

# impact



Public Affairs  
Council

## Why Business May Need To Save Transatlantic Trade Talks



For the proposed Transatlantic Trade and Investment Partnership (TTIP) to become a reality, business interests in both the U.S. and Europe will need to step up their advocacy efforts on its behalf, global government affairs executives say.

To date, the trade talks are progressing as hoped, despite opposition from the far right and far left parties that gained seats in the European Parliament elections this past spring. Even so, “Euroskeptics” could still defeat any treaty that results, say experts, unless the business community becomes at least as enthusiastic in its support as its critics are in their opposition.

“Negotiations should be concluded by late summer of 2015, with an agreement to go to the U.S. Congress and the European Parliament in early 2016,” says Tim Bennett, director general and CEO of the Trans-Atlantic Business Council, which represents 70 global companies from offices in Brussels and Washington. “As troubling as the EU elections were, so far they have had a minimal impact on the negotiations. That’s because they are being conducted by career professionals with a minimum of political interference.”

Although the initial flurry of media coverage of the EU elections focused on the rise of nationalist and populist parties, Bennett sees the returns more as “referendums on individual governments than on the European Union itself.”

Tanguy Van der Elst, the Geneva-based director of government affairs – Europe for MeadWestvaco, agrees. “The politics of the European Parliament are very complicated, and it has taken some time for even sophisticated observers to realize that the anti-EU votes were not everywhere. There was no widespread anti-EU vote in Germany, Poland, Spain or Italy, and it is not accurate to assume these attitudes will dominate in the European Parliament itself.”

### Elections Set the Tone

The initial election coverage was “somewhat alarmist in tone, but things have quieted down a bit since then,” says Alan Hardacre, head of corporate affairs strategy for Imperial Tobacco. “But we are still faced with a situation in which the grand coalition of the center-right and center-left’s majority is weaker than it has ever been before, even with the Liberals joining that coalition.”

Plus, the elections set the tone for what the national governments think

*Continued on Page 3*

## American Attitudes Toward Lobbying Improve: Survey

Americans’ attitudes toward lobbying seem to be improving.

Fully 84 percent consider it acceptable for companies to lobby government to protect their employees’ jobs, and 79 percent approve of lobbying “to open new markets,” according to the Council’s 2014 Public Affairs Pulse survey. Only 15 percent and 19 percent, respectively, disapprove of lobbying for these purposes.

Some 74 percent of Americans also approve of lobbying to achieve “a level playing field with competitors” in this country and beyond. By a somewhat smaller majority — 68 percent to 29 percent — they even look favorably on lobbying to lower the cost of doing business.

In 2012, when the same questions were asked, a majority looked with favor on these activities; but today, support has increased.

As encouraging as these findings are for the public affairs profession, one finding might be even more of a surprise: Fifty-six percent think it is fine for businesses to lobby government to get more government funds or grants, while only 42 percent find such advocacy objectionable.

That, too, is an improvement. Two years ago, only 52 percent approved.

### Advocacy for Government Funding

Russell Ring, vice president, government affairs, at Roche Diagnostics, offers a thoughtful explanation for this improvement in attitudes toward lobbying for government funding.

“There is less attention in the media these days about the deficit, so Americans may well be more predisposed than a few years ago to government spending generally,” Ring says. “This is especially the case, I suspect, in two areas: spending for transportation and infrastructure, and spending on health care and research.”

It is not lobbying per se that Americans view with skepticism, Ring speculates, but lobbying for causes of which they disapprove. The timing of such advocacy also colors their views. “The further we get from 2008, the government bailouts and the recession generally, I think we will probably see a further improvement in these attitudes,” he says. ■

