. Before I go on, I want to say that the Women's Foreign Policy Group is blessed with a very outstanding group of Board of Directors, and I just wanted to say all their names and, when I finish, if you could all stand and we could

recognize you. With us today are Carolyn Brehm, Donna Constantinople, Paula Dobriansky, Henrietta Holsman Fore, Ann Korologos, Theresa Loar, Gail Kitch, Diana Negroponte, Susan Rappaport, and Mary Catherine Toker. If you would all please stand, that would be wonderful. Thank you. *[Applause.]* I wanted to especially recognize our outstanding President Patricia Ellis and Associate Director Kimberly Kanhauser who have worked so hard on all our behalfs. *[Applause.]* And today I would like to make a special note of thanks and appreciation and condolences to our Board member Gillian Sorensen. She can't be with us today. Her husband Ted died yesterday, but I did want to offer our thoughts and our prayers are with Gillian today and her family, and if you would like to send a note to her, we would be glad to forward it through the Women's Foreign Policy Group and we'll get it to her. Special thanks today to our Event Chair, Ann Korologos, and to our Host Steering Committee members. Ann, if you would stand one more time it would be great, and thank you for making this such a big success.

I want to thank our sponsors and, again, I'll read your names and if, at the end, you would stand, that would be great. First, our sponsors at the benefactor level, Target Corporation and Xerox Corporation. A very special thank you to you. At the patron level, The Washington Post [Company], Finemeccanica North America, Henrietta Holsman Fore, Ann McLaughlin Korologos, and, at the sponsor level, Goodyear Tire & Rubber Company & Maxine Isaacs & James A. Johnson, and our supporters, CH2M HILL, General Mills, Host Hotels & Resorts, and Procter & Gamble. If all of you would please stand, we would like to thank you. You have been wonderful supporters. *[Applause.]* Thank you very much. And, of course, I must also thank the Embassies of Australia, Canada, New Zealand, and Slovenia for their generous wine donations, so thank all of you. I now want to recognize the numerous ambassadors with us and on the event's Honorary Committee. Rather than trying to recognize all of you by name, which I've gotten in trouble with in the past, I would like to just acknowledge who you are and then ask you to stand also when I've finished this list. First of all, our women ambassadors, it's very important that you stand separately and we give you special recognition if you don't mind, if the women ambassadors or diplomats would please stand, that would be great. Thank you very much. *[Applause.]* A very special welcome to all of you. And we also have here today senior State and Treasury Department officials and other officials and special guest Robert Hormats, Under Secretary of State for Economic, Energy, and Agricultural Affairs. Thank you for being here.

This has been a great year for the Women's Foreign Policy Group. We started with a conversation with US Representative for Afghanistan and Pakistan Richard Holbrooke. This summer, we hosted an exciting event with the State Department's Ambassador[-at-Large] for Global Women's Issues Melanne Vermeer, we have worked closely with several ambassadors on our Embassy Series events, most recently at the Embassies of Trinidad and Tobago and India. We celebrated women diplomats at the Croatian Embassy. We also hosted a series of Author Series events with women journalists and experts and those have been very well-attended and very exciting events as well. We host our annual mentoring fairs in New York and Washington, and those have gone very well as well. Some of our former speakers are with us today, including, I believe, Karen DeYoung, Elisabeth Bumiller, the DCM [Deputy Chief of Mission] of Mexico, the Ambassador of Croatia and others who have hosted or spoken with us in the past year. We do have an exciting Embassy [Series] event this year on December 6th at the Residence of the Ambassador of the Netherlands, and we hope that all of you can join us there. I want to thank all of you for your support and participation in the past year and hope that you will

continue to join us. We need your participation and support and I want to encourage you, if you're not a member of the Women's Foreign Policy Group, to please join us. All of our events are great—they're always interesting, always important, always on the issue of the moment, and we'd love to have you be part of it, so thank you very much. The only thing I have to mention—and Bianna mentioned it—is that you have cards on your tables, and if you want to ask a question of our very distinguished speaker today, Anne Mulcahy, please write clearly. Give us your name and affiliation and send your questions up and Bianna will coordinate those and put your questions to our guest. So thank you for being here, enjoy your lunch, and I'll see you in a moment. *[Applause.]*

