

The Economic Club of Washington, D.C.

**Welcome and moderator:
David Rubenstein,
President,
Economic Club of Washington**

**Speaker:
Ursula Burns,
Chairman and CEO,
Xerox**

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DAVID RUBENSTEIN: We're very pleased to have Ursula Burns as our special guest this evening. Ursula Burns is the Chairman and CEO of Xerox, a position she assumed in July of 2009.

When she took that position, she became at the time – and still is – the only African-American woman heading a Fortune 500 company. She also was, at the time, the only woman to succeed another woman who had been the CEO of a Fortune 500 company. That company, Xerox, is a company well known to many people here. It and its predecessors are over a hundred years old. It has a market capitalization of about \$10 billion, revenue of about \$22 billion. It operates in a 160 different countries and has about 133,000 employees.

That she would become the CEO and Chairman of this company was hardly foreordained when you consider her background. She is the child of two Panamanian immigrants to the United States; grew up with two siblings in the lower East Side of New York. A single mother raised her. She was smart enough to get a scholarship to the Polytechnic Institute in New York and earned a mechanical engineering degree. She followed that with a master's degree in mechanical engineering from Columbia. During the summer between those times and getting those degrees, she began a career at Xerox as a summer intern and stayed there for her entire career. She actually met her husband at Xerox. Her husband is now retired, a former employee of Xerox who holds 43 patents himself, a very distinguished inventor.

While she has been the Chairman and CEO of Xerox, she's had time to do some outside activities. They're quite impressive. She is a member of the U.S. Olympic Committee. She is a vice chairman of the President's Export Council. Most importantly, she is chairman of the corporate fund of the Kennedy Center. (Laughter.) She's also a member of the MIT board – and imagine this: this year her son graduated with a degree in physics and math from MIT, and she gave the commencement speech. Her son is now a graduate student at MIT, and she has a daughter who is at NYU.

We are very pleased that Ursula Burns is here this evening. She's going to give some remarks and then later we'll have some time for questions and answers.

URSULA BURNS: I always like it when I do this, just while I walk up and people are silent. It's the only time – (laughter) – I get their attention totally.

Thank you so much, David. The introduction was generous, to say the least, and the reception, warm so far. And I think that when we get into questions, I was told by some of my close friends here – I don't have a lot of them, but they're sprinkled around – that David is an easy mark, so I'm feeling more comfortable. (Laughter.)

At the outset, I want to do something that I very rarely do, but I'll do it this time. So we're in quiet season, right? It's the end of the third quarter, and I run a public company, and the

markets are crazy. They're very, very sensitive. So if I say something like, "We're worried about the economy," I want to make sure that you guys all understand that when I say "we," I mean, the regal "we" – (laughter) – not the Xerox "we." (Laughter.) So just about anything I say today is not about Xerox specifically; it's about the world. And if you guys can privately remember that, that would be good. It's more interesting if I actually spend time speaking about the bigger story anyway and not about my last quarter's results.

I was asked to do a couple of things, and I'll do them relatively quickly. First is to give you a little update on what Xerox is doing and how our company has transformed itself in the last couple of years – through some what I call pretty significant actions. I'm going to argue that all of us need to be a little bit more impatient – I'll spend a little bit of time on that – in how we lead our enterprises and what we expect from other leaders, both in private and public life. I'm going to use my experience – our experience – at Xerox over the past few years to make a larger point about leadership in these challenging times. Then David and I will spend some time on the stage talking and answering your questions.

Let me start with a bit about Xerox. This is my very muted sales pitch. For all the customers in the house, thank you very much. And if you're not a customer, get smart real quick – (laughter) – and call my team, and we'll come in and we'll help you.

When I became CEO a few years ago, I took over a company that was led by an amazing woman and that had some really big assets. It was financially sound, it had a great technology base that put us in an advantaged position in the market that we played in, and so everything was good. The challenges that I faced at that time were, "How do we grow this company, using these great assets that we had, in a different way? How do we actually take advantage of new opportunities in the marketplace, especially as that marketplace was changing rapidly?"

I'll give you an example. When I started at Xerox, most of the bills that we received – all of the bills that we received were mailed to us. We wrote a check, and we mailed them back – the bill back with the check. Well before the recession – but the trend heightened during the recession – most companies who actually send out some kind of communication like a bill, a transactional document, to a client moved from sending it to the individual by mail and – (chuckles) – I have the postmaster general here and he's living through this as well – (laughter) – sorry, I didn't even think about that; I'm sorry. (Laughter.) Most people moved from doing that to sending it out in some kind of digital form. While it hurt the postmaster general, it also had an impact on our business because most of those bills were printed on the technology that we made as a company.

Interestingly enough, the process that was used by a large number of companies to manage the digital side of the business is also something that we did. So we faced this change in the world and this change in technology head-on, and we tried to get in front of it. By the time I took over as CEO of Xerox Corporation, we had already built a \$3 billion document services business that took advantage of the fact that these changes in technology were coming around. While they were hollowing out revenues from one part of our business, they were actually growing revenues in another. That example can be used over and over and over again.

It can be used in books. David and I were talking about how much we read – like to read – but we are faced every day with the ability to buy a book digitally. Most of you probably do that, even though David and I still buy books – (chuckles) – and read them in the paper form.

So, with these transitions we had, we had to embrace them, and in fact, in many, many instances, we drove them. For the past several years, we've been building a services business, \$3 billion so far. When I came into the company, that was well on its way. But I did realize that if we continued down this path of slowly building a services business, it would take us to about 2050 at the growth rates that we were growing before we got to the size and scale that I needed to get to, to be really a force in the marketplace.

The day after I become CEO, I start speaking to a company called Affiliated Computer Services about doing some joint work with them. That quickly turned into why don't we buy you? Obviously, there was more courting in between those two things. (Laughter.)