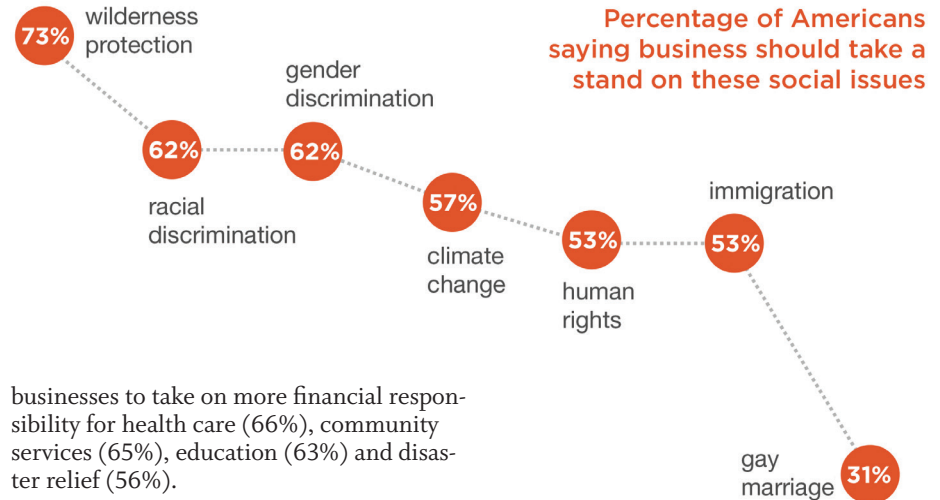
*For more on the 2014 Public Affairs Pulse survey, see pages 2 and 6 or visit [pac.org/pulse](http://pac.org/pulse).*

## Inside



By Doug Pinkham  
President  
Public Affairs Council

## Great Expectations for Business



**W**hat does the public expect from business? More than you think. Americans want companies to provide jobs, high-quality products and services, and healthy returns to shareholders. But they also expect firms to play an active, positive role in society. Based on data from the new Public Affairs Pulse survey, here is what that role looks like:

### Companies as Ethical Actors

More than eight out of 10 people say it's very important that companies make sure their employees behave ethically. This is especially important since more than 40 percent think corporate CEOs have low ethical standards. A reputation for integrity is pretty much non-negotiable.

### Companies as Guardians of the Environment

Three out of four Americans consider it a major priority for companies to minimize any negative impact on the environment. Meanwhile, six out of 10 people say major companies currently don't do a good job of protecting the environment.

### Companies as Community Service Providers

In many cases, corporate responsibility programs have become "table stakes" rather than opportunities to differentiate a firm from competitors. Public support remains strong for corporate philanthropy, volunteerism and, in general, companies taking a leadership role in helping the world in ways that go beyond operating a business. At least 85 percent believe these steps are somewhat or very important.

Yet only 42 percent believe big companies are doing a good job of contributing time and money to support their local communities.

Expectations couldn't be much higher. At a time when governments often don't have the resources to tackle tough national problems, many Americans expect private

businesses to take on more financial responsibility for health care (66%), community services (65%), education (63%) and disaster relief (56%).

### Companies With Their Priorities Straight

Corporate slogans often talk about "putting customers first," but many customers don't feel high on anyone's priority list.

Only 6 percent say major companies put customers' interests first, while 49 percent say firms put the interests of stockholders first. Interestingly, one-third of respondents say the needs of top executives get the most attention from major companies. While the percentage assuming firms exist to help their own executives is down 10 percentage points from last year, it is still remarkably high — and it is another indication of the lack of trust in corporate leadership.

### Companies With a Sense of Fairness

It's hard to know what people mean when they use words like "justice" and "fairness." Yet corporations face severe criticism when they act in a way that doesn't seem evenhanded to many Americans.

Where does the public's sense of fairness play out? It shows up strongly in the issue of executive compensation. Only one out of four people think major companies do a good job of paying top executives fairly, without overpaying them. This is probably one reason why so many Americans question the honesty and ethical standards of senior management.

In addition, only 37 percent say companies do a good job of paying their regular employees fairly. Not surprisingly, these rank-and-file employees are considered to have much higher ethical standards than their bosses.

This is not to say that companies need to pay everyone the same salary. But they had better be able to defend their compensation practices, particularly as they relate to executive bonuses. Previous Pulse surveys have

shown that the public disapproves of high corporate bonuses — particularly if they are awarded when a firm has not performed well.