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Ms. Golodryga: Hello, everyone! You don't have to stop eating, I would ask that you stop talking for the next hour or so, so that we can get on with the program. I hope you are enjoying lunch, and you are here for, I guess, our own restoring sanity rally—not talking about politics! At least for today, even though we know tomorrow is a big day here in this country. But I want to introduce a very special guest here, who I had the privilege of meeting, and when you hear her résumé—I just had to drink two gallons of water to make sure I can say this within the next minute—it is quite impressive! Ann McLaughlin Korologos is the former US Secretary of Labor and the Chair of the Women's Foreign Policy Group's luncheon. She will introduce our keynote speaker today, Anne Mulcahy. Ann is well-known for her government service as the 19th US Secretary of Labor in the Reagan Administration from 1987 – 1989 and previously as Under Secretary of the Interior. She also served as Chairman of the Board of Trustees of the RAND Corporation, and as Chairman of the Aspen Institute. In 1989 she was appointed by President Bush as Chairman of the President's Commission on Aviation Security and Terrorism, which undertook the investigation of Pan AM Flight 103. She currently serves as a member of the Board of Directors of several corporations, including the AMR Corporation, Harman International Industries, Kellogg Company, Host Hotels & Resorts, and Vulcan Materials Company. She also serves as a member of the Board of Directors of the Dana Foundation, and is a member of the Board of Trustees of the Ronald Reagan Presidential Foundation. It goes on! She is also an active member of the Women's Foreign Policy Group's Board, and chairs the Board's Corporate Outreach Committee. Please join me in welcoming her to the stage. It's quite an impressive résumé, it's good to meet you, good to see you. *[Applause.]*

Ann Korologos: Thank you, Bianna. I did say to Bianna earlier, about the résumé, we were all 'was' once, she didn't put the dates of a lot of those appointments on there! *[Laughter.]* What a privilege and personal honor for me to serve on the Board of the Women's Foreign Policy Group and to be here today with this fabulous audience. Obviously all of us are happy to have a respite from the campaign trail, so I think we are all enjoying the afternoon. But to introduce Anne Mulcahy, a special friend of mine, the former Chairman and CEO of Xerox, is really a great honor. I don't know, Bianna, if you and Anne did any planning for the Q&A when you were borrowing that cup of sugar from your neighbor! Bianna actually assured me that they had not talked about the event today, so these questions will be yours.

Anne and I have served as corporate board members together, and we also share an alma mater. She was named one of "50 Women to Watch" by the *Wall Street Journal*, one of the "Most Powerful Women in America" by Forbes. *US News and World Report* considers her among "America's Best Leaders." The Obama Administration has sought her counsel on how to

improve relationships with the business community, and her recent dinner with Valerie Jarrett caused speculation the Administration wants her for even more. I told Anne it was quite acceptable to be mentioned, mentioning is a good thing in the press. Anne Mulcahy is not only a distinguished leader, she is a woman in demand. The Women's Foreign Policy Group could not have chosen a better person to inaugurate our new speaker series Women Shaping the Global Economy.

This is a rare opportunity for us to hear the perspective of a woman whose leadership as chairman and CEO of a significant multi-national company has affected the global economy. Those of you here today who work in foreign policy and diplomacy know well that succeeding in a complex and interconnected world today requires seamlessly handling diverse—even conflicting—challenges.

Anne Mulcahy, who engineered one of the most dramatic turnarounds in corporate history at Xerox, is adept at both managing and leading. She pays attention to the little details and the big picture. She has been invaluable to Xerox, the company to which she devoted 34 years, and to the numerous corporations and non-profits she serves as a board member. I'd be remiss, by the way, if I didn't mention here with us today is Don Graham, Chairman of The Washington Post [Company] and on whose board Anne serves, and is a colleague of yours. Don, thank you. [Applause.] And also Jim Johnson, a colleague from the Target Corporation and where Anne also serves. Thank you. [Applause.]

Anne has often been asked to counsel companies under fire. I once asked her what she had learned from leading through crisis. Her response was straight-forward and characteristically wise. "I now listen differently," she said. Listening, in fact, is the core of her leadership style. Named president of Xerox when the company was on the brink of disaster in 2000, she racked up 100,000 miles visiting Xerox operations around the world. She conducted town hall meetings to listen to employees and told them no questions were out of bounds. She answered honestly. And in the process, she galvanized dispirited workers and gave them reason to believe in the company and in her.

It turns out that the Xerox employees, customers, and shareholders she engaged with were very smart to place their trust in Anne Mulcahy. She became the first woman CEO in the company's history a year later, and a year later in 2001 its first female chairman shortly after that. She has been described as straightforward, hardworking, and disciplined. Both compassionate and tough, extremely focused and decisive. Her parents may have been nurturing these qualities when they encouraged her, their only daughter, to compete equally with her four brothers. And the importance of hard work and discipline was no doubt reinforced by the good sisters at her Catholic primary school and Marymount College in Tarrytown, New York from which she graduated.