ACS is a company that most of you don't know about, but if you actually got a ticket, without a cop giving it, a police person giving it to you, but you got it on a red-light camera, we probably did the transaction for that behind the scene. (Laughter.) If you went on a toll road and paid a toll or parked in some kind of an automated parking facility, we managed that. If you had a credit card bill given to you or a call answered in any of the major telecoms around the world, we probably did that process for the providers. Most of what we do is behind the scenes. Most of what ACS does is behind the scenes. But it uses the three things that Xerox has a core competency in: a great brand, a global reach and a set of technologies that are good at managing images and content. So I decided that we would go off and do this buy.

What I was told was the following – and it was almost like this – you paid \$6 billion for what? To do what? ACS was considered the American Cancer Society. People were trying to understand – (laughter) – how buying the American Cancer Society would benefit our shareholders in the long run. But, with the acquisition of ACS and a lot of explaining along the way, we have dramatically expanded our ability to help our customers be more successful. Our mantra is that we make our customers ready for their real business.

We manage all their back-office processes for them so that they can be effective in focusing on what they really do, which is not answering customer care calls or managing a finance and accounting process or sending out a bill. It's about selling Tide or whatever the customer does – and managing a legal process, et cetera. So we do that – we do that very well. In addition to that, we still make the stuff that you know us for or that you knew us for. We are still a leader in technology, like printers and copiers and multifunction devices, and we focus a lot of our R&D and a lot of our efforts on making the transition from that technology from black and white to color.

Chances are that we touch a lot of your lives. Like I said, we gave you a ticket, I'm sure. We processed a Medicaid bill. If you went to a health care provider, we probably provided that bill for you. If you had an airline flight, we probably gave you some communication about your ticket, et cetera, et cetera, et cetera. The point that I'm making is that the new Xerox is in many

places that you don't know and you wouldn't expect. We did that while focused around this thing that I'm going to talk about called impatience, all right?

We could have played it safe. We could have continued on leveraging the things that we knew. We could have gone slowly and gone from about \$16 billion and, like I said, by 2050, gotten to the point that we wanted to be at, which is to be a very large services company. But people who know me know that I'm not very patient, and our company didn't need a patient CEO at this time. They needed a CEO after this big recession to come in and try to figure out how we leverage the assets that we have in a way that would differentiate us very, very quickly. We did it and so far, so good.

I need some help from this town, though, (laughter) in making it a little bit – just a little bit – easier to do business. I'm working on that as well, and we can talk about that later.

I have a hunch that you will find this whole idea about transformation and changes in companies who have sustained themselves over long expanses of time – this idea of impatience with the status quo seems to be a prerequisite, I think, for sustaining successful companies through our time. I believe that we are losing this edginess that we had years ago as companies and as a nation. I would argue that we all need to shift our focus and our emphasis and our thinking away from what we can't do to things that we can do. The best way to shift this emphasis is to be totally fed up with the things that are happening today and – not just complain about them – but do something about them.

We have to move from why can't we create a lot more jobs – it's a big discussion and it's hard to do – to how the hell do we create more jobs? What needs to be done to do that? Why can't we compete to how we can compete? Why can't we educate to how do we educate? How do we feed the hungry? Why can't we feed the hungry – we went from that to how do we feed the hungry? Change our approach. We have to be far more impatient.

One of the things that is amazing to me is the discussions that I have on a continuous basis – by the way, not only here, it's everywhere, but I'm just going to use here because I am here; I mean, you have to listen to me (laughter). When I go to the leadership in this community – and in communities around the world – we talk about obvious problems. It's a problem; I agree, you agree, and probably the other side agrees that it's not a good thing. This is just not working, whatever it is – the tax code, the trade policies, whatever – the education system – and the conversations are around how bad it is, and then they stop. The next time that we come forward, the conversation is about how bad it is, and then it stops again. If we continue down this path, we'll keep talking about how bad it is, but we won't make progress in making it better.

I think this idea, this impatience, is something that we use to transform our company, and something I think that all of you can use as leaders to help transform the organizations that you're in and that our leadership in this government can use to transform the state of our nation.

So, I put this idea of transformation and impatience together. I'm a numbers person – an engineer. I always like to give number things, and so everybody should have a pencil out at this point and be writing down my (laughter) my four points.

Four points.

First, leaders have to create a galvanizing and motivating purpose for their organization. This sounds really simple, right? Most of the time, you would say, it's all about the money. So the reason why you should be motivated and galvanized is so that you could make more money in your job.

We found out – I think the nation has found out – and we definitely found out that that's just not enough. There's a little bit more that's needed. There has to be some purpose beyond just the money. Helping a client to do their job better – so winning in the client place. Helping a client so that they can do their job better, create great jobs and then go out and solve social problems is another thing. Helping a client or helping our company to make more money so that we can actually help to drive improvements in education, et cetera. It doesn't have to be social, but it's something beyond the money that is a really important thing.

What we found at Xerox is we can get people to come and we can get them to stay and we can get them to get engaged in driving the near-term things, which is shareholder value and happy customers. If we can keep them engaged in the longer-term thing, which is something a little bit bigger than just the money and just to work every day. Every organization needs a galvanizing purpose in getting people to be passionate about. That, I think, is a big step in making organizations great.

It's interesting – I used to read books a long time ago from these older pundits of business; they always talked about this. Then, a whole bunch of books in the last 25 to 30 years [*came out*] that had nothing to do with this. [*The business world*] kind of moved away from this whole idea that we're bigger than just the paychecks and how do you get a bigger paycheck. I think that we have to go back a little bit to having great places to work that create great value, that serve your clients very well or allow you to do more.

That's the first.

The second is that leaders must be impatient, and they have to translate that impatience into action – into bold action. There were a lot of reasons not to pull the trigger for us on ACS. I heard them all, every single one of them. First is, we don't know who the hell the company is. (Laughter.) You're going to have to go on the road, Ursula, and explain what ACS is. Second is that you are entirely too new in the job to take on something this big. The third is that the company is a little bit crazy; I'm not sure you can really handle it. There were – you name it – blah, blah, blah. There were a thousand reasons: It's very expensive; it's going to be really difficult; the strategy is very hard; you have to convince the board.