### Companies With a Conscience

Because corporations have so many different stakeholders, they often struggle when they get involved in social issues. Taking a stand on a mainstream issue such as ending racial discrimination won't be controversial, but it also won't draw much positive attention. On the other hand, stepping into public debates over immigration or gay marriage may drag companies unwillingly into the culture wars.

For most issues, Americans agree that corporations are right to take a public stand. (The Pulse survey did not specify whether a company should be for or against changes in public policies on these issues.) Wilderness protection is the most popular social issue listed in the survey, with 73 percent of the public agreeing that companies should take a public stand. Next on the list are racial and gender discrimination (62%), which indicates that firms are still expected to be strong advocates for mainstream issues.

A second environmental issue — climate change — shows up next, with 57 percent of the public expecting companies to speak out and only 39 percent opposing the idea. Two other issues supported by majorities are human rights concerns in countries outside the U.S. and immigration.

The one exception is the debate over gay marriage. Though a recent Gallup poll showed that 55 percent of Americans believe married same-sex couples should have the same rights as heterosexual married couples, nearly two-thirds of the public say corporations should stay out of the debate altogether.

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# Why Business May Need to Save Transatlantic Trade Talks

Continued from Page 1

their responses to any treaty should be, says Andrés Baneth, managing director of the Public Affairs Council's European office. "To a degree, the anti-EU votes in France and the United Kingdom also influence the way the [European Commission] conducts its negotiations. But a sensible middle ground is still operating in the European Parliament and the European Council."

The push for "an economic NATO" goes back at least two decades, and President Obama announced his support for such an agreement in his 2012 State of the Union address. Vice President Biden has described the benefits as "almost limitless," while a more measured British Prime Minister David Cameron says a "comprehensive deal" would "create jobs on both sides of the Atlantic and make our countries more prosperous."

## Operating by Consensus

Fortunately, a "strong, pro-EU majority still exists in Brussels, which might not be readily apparent from the media coverage," says Van der Elst. "Also, the influence the elections have on the actual trade talks is not as great as you might conclude from that coverage. That's because the way decisions are made in the European Parliament is not the way political decisions are made elsewhere."

"The European Union operates largely by consensus. To get things done, you ultimately need the political systems of 28 different countries to agree. So the parliamentary coalitions that develop don't simply mirror the spring elections themselves. These elections reflected dissatisfaction with the incumbent national governments, especially in France."

Gregoire Poisson, managing partner of the global public affairs consultancy Interel, agrees that making decisions within the European Union requires consensus, a process that encourages cooperation rather than conflict. "The results of the spring elections were shocking to a lot of observers," he says. "But the response internally has been pragmatic, which is how the EU has to operate."

Even so, institutional changes going back to the Lisbon Treaty in 2009 "were already shifting power from a more business-friendly EU to one where fringe groups could exercise more influence," says Lukas Pfister, the Lucerne-based executive director of public policy, Europe and Canada, for Merck's Policy Division. "Despite these shifts, these groups did not gain enough seats in May to form a blocking minority."

Back during the campaigns, the trade talks "became a scapegoat for deeper national anxieties, and there was a lot of nationalistic campaigning against the EU and against trade," Poisson says. So any treaty

might nonetheless have a harder time being approved. "You will see a lot of opposition to it from anti-American and anti-corporate voices," Pfister says.

But the need for consensus that Van der Elst stresses will most likely mean that many controversial issues will not be addressed in a final agreement, Bennett says. In late spring of 2016, when he predicts Congress and the European Parliament will weigh in on a proposed treaty, he thinks more sensitive issues will already be dropped. "I don't see a final agreement including questions of worker safety, environmental regulation or GMOs, for example," Bennett says.

To assume that such issues would be included misunderstands the nature of the talks themselves, Van der Elst says. Such a misunderstanding also points to a major challenge for the business community.

"These negotiations aren't about environmental regulation or worker safety or GMOs or any of that, really," he says.