Since retiring from Xerox in May, Anne did not let any grass grow under her well-traveled shoes. Anne started a new chapter of her life. Continuing to serve on corporate boards, she entered the NGO world as Chair, as Bianna mentioned, of Save the Children, where she is helping make the difference saving lives of newborns and children. This new venture has found her in some of the most challenging parts of the planet including Haiti, Guatemala, India, and in Afghanistan, where she was two months ago, and in Iraq, where Anne traveled from Basra to

Baghdad and just returned last week, and where Save the Children is one of the only NGOs doing work on the ground. The plight of children in these war-torn countries is dire, where over 20% of children under five will die from preventable causes. Where there is a lack of education for girls and few, if any, rights for women in light of a growing fundamentalist presence. Her new undertaking brought her to the UN where she recently participated in a meeting with Secretary Clinton and the UN Secretary General for the launch of Scaling Up Nutrition initiative, and I assume she may talk about that.

She has said that, “Good leaders surround themselves with a few good critics.” I trust that she already has these critics in her inner circle. So, personally, I am happy to continue expressing praise and admiration for this remarkable, authentic executive and my accomplished friend. I invite you all to join me in giving a really, very enthusiastic welcome to Anne Mulcahy. [Applause.]

Anne Mulcahy: Wow, it doesn't get much better than that! Thank you so much Ann for that lovely introduction. I am just really pleased to be here with all of you today, such a distinguished group. It's great to see friends like Ann Korologos, like Maxine, like all my good friends from The Washington Post, Target, my Xerox buddies, and it is just a pleasure to be with all of you today. I would like to clarify, by the way, that I am the former women CEO that is not running for public office in California. [Laughter.] Okay? Put that aside.

So when I look around this audience I have to tell you that I do feel cautiously optimistic about what's happening as it relates to women, the role and the impact they are having and will have as leaders in the future. Ten years ago when I became a CEO you could count the number of women CEOs on one hand, today you would need two hands plus a toe, there're 11. [Laughter.] That's good, certainly not good enough. I think we can look around what's happening in this political environment and see lots of great women, and, by the way, a few not so great women running in tomorrow's elections. [Laughter.] But that's what it's about, that's equality. And I am always impressed that our last three administrations here in Washington have had extraordinary women as Secretaries of State: Madeleine Albright, Condoleezza Rice, and Hillary Clinton, all of whom have spoken here I know. So, lots of progress, but I would never confuse optimism with satisfaction here. We have a long way to go. I am always clear when I talk about the history of the Fortune 500 that over that long history there have been 22 women CEOs, half of them are in their positions today. And last time I looked there are only two genders, so if my math is roughly right we should feel good when we have 250 women CEOs, and nothing less. [Applause.]

But kudos to this group, I am a big believer that being active and focused is hugely important, and things like internships, and mentoring, and outreach activities are so important in creating the next generation of leaders, particularly in international affairs. So, I applaud your efforts, and I think our biggest enemy is being passive, so this is really important.

I am going to talk really briefly, a little bit about leadership lessons learned at Xerox and a little bit on how that translates into the nonprofit world. I am going to be brief, 15 minutes or less, so that we have plenty of time for the more interesting part, which will be your questions.

Ann talked a little bit about it, I am not going to rehash the situation that Xerox found itself in, it's kind of ancient history now, over a decade ago, but we were on the verge of bankruptcy. I

often say that becoming the CEO of Xerox at that point in time was not the fulfillment of a lifelong dream; there was not a long line of candidates for that role. The year I became CEO of Xerox we were losing \$300 million dollars and five years later we were making over a billion. But it doesn't really tell the story, because we kind of had to crawl our way through a whole mountain of problems including a SEC investigation, a liquidity crisis, a failed business model, and an innovation draught. So whenever you get to the heart of the question that people want to know, 'how do you make so much progress in a relatively short amount of time?', I'm never confused. Having a good strategy is okay, but insufficient, and you do have to be disciplined about your execution, but at the end of the day it is always about your people. It's always about their belief, their ability to align around a common set of objectives. It is such a fundamental concept but so often missed that your success is always dependent on the willingness of your people to commit to a cause and its leadership. Particularly in large companies, where the only advantage for global companies and scale is if you are all harnessed against a common set of objectives.

So my observations about leadership really come from my experience and I'll give you an abbreviated list, to me they are kind of the non-negotiable aspects of good leaders. And Ann touched on one of them, and it's all about listening. They genuinely want to hear what people have to say, and they also learn from what they hear. They are constantly in touch with their customers, with their people. They are what we call market connected; they don't delegate that to anyone else. Easy to talk about, hard to do.