Thousands and thousands of reasons – and there are always reasons. But what we found out at the end is that if you peel them all away, which were the risk reasons, the core value that we create by putting these two companies together was undeniable. The reward was worth the risk that we were taking. All leaders of organizations – great leaders of organizations – have to

rally around this impatience to move things faster than most people think that they can be moved, to take on more of a risk than most people think is worthy taking on.

I'm not talking about being foolish or stupid or reckless. I always tell my team, this is not recklessness; this is taking on a reasonable risk and being fearless about it. There are always reasons not to act, and there are even more reasons not to act now. But, if you're smart and if you're good and if you have a great team around you and the value proposition is basic – this is socially and in firms that you lead – it's probably a good thing.

I'll give you an example. Richard Branson – I read a great book about him not too long ago – how long do you think it took Richard Branson to get Virgin Airways off the ground? Yell out something.

Remember, he had to get planes, right? He had to have logistics. He had to have government things figured out. He had to have staff; he had to have legal – you name it. It's a boatload of stuff that he had to get done. Give me a number – 90 days – (murmurs) – 90 days. This guy thought an airline would be a cool thing. (Laughter.) And so instead of saying, an airline is a cool thing; boy, aren't airlines hard? He said, an airline's a cool thing; I think I want to run an airline. And so he didn't let a lot of people talk him out of it.

I'll give you another example of a woman who you probably don't know, I mean, most of you don't know. I'm affiliated with MIT, and there's a woman named Amy Smith at MIT. She runs a little lab at MIT. Most of her people in this lab are students, undergraduate and graduate students. She's a traveler, interested in the world, and was amazed and frustrated at how much technology we have solving problems that are fairly basic in the developed world and how few of those technologies were available to people in the developing worlds where they were really needed. She tried to figure out what's happening here.

That fundamental was cost. It costs \$600 to get a portable water system deployed in Africa. Six hundred dollars is like six – might as well be \$6 billion for these people. So her big question is, how do you make some of these technologies available for money that's affordable to them? And she just went about it. She took a \$600 water system and translated it into a \$20 water system, and now she's deploying it across Asia and Africa. She's doing this with not only water, but electricity.

These things are fairly basic and this is a woman who has absolutely no global experience, no scope, not a lot of backing. She was just sick and tired of seeing a lot of excuses for why things were bad, and she just decided to solve the problem, reverse this, to get in front of the solutions. A lot of people, most notably Robert Kennedy said – he get the credit for saying what I'm going to say, but it was actually George Bernard Shaw who said it first – some people see things as they are and ask why, and others dream things that never were and ask, why not? The fundamental thing about leaders is they ask this question, why not?

Third, leaders need to celebrate this thing called impatience. Let your impatience show. Before I became CEO, I was counseled a lot by many other CEOs, my board members, et cetera.

They said one thing: “Never let them see you sweat.” Over and over again, I was told this – never let them see you sweat.

I said, I think it’s pretty cool if they see me sweat because then they know what I’m actually concerned about. I don’t sweat every day. (Laughter.) That’s kind of overdoing it. But when I do sweat, they probably get a sense that this is of high priority to me; it’s something that I really am concerned about or something I really want to move fast. This idea of having your impatience worn on your sleeve in the appropriate manner is a good thing.

When we were growing up, we were told things will always work out. It’ll take time. Don’t fight city hall. They kind of know what they’re doing. Don’t stick your neck out too far, it’s kind of risky. All of these things, I think, are holding us back a little bit.

I think that the youth of today have a little bit better idea about it. I’m going to take this time to do the proud mother thing. David told you I have two kids. One has self-validated himself by getting two degrees from MIT, so I don’t have to talk about him, everybody knows that.

I have a daughter who’s 18, and people who have girls know that they’re harder than boys by a lot. My daughter Melissa is a sophomore at NYU. She’s an amazing kid. She spent this summer working for \$20 a day – \$20 a day. I thought she was telling me, \$20 an hour – really. And I said, this is really great, \$20 an hour for an 18-year-old. No, she said, no, mom, it’s \$20 a day. I said, that doesn’t cover coffee or lunch. (Laughter.) She explained to me that it was a not-for-profit and they really needed the help and she really didn’t need the money. (Laughter.) I said, you need the money; I don’t need the money. (Laughter.) There’s a big difference.

But anyway – Concern is an amazing organization, it’s called Concern Worldwide. Basically, they’re on the ground in 30 countries, mostly in Asia and in Africa, and they’re working with families to make sure they have a means to support their family, that they can get reasonable health care, get access to education – a typical do-gooder organization.

When I’m pondering this thing about impatience, my daughter’s working at Concern and actually getting an amazing education about the world. It was one of the best things that she could’ve ever done.

And unbeknownst to me, she’s writing – what she does is write, she’s a writer. She’s been noodling this idea as well in a different form. She wrote an article for Concern that was posted on their website and picked up by a series of blogs and eventually emailed back to me. It was titled, “Indifference is Unacceptable.” I won’t read the whole article. Look it up. If she gets a lot of blog hits tomorrow, she’ll be really pleased about it. (Laughter.) So you should all go find the article and it’ll just count up.

This is what the end of the article said: I’m not going to dig every well for clean water and teach every child how to earn a living, but I’m going to think about the problem more. I’m going to talk about it more. I’m going to give more. I’m going to pay more attention and speak

out when something needs to be said. I'm going to get involved more and I'm going to try to make others do the same.

When I thought about this – when I read this whole thing – first of all, I was amazingly proud and very pleased that she picked up better habits than I thought she had picked up during this time. (Laughter.)