"This isn't about European standards being imposed on American companies, or American standards being imposed on European companies. It's not a way to impose European labor laws on the U.S., or vice versa."

Instead, the trade talks are a matter of agreeing on the premises — scientific and otherwise — that legislators in European countries or in the U.S. will use to make policy in their respective countries. "It's a question of agreeing about the standards on which policy is based, so trade is possible," Van der Elst says. "But it is a big challenge making people understand that distinction."

That's a communications challenge, and it will fall to the business community to meet it. "We have to put rationality and objectivity into the public discussion of trade," says Antoine Ripoll, director of the European Parliament's office in Washington.

After the heated rhetoric of the campaigns earlier this year, Ripoll says, "we have to change the tone of the conversation, and companies that want expanded trade will need to play a bigger role in that. They will have to do a better job explaining what an agreement will mean in terms of economic growth and jobs."

So far, Business Europe, the largest pro-business lobby in Brussels, "has been leading the charge in favor of a trade agreement," Hardacre says. "They've been holding a lot of events and getting stories in the press, which is good. What Business Europe and its affiliates, like the CBI in the U.K., are doing behind the scenes, of course, is harder to get a handle on. Whatever the case, individual businesses and business groups need

to do more."

That challenge is complicated by the fact that trust in government and in business has dwindled in recent years, with the Euroskeptics aggressively contributing to this decline of confidence. "Government affairs people need to be sensitive to the fact that many people now assume that if 'big business' supports something, it must be bad and that it must involve some conspiracy between business and government," Bennett says.

So far, Baneth says, anti-trade forces have enjoyed the "first-mover advantage. They've gotten their point of view out there, and a lot of negative stories in the press going back to the campaign are from critics' point of view."

Much of the media coverage has been about "the most controversial things that might be in any agreement that could result," says Baneth. "It has taken a while for the supporters of increased trade to get their message together, but I think by the fall we will begin to see a response."

"If any comprehensive deal is to be reached," Bennett says, "businesses will have to do a better job educating the public about the benefits of increased trade." ■

## Best Practices for Maintaining a Positive Public Perception

Oct. 16 | Washington

It's hard to maintain a strong reputation without an integrated public affairs function. Meaningful community relations, message alignment and effective engagement with stakeholders, including adversaries, are crucial to maintaining a positive image.

This workshop will examine how best-in-class reputation management plans are structured to help you ensure that yours succeeds.

Top takeaways include:

- New tools for monitoring your environment and anticipating risks
- Learning how to build a culture in which everyone is part of the reputation management planning process
- Strategies for finding and empowering brand champions

Register or learn more at [pac.org/reputation](http://pac.org/reputation).



# How Investing in Public Affairs Can Help Avoid ‘Nontraditional’ Risks

Too many business leaders see public affairs as a “cost center,” says Witold J. Henisz, a professor of management at the University of Pennsylvania’s Wharton School. The author of *Corporate Diplomacy: Building Reputations and Relationships with External Stakeholders*, Henisz considers strong relationships with government leaders, NGOs and the local community an investment that pays off not only over time but also in the short run. And the failure to invest sufficiently in these areas can lead to costly failures. Henisz has been a consultant to Rio Tinto, The World Bank, the Inter-American Development Bank, The Rand Corp. and the Central Intelligence Agency.

**Q Many business failures, you write, are the result of problems a company encounters because it did not pay sufficient attention to politics and public perceptions.**

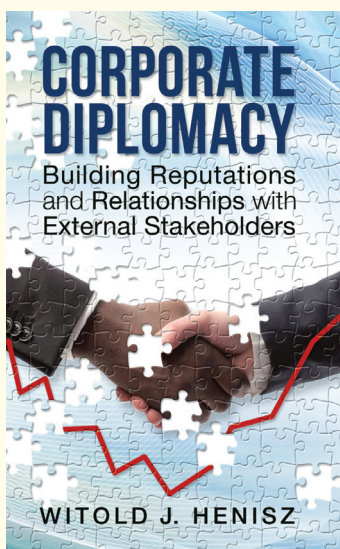
**A** This isn’t just my opinion. The research supports this conclusion. Goldman studied the largest upstream oil and gas projects and found that something like 60 to 65 percent of them were delayed not because of technical or engineering problems but because of what are considered “nontraditional” risks.