Second, they actually do have a clear vision of where they want to take an organization, and they give people a road map of where they're headed. And, more importantly, they inspire them to want to take that journey. And I was always amazed that during really rough times when Xerox people were reading about bankruptcy, at all these town meetings all over the world no one ever asked me if we were going to survive. They asked me what we would look like after we came through the crisis, and what they were asking was it whether it was worth staying and what the place would look like when we came through. That kind of vision is not corporate speak and PowerPoint slides; it is being able to tell a story that people see themselves in and relate to. It comes in all shapes and forms but you must be able to convey that in a way that people feel inspired to get on board to participate. And once you have that vision and communicate it, it is so important to invest in it. For Xerox, that meant investing in research and development. We were struggling for survival; over a few years we took about \$300 billion of cost out of the business to get competitive, but for us the Holy Grail was research and development. It was about upstream development, to really make sure that we would have something down the road that people would feel proud to feel associated with. But it wasn't just investing in R&D, it was also transforming it. During the 1990s we had a real draught with regards to innovation, just a handful of products made their way to the market place. One of my predecessors, one of my favorite lines, was that he used to say that 'we didn't launch products at Xerox, they escaped.' And that spell got broken, in the sense that we have reached 30 to 40 new technologies every year that we bring to market, and it really is one of the most prolific R&D pipelines in the industry.

Finally, good leaders really are authentic. Another thing that's easy to talk about. But they really do have a clear and consistent set of values. And the reason that's important is people know what to expect and they trust that the leaders live up to those expectations. They don't waiver from this inner moral compass. I always reflect on what I call moments of truth, and those are the

tough times when it's not so obvious what the right decision is, but it's always obvious when you have a chance to look at it from hindsight, and authentic leaders generally follow that moral compass and make the tough but right decisions that are consistent with their values. I do believe that these kinds of attributes are universal; they play across the board. I was recently giving a lecture at West Point, and was amazed, I was so impressed with their leadership, and this is what they believe in. They talk about hierarchical and certainly the autocratic leadership that wins people's minds, but what's really important is the ability for authentic leaders to win their hearts. And that this type of leader actually intuitively creates followership, which for me is kind of the best kind of definition of leaderships there is. That they get it, they know it's not the title, but they get it from the people they are privileged to lead. Very much featured, I think, in the Jim Collins style of good to great, where great companies obviously have great leaders, but the difference is the sustainable great performances of companies are delivered by leaders that have this paradoxical mix of personal humility and professional will. That it is about their companies, they build great teams, they give credit to others, and they are really aggressive when it comes to thinking about what they want to achieve for their companies.

So, I love this model of leadership. I would love to see a lot more of it across our country, perhaps across the world these days. And a minute on politics, not to be avoided today: I think we all know that our country has a heap of problems and it is unproductive to go in to the blame game. But as we approach tomorrow, we know there is going to be a wave of change. There is no question, the only question is what kind of scale it will be, and then what happens. And I think we all have to be really hopeful, perhaps we have to be more aggressive than hopeful, about what kind of outcome comes from all of this, because there are two choices. I think we can hopefully see an environment where we will have balance and respect, where people actually roll up their sleeves and constructively deal with these kinds of issues, and we see the right kind of constructive compromise, or we can default into a political standoff that could waste the next two precious years. That will have a huge impact on this country, on its people, and on our standing internationally as well. So, I think about it and say we need to be living in the world of 'and'. We need to feel good that there are investments of growth that need to be made for this country, and we need to be addressing the mountain of debt that will be facing the next generations that we will not be able to avoid it. We need to be more responsive to business, but not to be blind to the huge issues we have with the underserved in this country. We need to be listening and do a better job of responding, but we are not going to be granting all of our wishes in the business community. We also need to be aware that we have extraordinarily tough tradeoffs to make and they are not all going to be in the way of business. We need to understand that yes, it is jobs, jobs, jobs, and economy, but not to be naïve and foolish enough to think we can pull away from our global responsibility and our focus that we have to have with regard to living in this global world, and its implications. So in my words, we need a lot more logic and a lot less political spin and polarized views. So, kind of simplistic but we need our government to realize it exists to serve its citizens and that people are really desperate for political leadership that they can respect.