But then I realized that this is relatively prevalent amongst youngsters. We haven't quite beaten into them [*the concepts of*] don't worry, it's too big a problem for you to handle; don't get involved, it's too broad a thing. They haven't been taught to be patient yet. They've been raised and their whole ethos is about being impatient and helping and solving problems.

That's the third thing – show it.

The fourth is to lead. Sounds relatively obvious, but this is in scarce example around the world. Lead means that you stand up and you take a stance, and then you stand behind it and you take the shots when it's wrong, and you take the glory when it's right. Take the shots when it's wrong and you take the glory when it's right.

The recent work that you guys have been doing here in Washington shows me that I should spend a little bit more time here talking about this idea of leadership. And if you look at what happened – and not to make a joke, I'm not a joker at all – we saw people working around the clock to try to get a deal on the debt ceiling and basically, in the last minute, pull out something that was paltry at best – no more needs to be said.

I think that this idea about leadership means that you do have to compromise, that you do have to invest for the long term, and you have to compromise for the intermediate term. You have to stand up and make yourself and your point be known and take the licks for it when it goes forward.

By the way, it's not only happening here in Washington. Business has not done very much better. If you look at the mess we went through in the subprime market, it was a disaster. This was all about money. It was all about the short term. It was not about the long term. It was not about building value.

When I was introduced, David talked about where I grew up. I grew up in the Lower East Side of New York City.

I had three things against me. Now, I knew this when I was young, but then they reminded me of it when I was older. Three things: I was a girl; I was black – they called them “girls” back then, they called them “black” back then – and I was poor. The way that it's called now, I had “gender, color and class” against me. (Laughter.) But sounds better when you say, I was a girl, a poor girl, black girl from the city.

So I had these three strikes against me, but Xerox actually gave me an opportunity. One of the reasons why I'm still at this company and will be at it until they will have me no longer:

they gave me an opportunity with the only expectation that I work hard. They gave me an opportunity. I had good fundamentals. I learned stuff in school. I was fairly well-mannered. I applied this intelligence that I had and worked really hard at problems.

My impatience stems from this passion that I have that we can have that same outcome for people – youngsters all over the United States, for people all over the world. You don't have to come from a perfect background. You don't have to come from what they consider a privileged background. You can make it even if you happen to be a black poor girl from New York City. (Applause)

So my impatience stems from my passion to make sure everyone has access to the same set of opportunities that I had access to.

My impatience stems from my belief that Xerox has a whole lot to offer. All I have to do is explain it to someone and they'll get it. So I'll spend all my time explaining to you, and you'll buy it and you'll be pleased from that point on.

My impatience stems from this belief that I have that our best days are actually ahead of us, not behind us. We just have to work on it. That's what it's called. Or else, it would be called "play" and we could be on vacation and we wouldn't be paid as much money to deal with the problems that we have. If only we act to secure the longer term and not play games with that, I think that my dreams and my impatience will come true.

My impatience stems from an abiding belief that democratic institutions are the best institutions in the world, they lead to the best results, and that a capitalist economy is a good economy and that leads to the best results as well, and that humankind would benefit from both of those two things being true in more, not in less.

And finally, my impatience comes from the fact that I have passion in my heart and belief in my soul that it can't get worse than it is today because if it does, that means we're not trying very hard.

So if I get a little bit more impatient, I think it'll be good. I hope that you will forgive me for that impatience. More importantly, I hope that you'll get impatient as well and start to join me or join my daughter or your kids in this whole push toward solving problems today, not pushing them off for tomorrow.

This is all about believing. It's about positioning ourselves for the future. I'm trying to do it for Xerox. I am doing it from Xerox. I'm trying to help wherever I can. You should be doing it for your firms, and I'm sure many of you are. If you're at Xerox, I know you are doing it.

We should be helping the government do it as well. For those of you in the government, we're willing to help you as well.

So this is about being impatient and about doing something about it. Thank you.
(Applause)

MR. RUBENSTEIN: Thank you very much. I guess you get asked lots of times what it's like to be the first African-American woman to be the CEO of a Fortune 500 company. Did you get tired of answering that question about what it was like? And what did you feel like?
(Laughter.)

MS. BURNS: I don't get tired anymore. In the beginning, I was absolutely amazed at this spectacle. It took both myself and Anne a little bit by surprise. We were warned about some of the stuff, the black woman thing, but I didn't think it would be that longstanding and that intense.

It is a little bit of an anomaly, meaning that the two things I could do very little about became the center of the story. I could do things about the woman part, but I'm not interested in any of that. (Laughter.) But the black part, I couldn't do anything about.

So those two things became the center of the story. And it was frustrating in the beginning, but I have now become extremely comfortable with this, because what I found out was that people were not curious because of the spectacle; they were curious to find out how so they could tell a story so more people can get inspired to do something. So now I'm pretty comfortable with talking about it more. And actually, I'm pleased to talk about it.

But that is not the point here. The point is, I am a CEO of a publicly traded Fortune 500 company, and black or white are indifferent, male or female – if I screw it up, I'm going to get fired. (Laughter.) So the point here is to do it well.

MR. RUBENSTEIN: When you joined the company around 1980 or so, did you ever think it was possible at that time for you to become the CEO?

MS. BURNS: Remember 1980, David. I don't know if you remember that.

They didn't have a thing called Google. There was no Google. The Internet was just starting. We didn't have these PC things running around. When I joined my company, I didn't know we had a CEO. Really. I was just out of college. I was an engineer. I went into a lab. I ran around – I knew I had a manager who was above me and maybe above him, but I didn't really get concerned about CEO. When I joined the company, I just wanted to get paid money, which was important, and I wanted to do interesting work.

As I moved through the company, I learned, obviously, that there was more than just a guy above and a guy above. There was a point in my career, right after about 12 years in my career, I had met more people. I met expanding circles of people. I realized that there were other functions, besides – excuse me – engineering. There was product planning; people did business; many people sold things. I met a senior executive in the company, and that was when I first realized that there were other people up there.