**Q What are nontraditional risks?**

**A** These are political or regulatory in nature or involve how a company is perceived. Many large capital investment projects run afoul of NGOs, for example. Accenture studied mining projects and found much the same thing Goldman found. These aren’t engineering snafus. And anecdotally, I find the same thing. When I speak to business leaders, I often ask them about their last major projects. I ask, “Were they on time? Were they on budget? And if not, why not?” Their answers are almost always the same. They were delayed or over budget or they didn’t happen at all because of nontechnical problems. So, on some level, the business community understands this. But on another level, too many of their CEOs and CFO types don’t.

**Q You say they think of public affairs as “voodoo.”**

**A** The unsophisticated ones do, certainly. But even the sophisticated ones often have a problem with it, too. The unsophisticated ones think people who talk about public affairs or public perceptions are hippies and tree huggers.



**Q And the sophisticated ones?**

**A** Too many of them believe that the problems they might encounter with local communities or NGOs, for example, are serious and will always exist, but there isn’t much you can do about it. They say these problems can’t be forecast, anyway. So they think they just need higher rates of return or higher thresholds so they can prevail despite the resistance. My book argues that there is an art and a science to managing these relationships, and it can be done to mutual benefit.

**Q But this requires a lot of educating.**

**A** Internal diplomacy can be as challenging as external diplomacy. It is very difficult to get traditionally minded business leaders to understand how crucial it is to get these relationships right. I’ll give you an example of just how urgent. A few years ago, people were talking about China and its billions of consumers. But that’s looking more like a bubble, because managing the Chinese

political system has been more difficult than these optimists expected. I think the euphoria over emerging markets has cooled off a bit precisely because people underestimated the political challenge.

**Q You say that it is not enough to have a team of public affairs specialists working on these challenges.**

**A** That’s right. You can’t just have someone who deals with the mayor of a city or your suppliers or the NGOs. It’s no longer enough, in fact, to have the CFO on board. You also have to have the mechanic, the lathe operator and the truck driver. Especially the truck driver.

**Q Why the truck driver?**

**A** Because no matter how carefully and sincerely you have cultivated your relationships with the mayor, if the truck driver is rude to the people in the community, you won’t be seen as a good corporate citizen. And that truck driver doesn’t even have to be an employee of your company. He can work for a supplier or a contractor, but as long as he is on your work site, his behavior reflects on your company.

**Q That brings us to the distinction you make between corporate diplomacy and reputation management. What’s the difference?**

**A** The two concepts are connected, of course, but there’s a big difference. Reputation management is generally about how the company is perceived in the aggregate. It is a company-level construct. I think of corporate diplomacy as more of a micro-level analysis that takes much more into consideration. It is about all the different constituencies and their interests. It is of course consistent with the movement toward segmentation in political strategy, for example. But it is about managing the relationship with all

the stakeholders, not just managing the company's reputation.

**Q “DAD,” you write, “is dead.” Can you explain?**

**A** The way I understand corporate diplomacy, it involves ongoing learning and adjustment to circumstances. I hate to beat up on lawyers and engineers, but they tend to stick by the old “decide, announce and defend” approach — or “DAD.” Say you're going to put a mining operation in a South American country. They put a great deal of effort in deciding the plan and then announcing the plan. They'll have a town meeting, and if anybody speaks out against what they want to do, they'll immediately get on the defensive. They are so wedded to the plan that they see any adjustment of it as an admission of failure. If someone criticizes what they want to do, they just fight back. Internally, they will say that changing the plan is too expensive.

**Q You say Royal Dutch Shell came up with a different, and better, approach.**

**A** After dealing with some controversies of their own, they adopted an approach that begins with dialogue. They begin by talking with all the possible stakeholders. They don't meet them for the first time at that town meeting. They listen. They don't develop a plan until they've had the dialogue. That's not something you submit to grudgingly after a problem develops.

