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— CARLY FIORINA

# Fiorina reaffirms pledge to giving

VALLEY TOUR RELAUNCHES HP COMMITMENT TO NON-PROFITS

By John Boudreau  
*Mercury News*

In her first public appearance since the hard-fought merger of Hewlett-Packard and Compaq Computer last spring, HP Chief Executive Carly Fiorina vowed Monday that the company's vaunted reputation for corporate philanthropy will remain intact within the New HP.

Fiorina, along with Michael Capellas, the former Compaq chief executive and chairman who is now the No. 2 person at HP, spent the day touring non-profits and reassuring community leaders throughout Silicon Valley. They are scheduled to make a similar tour Friday in the Houston area.

Monday's trip was in essence, a re-launch of HP's community profile after the bitter and extended merger fight that pitted members of the company's founding families and their family foundations against Fiorina's administration and board. Indeed, the bruising battle left non-profits that depend on the Hewlett and Packard family foundations or the company for funding looking on nervously.

"It was terrible," said Magda A. Escobar.

See HP, Page 2C



Above, Carly Fiorina embraces Magda Escobar, right, the executive director of Plugged In. At left, Fiorina and Michael Capellas stand with Faye McNair-Knox, executive director of Start Up, an East Palo Alto non-profit that helps nurture small businesses.

LEN VAUGHN-LAHMAN —  
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# HP | Fiorina vows to keep HP philanthropy intact

*Continued from Page 1C*

bar, executive director of Plugged In, an East Palo Alto community tech center that in recent years has received \$2.3 million from HP and about \$400,000 from the Packard Foundation. "It felt like two parents fighting."

The day-long caravan through the valley included stops at three non-profits, a small East Palo Alto business, Latte Dah Cafe (which came into existence with help from an HP-backed program), a meeting with community and business leaders and an event to honor HP's employee volunteers.

Noting that non-profits that have long relied on support from HP and Compaq were unnerved by the merger and economic climate, Capellas said the company has made an effort to contact the non-profits individually and say, "Don't worry. We are still here."

Fiorina and Capellas, whom she repeatedly called a "partner and friend," appeared relaxed and engaged, speech after speech, handshake after handshake.

## 'A healing move'

"It's definitely a healing move," said Faye McNair-Knox, executive director of Start Up, an East Palo Alto non-profit that helps nurture small businesses. It has received funding through HP's "Digital Village," a three-year commitment to supply \$5 million worth of cash, equipment and services to local non-profit agencies. "That's the most important aspect of it: They are

not going to forget the community."

When asked about HP's strained relationship with the Hewlett and Packard family foundations, Fiorina said, "They are important investors and it's important that we have a professional and meaningful relationship with them. I think the proxy battles are behind us and we should leave them behind us."

Fiorina and Capellas, in speeches and in interviews, reaffirmed the company's philanthropic commitment at a time many companies are pulling back because of the tough economic climate.

"In good times and in bad, you have to choose to make some investments that don't pay off in the near term," Fiorina said. "Some of those investments are partnerships in communities."

Last year, HP donated \$54 million in cash, equipment and services to non-profits. For the last several years, the company has been the top corporate sponsor of United Way Silicon Valley. During the most recent campaign, HP and its 12,000 Bay Area employees gave \$1.1 million to the agency.

Likewise, under Capellas Houston-based Compaq gave close to \$10 million in cash and equipment to its community during its last fiscal year. The merger of the two companies, which is expected to result in worldwide layoffs of 15,000, might reduce employee giving to the local United Way. But HP has no plans to reduce its corporate giving, Fiorina said.

"It will either be maintained or increased," she said in an in-

terview. "I cannot foresee a situation in which we would decrease it."

Over the last several years, Fiorina has shifted HP's philanthropic strategy from giving to a broad range of organizations to aligning funding with education and "e-inclusion" programs that complement the company's strength.

## Creating new markets

The most effective corporate philanthropy, she added, is the kind that benefits both the company and the community. By helping businesses start and grow through the use of technology, for instance, the company is creating a possible new market years from now.

Critics have called such philanthropy narrow and even self-serving. But other organizations, such as the Council on Foundations in Washington, D.C., back such an approach because in the long run it helps corporate bottom lines as well as communities.

"We call it philanthropy, but I really do view it as a business investment — a business investment with a different pay-back period," Fiorina said. "Philanthropy, to be effective, has to be sustainable." For corporate philanthropy to be most successful, she added, "businesses have to understand what the benefit is to the business over time."

"In the end," Fiorina said, "the most sustainable motivation there is, is enlightened self-interest."

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