So a few words on my new life with Save the Children—I love it. In the last year it has just been such a motivational experience. Number one, the people are extraordinary. We should be so fortunate and grateful that we have a younger generation of people that is so motivated and interested in giving back and participating in social responsibility. [*Applause.*] It really is, it's inspiring to me. And the problems that I have seen in my travels, as little experience as I have, they are overwhelming. You can't help but go to places like Haiti, or see what the floods have

done in Pakistan, or visit war zones like Iraq and Afghanistan and not feel somewhat overwhelmed. But I have to tell you, most of them are solvable. And, it's usually important that we start to address these problems with a focus on solutions. Save [the Children] happens to focus on newborn and young children, and every day 22,000 newborns and young children die from things like diarrhea and pneumonia, totally solvable if we focus our resources in the right direction. And it's not addressable in silos. These are not government problems, or NGO problems, or business problems. There are big problems and our sectors really have to learn to work together and collaborate on the kinds of constructive public-private partnerships that can actually make progress. The good news is our reputation is literally being forged by a lot of the actions we take. And one of the things that has amazed me as I've traveled around the world with Save [the Children] is that people might feel very unhappy with Washington, but not necessarily negative about Americans. And that's why this whole area of soft diplomacy for me is so important and powerful in our world. We want people focused on this kind of reputational advantage. This is the face of America that I believe a lot more people around the world want to see.

So I'm going to end there. Hopefully I've sparked enough thoughts for some good dialogue and conversation. Once again, thanks for joining me today, it's really a privilege to be here. Thanks. [Applause.]

Ms. Mulcahy: It's so great that Bianna and I finally get to talk, even though we live across the hall from one another!

Ms. Golodryga: Hi neighbor! [Laughter.] As a journalist, and as your neighbor, I have restrained myself from stopping you in the elevator, stopping you in the gym, or just coming over to knock on your door—you know where I am going with this. Your name has been mentioned as a possible candidate for this administration, specifically that of NEC [National Economic Council] director. Have you been approached, and is this a job you would take?

Ms. Mulcahy: So, the direct answer is I have not been approached, and this is one where I think it was a little bit of a media frenzy. And I've said, one could be flattered, or one could think about the fact that they've made it very clear they would like a business CEO in the Administration, they'd like a woman, and then run that Google search on women CEOs that are democrats! [Laughter.] I believe you would come down to two, and that would be Ursula and myself. So, this was not a task for mental giants, to come up with my name as a candidate. Perhaps I would look at it and say, one of the things I care deeply about and that I'm concerned about is that we have too many armchair critics, whether they're in the business community or other parts, and I do believe that we need constructive help. I do not think that that's probably a role that is necessarily well suited to me personally, but I hope that whatever it is, informally or formally, there is a chance to play a constructive role in creating a conduit between the business community and the Administration because we need each other. It's really discouraging that the dialogue isn't there and that we are kind of at a standoff. So one of the potential positive outcomes of these midterm elections, and I think we kind of saw it in the past as well, is that it can be a little bit of a catalyst for reopening dialogue and actually making some progress.

Ms. Golodryga: So I assume you are not interested in my husband's old position at the budget affairs office, which has yet to be filled. [Laughter.]

Ms. Mulcahy: That's one that's listed, I think, on the ten most difficult jobs in the world, that's for sure.

Ms. Golodryga: My husband is Peter Orszag, for those of you who don't know, who is the former budget director. I want to move on to what we were just talking about, and that is the somewhat strained relationship, or the perception of this strained relationship, between this Administration and the business community. Is that something that you sense from people you've talked to and is that something that you think is having an effect on the overall economy, and on confidence with regards to companies' hiring?

Ms. Mulcahy: I think anybody who speaks with CEOs right now would say that there are very few, if any, CEOs that have been able to kind of, stand up and be a positive force right now in terms of the relationships with the Administration. And part of that is, as a CEO your responsibility to protect your business interests has been somewhat in conflict with some of the discussions that have taken place with the Administration. So there are real issues there. I think the most concerning thing is that there tends to be, I was saying, the business community is almost a mirror reflection of what has happened to the political community, and that is a little bit of polarization. There has not been as much compromise, and collegiality to work through issues. There has just been a polarized view, and that really does have to stop. I think from the Administration's stand point, they do need to do a better job of listening with an intent to be responsive to the appropriate things. There are plenty of listening forums, but I don't think there has been much evidence there has been a lot of response, appropriate response. And on the business community side, this is a time when you can't really be totally parochial about business. We have enormous issues in this country, particularly as you think about the underserved and it's getting worse versus better. This is not all going to go the way of, "Let's focus our attention and make decisions that are easy for the business community to digest." So I think there's got to be a realistic view of that. There has to be a broader hat than just a CEO running a company that speaks to the greater good of what needs to be done in this country, and we need to be a little better balanced in our thinking there as well to be helpful on where do we make compromises so that we begin to build credibility together.