**Q Sounds reasonable. Why would anyone object to that?**

**A** Critics inside a company will say you're just asking for trouble when you have these kinds of meetings. You're inviting people to make demands on you or put conditions on what you do. They say you are creating a big political mess for yourself.

**Q And your response?**

**A** I say it is going to be politically messy anyway. You might as well face those challenges from the beginning.

**Q You write about Wal-Mart and FedEx and their experiences “going green.” What's your point?**

**A** I think the movement toward sustainability is analogous with an embrace of corporate diplomacy as I define it. The point is that Wal-Mart and FedEx and others didn't do the “right thing” because they wanted to be nice. They did it for sound business reasons. By requiring sustainable packaging from their suppliers, Wal-Mart saved \$11 billion and captured \$4 billion of those savings.

**Q And FedEx?**

**A** FedEx consumes a lot of gas, so its shift to alternative fuels pays for itself. Companies need to view building relationships with their external stakeholders in the same light. It's not a cost. It's an investment that pays off.

**Q You are especially impressed with IKEA.**

**A** IKEA, which has always had a strong ethical commitment, has had to face a difficult issue, which is the allegation that child labor is used to make some of the carpets it sells. These weren't children employed by IKEA but by its suppliers in Pakistan and India. IKEA could have taken the easy way out, which is to announce that no children would be employed making carpets they sell.

**Q Wouldn't that have been a good thing?**

**A** Not necessarily, because it is a complicated situation. They could have obtained some no-child-labor certification, but they wouldn't have been able to guarantee that no children were involved, because some of these children are working in basements or attics. And they had to think about the alternative for some of these children.

**Q Which is what?**

**A** Here in the West, we tend to picture some small child working in a sweatshop while, down the street, there is an air-conditioned classroom with an empty desk in it. But the reality is, some of these children could just as easily be working in prostitution or picking garbage. So IKEA has taken what I consider a courageous stand. Instead of adopting a feel-good position that doesn't really address the problem in a substantive way, IKEA has made a commitment to improving the lives of all the children in these areas. They're working with UNICEF and Save the Children and developing alternative learning centers where some of these kids can go to class maybe one day a week and at least be introduced to education. And there's more to it than that.

**Q What else?**

**A** This is only a pilot project for IKEA. Carpets aren't the only labor children are involved with in India. There are many more who pick cotton. Even though IKEA has not been pressured to do so, it has taken it upon itself to work to improve the lives of children in these areas as well. IKEA is taking on the hard issues, and this, to me, is corporate diplomacy at its best. It's the right thing to do, but it's also an investment.

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## Means Joins Council As Assistant for Public Affairs Practice Team

Jennie Means, the newest member of the Council team, is not the typical recent college graduate who moves to Washington. Jennie, who joined the Council as administrative assistant, public affairs practice, in June, graduated from Bucknell University with degrees in political science and religious studies.

“Religious studies is much more relatable than a lot of people think,” Jennie says. “It's more than what people believe specifically. It's about culture, how people make decisions. It helps you understand diversity and how to work with different kinds of people.”

In her new role at the Council, Jennie will be assisting the public affairs practice team with speaker outreach, events and marketing for Council programs; coordinating the Council's mentor program; conducting public affairs research; and working with participants in the Council's Certificate in Public Affairs Management and Certificate in PAC & Grassroots Management programs.

While at Bucknell, Jennie was the career event specialist for the Career Development Center, assisting in planning and managing job fairs on campus and offering career advice to students. She sees her work on the Council's executive education programming as an extension of that experience.

“Professional development is very important,” she says. “It does so much to help people do their jobs better.” ■

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## Do ‘Colbert’ Viewers Really Understand Campaign Finance?



Fans of Comedy Central’s “Colbert Report” understand more about the realities of money in politics than do viewers of more traditional news channels, according to research by the Annenberg Public Policy Center at the University of Pennsylvania.