About three years later, I realized that they were not – this could sound horrible, I know – but they were not that much smarter than I was. I don't mean that in a demeaning way. But they – they were not from the moon. They were – (laughter) – regular guys who went to regular colleges. I said, wow, I wonder what the difference between them and me is and what they do and what I do is. Then it took 15 more years before –

MR. RUBENSTEIN: So you think white men are not that smart, really. I guess –

MS. BURNS: No. (Laughter.)

MR. RUBENSTEIN: I've come to that –

MS. BURNS: I knew it.

MR. RUBENSTEIN: I've come to that conclusion a long time ago. But –

MS. BURNS: I knew it would come out that way. (Laughter.)

MR. RUBENSTEIN: So when you joined Xerox, at that time, Xerox was a very well-known company. It had a dominant position in the world. Xerox was synonymous with copying. What has happened? Where did the competition come from? Xerox isn't as dominant a company as it was. What do you think – was it foreign competition or change in technology that really affected Xerox?

MS. BURNS: The first transition we went through was definitely [*due to*] foreign competition. If you remember Xerox from the past, it was a monopoly. I mean, we founded the technology. We owned it. Then we had some help from the government, with a consent decree that said you should open up your patent portfolio to competition. I think that everyone thought it would go to American companies, and a couple of American companies dabbled in it for a while. But no – literally, no others took it up.

What happened was Japanese competition took up copying and recreating an industry that competed with us. We were taken by surprise by that onslaught, by the transition from being a monopoly to being a company that had competition.

That's one transition that we were surprised by. [*We were*] also [*surprised*] by the fact that the fundamental structure of the Japanese companies back then – very much like the Chinese companies of today – had a lot of support from their government. They had an infrastructure that was focused on education and low cost, and a whole bunch of things. It wasn't the highest quality in the world.

So, we were caught by surprise by that set of competition. We recovered very well from that.

The second phase of transition that we had to go through was a technology transition where things that were done in black and white had to move to color, and things that were done

on paper no longer needed to be there. We had to listen more closely to our customers and actually get deeper into their business processes. And we were able to do that.

Fortunately, in both of these transitions, we survived and did well.

MR. RUBENSTEIN: With so many people using email now, why is it that actually there's more paper being used than before email was invented? Why is paper still such a prevalent commodity?

MS. BURNS: It still is. The number of pages – everybody has been waiting for them to go away. We've all been waiting. I think it's going to happen eventually – not all go away, but our kids will use things very differently than we do. I think the reason why we still have a legacy is that most of us are still alive and – (laughter). All of us are alive. (Laughter.) That's a better way to put it. All of us are alive and will be alive for a while. The processes that we knew and we know, [*we'll continue to use*]. So you're right, the number of pages are not declining at the rate that people thought at all.

What I see is a shift in the value of a page. Before, it was used as the container and the holder, kind of a sacred source for information. Now, what we see is, paper is more transactional – very short lives particularly for black and white office documents. Therefore, the value of that document is going down. People still want it, but they're not going to be willing to pay a whole lot of money – five cents for a color page if you're going to crinkle it up and throw it away, and then print another one five minutes from now. So that transition is happening. But the number is not going down dramatically.

MR. RUBENSTEIN: Today, do you get more of your earnings and revenues from overseas, or more in the United States?

MS. BURNS: We bought a company called ACS, as I said, in February of last year. ACS was almost a total U.S. company; 95 percent of their revenues came from the United States. Before that [*acquisition*], we were a little bit over 50 percent outside of U.S. Now, we're probably 70 percent U.S. But our strategy is to diversify ACS outside of the United States.

MR. RUBENSTEIN: Well, I should say, that company is a company I'm familiar with. It's a company that my firm and a number of other buy-out firms tried to buy. We could never figure out how to do it; it was too complicated. So congratulations for figuring it out.

MS. BURNS: Thank you. (Laughter.)

MR. RUBENSTEIN: What did you know that we didn't know?

MS. BURNS: I doubt I knew much about the business structure that you didn't know. I mean, you guys are pretty good. (laughter)

What I knew – I knew a little bit about people; [*I had*] a little different perspective about people. The one guy who was the lynchpin in this company was a human being who had to be

dealt with. The biggest challenge to buying it, as you know, was that. We had an approach in how to deal with this individual.

MR. RUBENSTEIN: You've said you're very happy at Xerox and you're very grateful, but suppose the President of the United States said to you, I'd like you to come in and be my secretary of something very important, and the country needs you, what would you say?

MS. BURNS: No. (Laughter.) I wouldn't say no; I would say, thank you, Mr. President, I'm very honored; no. (Laughter, applause.)

MR. RUBENSTEIN: OK. All right.

And supposedly, somebody came to you and said, we'd like you to run for the Senate in Connecticut or the governorship, you would say the same?

MS. BURNS: I would say, absolutely no. (Laughter.)

MR. RUBENSTEIN: OK. OK.

MS. BURNS: Running for something, I'm not interested in at all.

MR. RUBENSTEIN: When you were in Xerox as a young person or in college, did you have a role model? Are there people that you have kind of emulated or would like to emulate?

MS. BURNS: Yes. I did throughout my life. If you read anything about me, you'll read about my mother. Everybody talks about their mother, they have a great mother. I had an amazing mother. My mother raised my brother, older; my sister, younger; and me. We lived in a really bad neighborhood. We lived in the Lower East Side of Manhattan. It was drugs and gangs and just a mess. It was a disaster.

We lived in an apartment [*that was*] an oasis in the desert. It was the way that I would describe it. My mother was very, very clear about what she could do in the world, how she was creating value. And her value creation was to make sure she had three value-creating good kids.

My mother only lived till she was 49; she died when she was 49 years old. Her highest income was \$4,400 a year – the most money she made.

MR. RUBENSTEIN: How did she support you?