Do I think it's really impacting jobs right now? My answer would be no. I think we're not hiring because of demand and markets, not because we're not sure of what's going to happen with healthcare or taxes. The reality is that if you're running a business, you're going to hire if you see demand and you have confidence in the marketplace and you see something that's sustainable and improving, and the reality is that that's not what we're seeing, and I'd say that's particularly true for the big business community, where we have learned how to get by with a lot less labor to drive the same amounts of revenue than we have in the past. It's just not necessary, unless you see sustainable growth with a level of a confidence that that trend will continue. So, I think it has much more to do with the fundamentals of the economic underpinnings right now than it does a particular reaction to Washington.

Ms. Golodryga: With regards to seeing that growth that we have yet to see increase at a substantial pace, there's also the argument that it's not just growth dependent, but, living in a global world, some of the skills sets that are required for these jobs are not the skills sets that many unemployed Americans now have. Is that something you agree with?

Ms. Mulcahy: No question. One effort that I'm actually kind of encouraged about is that I think there really is an effort to address the lost ground that we've created over the last couple of decades with regards to the skills sets of Americans, particularly as it relates to math and science and the efforts we're putting back into really trying to change that course. I don't know how many years ago, but 15 years ago we were number one; now we're number nine. The statistics are really compelling—they would knock your socks off—and we just lost our way in terms of creating the kind of enthusiasm for the careers that really would generate a lot more innovation in the marketplace. So, I would step back and say that we have to get really focused on rebuilding our position globally in terms of the skills that are coming out of our national school system and I think some of those efforts are in place, but I might put it higher on the list for investment than it currently is now.

Ms. Golodryga: Well, it should be no surprise that the issue of protectionism and outsourcing would be something that is talked about now with unemployment near 10%. As a former business leader, where do you draw the line between having to take care of your own and hire from within and yet know that a lot of the skills sets that will help you grow as a company come from workers that live abroad or were trained abroad.

Ms. Mulcahy: You know, I think this is—and I feel really strongly about this—but I think this is one of the most misunderstood issues that are out there and I understand the kind of populist view on this that we're outsourcing good American jobs overseas, but I'm going to tell you, Xerox Corporation has half of its revenues overseas, and we have less than half of our employees overseas. We are employing people who are doing business in markets where we're generating tons of revenue and, quite frankly, exporting products out to those markets which are retaining great American jobs here. Are there some bad actors there who are headquartered in the Cayman Islands and using tax havens around the world? It is a very small percentage of what is taking place now in terms of global growth. The reality is that this country is growing much slower than the rest of the world; those markets are going to be the source of revenue growth and employment growth for global companies. That is the reality. I would say, get off this issue and start working on investing in this place so we can build more jobs.

Ms. Golodryga: And how do we focus on that? One phrase that has almost become a cliché is, "and that's why China is going to win." When you talk about the sort of innovation dying off in the States, that we've become a lazy country, when you hear that phrase, "and that's why China is going to win," how does that make you feel and how do we keep that from happening or is it inevitable?

Ms. Mulcahy: I mean, first of all, I think one of the things that is less of a reality today than it was ten years ago is that, a lot of these countries aren't succeeding because of their labor rates—I mean, that is a temporary phenomenon. They are actually succeeding because their countries are huge investors in growth and opportunity. Their countries are investing in, certainly my colleague at the table from India, what's happening in terms of graduates that are coming out of Indian universities that are skilled in just incredibly competitive ways, this isn't any longer going to be a war won on cheap labor rates; this is going to be a war that's won based on, quite frankly, innovation upstream and resources to really drive the kind of employment growth we're seeing in a lot of those countries. This is kind of the point where I would come back and say that this is

a battle we can win if we choose to, but it does take a lot more energy and focus to make sure that we don't lose ground in ways that put us in a position of being competitively inferior to a lot of these other countries.

Ms. Golodryga: From a corporate leader's perspective, what concerns you the most going forward for the next ten years or so. We've managed to avoid a depression, we've managed to avoid a double dip right now, and now there's all talk that we could be the next Japan and that we could have this stagnant period. Does that concern you? Is that something you think we could expect, especially from a business point of view?

Ms. Mulcahy: I think that is a potentially realistic outcome. I don't think it's an inevitable outcome, but I think we are going to have to get our arms around slower growth rates for the next few years. I think we have—there's this kind of debate on cyclical versus structural, and will it just come back because that's what happens after recessions, and I'd be more on the side that we have more structural issues than cyclical issues in this country, which means industries have to be re-structured for competitiveness. We have an excess capacity that was based on not adequate financial confidence. We are going to have to offset and be very thoughtful about both making sure that there's an environment where our restructured industries can deal with their issues and be healthy and, in a much more precise way, start investing in industries that have a capacity for growth, whether its environmental or health care or small business versus big business. I think if we want to avoid the path that Japan took we are going to have to be really thoughtful about how we invest in growth in this country and make sure that it's focused.