MS. BURNS: She cleaned offices. We got our dental care because she cleaned the dentist's office. We got our medical care because she cleaned the doctor's office, Dr. Gertstein's (ph) office. I'll never forget his name. And we got medicine because we did extra cleaning.

My mother was very clear about a couple things. One is that she was clear about success. And her idea of success had nothing to do with money. She said the same thing all the time: You have to make sure you leave behind more than you take away. In every situation and in life,

leave behind more than you take away. Of course, when you're a kid, you're like this is B.S., – (laughter) – I mean, what the hell does that mean, right?

That was one thing. The second thing that she said is, where you are is not who you are. She was saying that all the time. We had people living under the stairs, peeing all – it was really bad. She said, where you are is not who you are, and remember that when you're successful. Remember that when you're successful.

I had to remember it because when you become successful, you have people who follow you around. They drive you in cars. They give you a whole bunch of stuff that you don't need. You have more money than you could possibly imagine. It could get to your head that you are more successful than you are or you're more than who you really are. She had no time for that.

MR. RUBENSTEIN: Did she live to see any of your success?

MS. BURNS: None. She never lived to see any of her grandkids. She died when I was 25. I was not even married then, and my brother was not married, nor was my sister. But she sees it now. Whenever I get either super happy or super sad, my mother's there. When great things happen, you turn around and go, oh yeah. And when really bad things happen, there's a little steady.

So that was one role model. I happened to have many throughout my career. A lot of peers of mine or subordinates – really subordinates – supported me. I have a couple of others [*with*] names that you would know. Anne Mulcahy is one. I became the president of the company two years before I became the CEO. Anne knew – we talked about it, even though it was not totally ordained that I would succeed her. And she kind of knew the date.

Anne retired when she was 57 years old. She could have been a real pain in the ass about this thing. I've seen a lot of examples of this happening in companies. Anne was exactly the opposite. I had two years of college. Going around and having a great professor one on one, who helped both personally and professionally, allowing me to get – I already knew the company; [*at least,*] I thought I already knew the company – to understand it more from a different perspective.

When people who were inside [*reached*] the conclusion that I would probably run it – everything changes when that happens. Not having to deal with a lot of the external – I was going to say crap – but a lot of the external stuff that you have to deal with, she took care of that. I got to do only the fun and interesting and good stuff. She was amazing – a great person.

Then there's two other people. I've been sitting on the board for a number of years now of one of the best CEOs I've ever met in my life. He's also a very good man. His name is Ken Chenault; he's the CEO of American Express. This guy is amazing. He is so different than I am.

I go at 90 miles an hour. Ken goes at 10. But he gets it done as effectively, and even more effectively, than I can. He's an amazing guy. I watch him when I sit in board meetings and learn how to lead differently from him.

The other one who's been tracking me – he's been on our board or associated with our company for 35 years – is Vernon Jordan, who you guys all know. He happens to be – I call him the father of – he's not my father, obviously. (Laughter.) He's not my father – but the father of Ursula Burns in modern times. This guy managed to step back, well early in my career, and without making it obvious that I was anything special, made me feel very special and actually watched out for me.

MR. RUBENSTEIN: He wanted to be here tonight. He had to do something in New York, as we know. So he couldn't be here.

Is being CEO as great a thing as you once thought when you wanted to be CEO? Or is it a lot of more aggravation than you thought it was going to be?

MS. BURNS: It's significantly better. It's the best god-damn job in the world. (Laughter.)

It really is absolutely amazing. Some of you guys have done this, right?

MR. RUBENSTEIN: Yes.

MS. BURNS: I know. Isn't it fun? It's really good. Now, it's also more aggravating by a factor of 10 than I thought it would be. It is phenomenal. You have an impact. You can have an impact every single day. You can control more than you ever thought you could control. You have a lot to do, and a lot of assets to kind of move around.

But then you also realize that it's not that easy. You don't sit up on high and say: Everybody run towards the hills, and they all start running, or everybody save money. It's a lot more complicated than I thought. A lot more frustrating than I thought. But it's still the best job in the world.

MR. RUBENSTEIN: How do you see the economy, based on your company's performance? Do you think the economy is actually growing or are we stagnant or going into a double-dip recession?

MS. BURNS: We're stagnant. I'll make the disclaimer again. I spend a lot of time with customers – a large amount of my time. We're talking about that seat at a table. I'm the highest-paid or least-paid sales person by the hour.

MR. RUBENSTEIN: You've already sold me on this, this afternoon.

MS. BURNS: Everybody in this room [*will be*] using us. I spend a lot of time with clients. And I have to tell you that today is worse than six months ago, for sure – in the United States and around the world. It's worse than six months ago in all the economies that I visit, which is interesting. It's particularly bad here.

Everybody knows Southern Europe, because we watch it, but it's pretty tough here. Confidence is low here, and therefore, decision-making is slow and long. I tell you, things that we would get closed in a month now takes us six. And it takes us a year to get clients to actually go for big transformational deals.

MR. RUBENSTEIN: You're the vice chairman of the President's Export Council, so I guess you've spent some time with the President. Have you ever told him: Here's what he should do to make the economy better, or does he not ask your advice?

MS. BURNS: Well, he does ask my advice. The good news about talking to the President is that it's in confidence and I'm going to keep it that way. (Laughter.)

MR. RUBENSTEIN: Just tell us – a secret, just between us.

MS. BURNS: No. (Laughter.) No, it is in confidence.

MR. RUBENSTEIN: OK. So today, are you hiring people around the world, just holding on to what you have, or are you actually reducing your employment?

MS. BURNS: No, no. We're hiring people – around the world.

MR. RUBENSTEIN: In the United States?

MS. BURNS: The United States and around the world. We're acquiring companies and we're hiring people. But there's a big transformation happening in our company and many companies. If you think about our company, we are a \$24 – \$23 1/2 billion company. I can generate \$23 1/2 billion in revenue with less people today than I did it yesterday. Technology helps me do that. Information flows help me do that.

We have a fundamental problem in our company that if we don't grow as a company – if we don't grow revenues as a company – I can almost surely assure you that I will reduce employment. I can do that because technology allows me to do that, because of the fact that economies are opening up around the world, and it's cheaper to do it allows me to do that. Fortunately, we are acquiring business and growing our lines of business so we can hire. That's one thing.

But I don't think that you can count on that happening without fundamental, structural changes to things like exports and the tax structure, et cetera, so we can grow. The vast majority of what I do in the future – not today, because we acquired a U.S.-based company – will be to try to grow our business outside of the United States.

Even with all those exports, the highest-paying jobs are here. A large amount of our large manufacturing is here. So we have to have a good structure here. We'll hire here. We'll hire more here if we can export more. It's a big deal.

MR. RUBENSTEIN: You've been a big advocate of improving scientific and technological training in the United States. What is your concern? You don't think we're doing a good enough job educating people in this area?

MS. BURNS: I just came from a day and a half of TCC, Technology CEO Council meetings, where CEOs in the IT industry get together and try to talk to leaders about what they should be doing to help the technology industry. One of the facts that's really interesting is looking at the unemployment rate by degree type. If you look at the unemployment rate of someone with an advanced degree in science or technology, guess what it is? Zero. A B.S. degree is 4 percent. Keep going down and there are 3 million open jobs in the *[engineering field]*.

We need a lot more than 3 million jobs. Three million jobs won't solve the unemployment problem. But 3 million is better than none. Part of the problem that we have is these jobs are here, and we can't fill them for two reasons. One is we don't educate enough U.S.-born people through a system that allows them to take those jobs.

And the second is when we educate anyone, if they're not U.S.-born, we ship them out of the country as soon as they get their degrees, which is the most backward thing in the world I've ever seen. We're trying to fix that. Everybody agrees it's backward – this is part of this impatience thing. It's not a good thing, but nobody's changed it yet.

Forget the HB-1 (sic) visa thing. That's a different problem. Why is it that we can produce less per-capita engineers than we do sports marketers? I know that Ted Leonsis is here. Where is Ted? He has some teams. But I don't think we need more sports marketers than we need engineers. I know he needs a couple.

I just think that we have needs. Clean, affordable energy; clean water; anything in information technology; scaling down – all these things require scientists, mathematicians. We're just not training them. We're not educating them from the first grade to be able to read, write and do critical thinking. They're not making it through the system.

MR. RUBENSTEIN: What about green technology? What are you trying to do at Xerox to make the company greener?

MS. BURNS: One of the things I love about our company – and this was part of the first thing I was talking about; the first example about you have to have some higher *[purpose]*. I consider ourselves a blue-collar company. We're pretty basic guys. Everybody has to do work every single day.

One of the things that we started doing years ago – well before green became this really good word – is we started to figure out a way to not waste a lot of things. So, you buy a big piece of Xerox equipment and well before it runs out, we'll sell you another one well before it becomes useless, because we make it like a truck. We would throw it away, until we started saying, why are we throwing this damn thing away? Why can't we reuse and recycle a large amount of this? That's where we started.

We made the power saver mode. This whole idea that the machine is on all day waiting for somebody to walk up to it. Why doesn't it go to sleep and then come up really quickly? This is all to save energy.

Printing on two sides of the paper sounds like something that is very obvious. And the reason why we did it? Just because we wanted to cut down less trees – et cetera, et cetera.

Now we have a whole set of technologies that are all about waste creation, low-energy usage, making things significantly smaller. It is in our DNA to be a sustainable, green company. Green – I hate the word – a sustainable company. A company focused on sustainability.

MR. RUBENSTEIN: Like in my own company, we have lots of copying machines. I'm sure they're Xerox, but –

MS. BURNS: Some of them are, but not all of them. (Laughter.)

MR. RUBENSTEIN: Not enough, I'm sure; can always have more. But what is it that you can actually do – or somebody like you can do – to actually make my copying bill smaller? We have lots of people copying papers all the time. What is it that you're going to do if I hired your firm to make my copying business more efficient?

MS. BURNS: The best way to think about this is that most of the technology industry has gone to virtualization; has gone to what people now call the Cloud. So you don't need your own server because you don't use the server all the time or need all of the capacity of a server. We can make your server look like your server alone, but you're going to share it with a lot of other people. You don't need to build all this stuff. And you don't need to pay for all of the overcapacity.

We have a business that's called our document outsourcing business or document services business, which will come into your company – any of the companies around here – and they'll do a study – a demographic, topological study of your office. It will see, I'm pretty sure, that every one of your managing partners has a copier, printer or a fax machine on their desk – each one of them do – with a utilization of about 5 percent a day. That's what you normally use.

Why do you have this? It's because you think you need it. We'll show you how to do that with significantly less printing – significantly less office devices. It'll use less energy. You have to buy less supplies and store them, because you have lots of supplies all over. It'll use significantly less paper, because a lot of the paper sits in the paper tray and gets useless, you have to throw it out. So we'll re-layout your office with multifunction devices. Not one of everything, but one device; not on every desk, but placed in a place that you have to walk a little bit but not a long way. It'll save your costs by at least 30 percent. We can almost guarantee it.

MR. RUBENSTEIN: All right. Maybe we'll try it.

MS. BURNS: Yes. You have to try that. (Laughter.) You guys heard it, right?

MR. RUBENSTEIN: We have these Xerox machines – or I assume they're Xerox. I have all this paper. When it needs more paper, you put the paper in. Why do I have to buy paper from Xerox? Isn't the paper the same as anybody else's paper?

MS. BURNS: The answer is you should buy paper from Xerox because I'm a nice person sitting on this stage. (Laughter.)

MR. RUBENSTEIN: OK. All right.