Ms. Golodryga: You talk about the path to growth and investment, and I do want to talk about—before we open it up to the audience for questions—about Save the Children, and what you're focused on now, because you and I were talking earlier this morning about your trip to Iraq and your visit and how important education and investing in early childhood education is there. Can you just give them a sense of what we discussed backstage?

Ms. Mulcahy: I think the more you visit some of these really challenging countries and so many of you in the audience than I do in the year that I've spent with Save the Children, but the one common criteria that comes out is that the exit path is education. It's not going to be a military solution; it's got to be a social solution, and I think education is the most constructive path. It has a lot to do with the status of women and girls. You know, if you are not addressing particularly education for girls in these countries, it's a particularly dim future for these girls in these countries. It is a really challenging problem. I was telling Bianna that I visited about ten schools in Iraq, none of which had running water or sanitation. Now, this is a country that had a very good infrastructure thirty years ago, but that's been destroyed. Four sessions a day, for maybe two hours at a time and without a lot of teacher training to put it mildly, and you look at a country like that and say the problems are overwhelming and you can certainly look at any part of it and say it takes extraordinary resources to get this country back on the right track. But I would argue for starting to put our resources focused on building an education system that actually provides some degree of hope for the next generation in countries like Iraq and Afghanistan and that is just not happening today. And there are good efforts that certainly save a part of it, but we don't have the time to really spend dabbling at it. We really need a much more focused effort from the government, from public and private enterprises—this is a part of the

world where we need them to find solutions to their problems and we will not get there unless we see progress being made in improving their educational systems.

Ms. Golodryga: You talk about how the sort of sense you get is that the money and the focus should be on security and your point is that the two go hand in hand at some point.

Ms. Mulcahy: Yes. This is—and we didn't talk about it at all—but there is this disease called short-termism that is happening I think at all segments of society today, whether it's in business or certainly in politics. It's really ugly in politics, but it's there as well in the NGO world, but the fact is that security is the big sucking sound that says we want to get places stabilized in 18 – 24 months so we have reasonably graceful exits and the reality is that that will be the most short-lived solution in history unless we start addressing the other aspect of what's required in these countries, which is beginning to invest in a future that's governable in these countries.

Ms. Golodryga: We could talk about this for hours, but I do want to get to questions from the audience, and this one, I wanted to start off with this one because—you'll hear why in a second. "In my home state of California, Meg Whitman and Carly Fiorina jumped on the political scene this year with their own billions of funds. What do you think about CEOs running for office with no former political experience or time at political office at the state, local or federal level?"

Ms. Mulcahy: I think like anything else it's tough to generalize about those things. I'm a huge fan of Michael Bloomberg. I think he's done one hell of a job in New York, and that model is one that I love. But I don't think it plays universally. I think that, like everything else, we're going to have to make our judgments based upon more than just on the face experience that people have had and on their values and their beliefs and I think do a more thorough job of deciding if they represent what we want in our politicians. In general, I do believe that we'd be better served by what I'd call broader sets of experiences in politics than just politics, and that to me would be an advantage and provide perspective that's a good one.

Ms. Golodryga: But take away desire. Do you think you are prepared or that you would be prepared for a government-type position now given your history and background in corporate America?

Ms. Mulcahy: You know, the answer would be absolutely not; I wasn't prepared to be CEO of Xerox either so I don't think you should take any comfort in that. [*Laughter.*] But I think, you know, there's than just political participation and depending on the role, if we're looking for people with the skills that come from a different sector, then I think we can utilize those skills wisely. If it's a spectator sport to see business people eaten up in government and tossed aside, I think we'll see a lot less success. I think we've got to be thoughtful about where business leaders can provide contributions and it's got to be one that is supported.

Ms. Golodryga: Here's another one. "As a former member of the corporate world, can you comment on the rise of China?"