MS. BURNS: I'll give you the secret of paper. If you have a very low-end machine, go to the store and buy whatever paper you can buy. I'd like you to buy Xerox's paper, but it's not really that big a deal. If you buy an iGen – an iGen3 or iGen4 now; iGen4i or a Cypress that costs \$3 million – buy Xerox paper because we test the paper. We make the paper in a way that doesn't create a lot of dust and doesn't mess up the machine. If you have a little thing on your desk top – a desktop machine – buy whatever paper you are interested in. Like I said, you should buy ours just because you like our advertising or something else. But it's not going to make your machine work that much better.

MR. RUBENSTEIN: All right. Thank you for letting me know. (Laughter.) When you have any time to relax, what is it that you like to do? Are you a fisherman, a skier, a hiker? What is it that you like to do when you're not at Xerox?

MS. BURNS: No, no and no on the first three. (Laughter.) I am a reader. I love reading. I mentioned this earlier. I like actually reading books – the real things, the paper ones.

MR. RUBENSTEIN: The ones that have paper because you like paper, right? (Laughter.)

MS. BURNS: Yes, I like paper. But I actually do have an iPad and I read books on my iPad as well. I'm a reader. I do exercise – I run and that kind of stuff. I love biking, and that's the other thing I do when I have a lot of time. But generally, my time is in strange times – in the middle of night, flying on a plane. If I have any time, I actually read. I love reading.

MR. RUBENSTEIN: Do you expect to be doing this for another five years, 10 years? Do you have any goals for how long you're going to do this? And would you go into public service after you finished?

MS. BURNS: You're on this public service –

MR. RUBENSTEIN: Well, it's Washington, D.C. (Laughter.)

MS. BURNS: I have a long way to go. You're not going to see me going in the near term unless, like I said, I'm shepherded out the door for something. I'm hoping I can stay for a long time without being shepherded out the door.

I think Anne did a good thing here. She knew when the company didn't need her specifically, and when she had somebody who was close enough to get ready. I'm hoping that I can develop a team that has that ability; that when I say it's not about me anymore, we're not in a crisis or we've gone through as much as I can give, I can actually pass on to someone. I think that happens well before 10 years or 15 years.

The thing about public service, one of the passions I have is in education. The President's Export Council is one thing that I do. But the thing that I spend more time thinking about and more time doing is trying to figure out a way to improve the science, technology, engineering and math education in the United States. The President asked me and a couple of other CEOs to lead an initiative on STEM education.

One of the things that we did was we formed an organization led by a woman in this room, who's going to stand up in a minute when I call on her. She's going to be embarrassed. It's called Change the Equation. [*The purpose of the organization is*] to open up access, to become a source, [*to provide*] a record and example of how people like us who actually [*do our work*]. Xerox Corporation is not a school, but we give a lot of money toward education. How do you do this well? How do we get great teachers?

The woman who runs Change the Equation is Linda Rosen, who's sitting there. Linda, stand up. (Applause.)

The reason why I did that is because, while I love reading and I love writing and I like biking, I also love to see success. Conversely, I hate to see failure. Even more than failure, I really hate no opportunity, people who don't even have a chance to start. When you're older, if you kind of screw it up, you say, OK, fine. You had your shot at it, you take the consequences.

But when you are younger – when I was a child, if somebody didn't, if my mother didn't actually figure out that education was really important, I would still be in the Lower East Side of Manhattan right now. The difference between me in my capacity and all these kids who are left behind is because they didn't happen to have this lucky thing where they had a parent that was good, and then be lucky enough to fall into the sciences.

They should have parents that are good – we should work on that – but this idea of getting into engineering being lucky? I literally lucked into it. I had no one tell me about it, I just found my way because I happened to be reasonably good at math in a school where math wasn't that important. And I kind of stumbled into engineering.

That should not be an accident. It shouldn't be happenstance, especially when so much of what we need for the future is around these core skills that are not that hard. And by the way, the pay is good. The work is fun. And there's a lot of need for it. So why aren't we running toward it?

MR. RUBENSTEIN: Let me ask you a final question. How long do you think it'll be before people stop saying that somebody is the first CEO who's an African-American woman? Do you think we'll have many of them in five years, 10 years, 15 years or do you think we're

going to have very few for the next five, 10, 15 years African-American women heading Fortune 500 companies?

MS. BURNS: I think we'll have very few. I think we'll have more, obviously, it's happening now. But, we'll have very few African-American women. I think we'll have very few Hispanic women as well.

The reason why is that if you look at the demographics of the pipeline. You don't just happen into this thing. You do have to know a little bit about the company and there are some prerequisites for it. The pipeline is nowhere near full enough to get to anywhere near many – maybe a couple more.

One of the things that we have to work on as companies is to make sure that we get the pipeline right. We focus a lot on the pipeline – hiring the right mix, over-hiring in the mix because we also know that we lose more at certain phases in their career. We're still trying to figure out exactly why. Anybody who figures out that solution, tell us; we're willing to learn on that. But holding more in, and then if you can create more options to pick from, then you'll get some.

Right now we have very few options to pick from in our company. We try to hire, we try to steal them away from other companies, too. But we know that they're not there because I try to steal them away, and we can't find them. (Laughter.)

MR. RUBENSTEIN: I want to thank you very much for coming this evening. I know you're leaving to go overseas tonight. So it was very nice of you to spend the time with us. And I'd like to give you a gift on behalf of the Economic Club of Washington, which I have right here.

MS. BURNS: I love gifts, by the way. (Laughter.) One of the reasons why I agree to speak is so I can get the gifts.

MR. RUBENSTEIN: This is a copy – but not a Xerox copy – (laughter) – of the original map of the District of Columbia.

MS. BURNS: How wonderful.

MR. RUBENSTEIN: Thank you very much.

MS. BURNS: Thank you, David.

MR. RUBENSTEIN: Thank you.

MS. BURNS: Thank you. (Applause.)