Ms. Mulcahy: You know, I think we should welcome what we're seeing in China. In many ways, that kind of competitive playing ground to me is what brings out the best in countries, so when we start worrying about the competition—and, by the way, you need a level playing

ground, so clearly there are issues whether they are currency issues or social issues that we need to hold countries accountable for, but at the end of the day if you've got a level playing ground, you ought to embrace it and say that's good for the world and good for the country. We've got to learn what we can from what we see; we ought to embrace it; we ought to run at it instead of running away from it, because it's not preventable and the worst thing of all is to be fearful of it, so I think that's why you see American businesses setting up operations in China, beginning to capitalize on the great strengths that they're seeing. We would be extremely foolish not to embrace the market opportunity that China represents and to position ourselves as positively as possible, so I think we ought to focus on our own internal issues and weaknesses and not be so worried perhaps about China's advances.

Ms. Golodryga: And what is your advice for young Americans about to enter the work force who know they're going to be competing against people from China and around the world on how to get that job?

Ms. Mulcahy: Well, I think one of the great things now that so many of our companies offer that kind of global perspective and global view, it's a wonderful opportunity for young people to not become US-centric in their thinking, and be more open-minded as it relates to the global business world, so I think we need people who are well-versed, who are traveled, who want to learn about global economies and want to participate in the global marketplace because those are the skills that are actually going to be so critically important to businesses in the future.

Ms. Golodryga: I want to stick on the global platform because I was struck by this question. "I'm a young woman from Rwanda. I'd like to ask you for advice about becoming a leader in the private sector. In Rwanda we face many challenges, but we need to have more women running businesses."

Ms. Mulcahy: I think that theme of women running business in the developing world is a really important one, and I think there are some good efforts—probably not enough—to create an environment where more women can be entrepreneurs in the global—and I see it when I travel and it's probably one of the most exciting aspects of what can, I think, leapfrog a lot of the economic development that's really needed in those countries. If we're talking about opportunities in this country, I think there's an appetite for international players to come into corporations and lend their experience and be a part of providing that globalization. I know in my team at Xerox, my team was international in scope versus US-centric, so I think the timing is really good. If you've got the background and the education and the skills to bring that great international experience which is valued so much in corporations today, I don't think there are any kinds of barriers.

Ms. Golodryga: What advice do you have for foreign policy professionals who want to move into business?

Ms. Mulcahy: [*Laughter.*] You know, I'm always hesitant to answer questions like this because there are probably so many people here in this audience that would probably have a better view on that than I do. I would look at it and just take it from the perspective of running a company and knowing that having those kinds of capabilities and skills would be valued in terms of how we think about our business and how important regulation and foreign policy has become

toward shaping our businesses. In general, and I've said it before, I think we'd all be better served if there were more cross-pollinating in our companies, in our governments in terms of the kind of skills sets and perspectives that we bring to the table. So, I'd like to think that there aren't a lot of inhibitors and barriers other than we just don't do it enough and we tend to kind of stay somewhat in our own little pigeonholes in terms of whether we've been in government or we've been in business. I kind of hope that we start to break out a bit. I think it would be really useful in all sectors—by the way, that's including, I think, the academic sector as well—that we saw more of this kind of cross-pollinating of leadership between the sectors so it's hard for me to identify what the barriers are. I think if you come into it with a desire to be a contributor and to learn with a set of skills that are desired and appreciated, there shouldn't be a lot of reasons why you can't make that transition.

Ms. Golodryga: And from your own experience, then, how do you stay relevant as a business, in a dog-eat-dog world, how did you manage to keep Xerox afloat when I'm sure there were times when people were dismissing the company as a yesterday company and not a tomorrow, forward-looking company.

Ms. Mulcahy: That's where the listening thing comes in, and really keeping your ear to the ground in terms of markets and customers. The two big things that influenced transitions that took place at Xerox were really hearing from our customers that they were less interested in acquiring technology and that we better find a way to have solutions that may have technology as a part of them but that they were not going to be buying speeds and feeds and capabilities from a technology company, and that was early on, and other companies have really learned that lesson well and we really took a page out of that book and really built a great, vibrant services business that now represents half of the revenues of Xerox but, more importantly, responds to the needs of our customers' needs to actually solve business problems and not buy stuff—that used to be the way technology worked. So, I'm really pleased because I got a commercial in for my company at the end of this, which is perfect, so thank you very much. [*Laughter. Applause.*]

Ms. Isaacs: Thank you very, very much Anne. You are a true inspiration; you are giving us a lot to carry home with us, so thank you so much. And thank you, both of you, Bianna and Anne, for taking time out of your busy schedules to share it with us. We really appreciate it. Thank you very much. [*Applause.*] On behalf of the Women Foreign Policy Group—I want to ask Pat Ellis to join me here at the podium—we want to extend our appreciation, Anne, for your leadership and your continuing success. Thank you so much for being with us. And thank you all of you for being here today, we will see you at our next meeting! [*Applause.*]