The evidence suggests that Stephen Colbert’s show “is doing a better job than other news sources at teaching people about campaign financing,” says Bruce Hardy, the lead author of the study. Other news sources examined by the researchers included CNN, Fox News, MSNBC and the nightly news shows of the three major networks, as well as talk radio and newspapers.

“The Colbert Report” serves as “an extended civics lesson,” the research shows, especially about super PACs. It not only increases the knowledge of its viewers but does so more rapidly than the news organizations in the study. The study doesn’t suggest that Comedy Central viewers are smarter than anybody else, or that they bring more knowledge to their viewing. But it does indicate that they increased their level of information by following Colbert’s pseudo-campaign for the White House, which involved the well-publicized formation of a super PAC.

Responding to the research, Stephen Hess of the Brookings Institution called it without “real parallel in history. Yes, comedians have always told jokes about elections, but this is quite different. This is a funny person being very serious, actually talking about process. What comedian talks about process?”

The secret of Colbert’s educational success doesn’t lie exclusively in his use of comedy; it also relies on “a continuing narrative in which the humorist crossed from being an observer to an active participant,” according to the Annenberg Public Policy Center.

The so-called inverted pyramid structure in which news is traditionally delivered seemed to work less effectively than Colbert’s narrative, according to the study, because it is like “being told the punch line before the joke.” ■

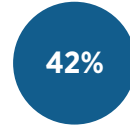
## Younger Americans Are Most Protective of Privacy



Will people trade some privacy to protect national security?



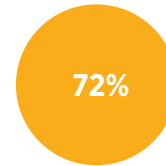
prefer to maintain their privacy



are willing to give up some privacy



Will people trade some privacy to obtain lower-cost products and services?



prefer to maintain their privacy



choose access to lower prices

Younger Americans live their lives online, sharing their most intimate secrets not just freely but enthusiastically. That, anyway, is the conventional wisdom, and marketing experts and political campaign strategists have based many of their outreach efforts on this supposed truism.

But Americans’ attitudes toward their privacy are not so simple, according to the Council’s 2014 Public Affairs Pulse survey. For the first time in the survey’s four-year history, it examined Americans’ views on privacy, and the findings are rather counterintuitive, according to experts.

The survey looked at two different areas in which personal privacy is involved. First, it asked how willing Americans are to sacrifice their privacy “to protect national security.” Second, it inquired about their willingness to trade some of that privacy to obtain “lower-cost products and services.”

Most observers would probably expect the answer to both questions to be in the affirmative — that we’d be OK with sacrificing some of our secrets to achieve either of these desired ends. But in fact, the Pulse survey found that the answer is generally “no.” Only 42 percent say they would give up “some privacy in order to help protect national security,” compared with 56 percent who would not. And 72 percent say they would not trade the loss of privacy in order to save money on the goods and services they purchase.

But in both instances — and here’s the surprising nugget — younger adults are more concerned about their personal privacy than their elders are. When it comes to national security, “Millennials are the most vocal in preferring to maintain their privacy (61%), followed by Gen X-ers (57%) and Baby Boomers (55%),” according to the survey. “Older adults are much more split on the subject, with about as many saying their privacy should be maintained as saying they would give up some privacy for the sake of national security.” As consumers, the survey finds, Gen X adults feel most strongly about maintaining their privacy versus receiving discounts. Baby Boomers and Millennials are almost as adamant.

Neil Howe — author of *Millennials Rising* (2000) and *Millennials in the Workplace* (2010), who is often credited with inventing the generational categories on which marketers now routinely rely — calls the finding “surprising.”

“It’s surprising because we take it for granted that younger people assume everything about them is in the cloud anyway,” Howe says. “They post everything about themselves and take a lot of this voluntary sharing of information about themselves as a matter of course. We assume that the people most troubled about their loss of privacy are Boomers. It’s always some angry 60-year-old guy. ... It’s never some Millennial.”

He sees the same distinctions in the workplace. “Younger employees like to work collaboratively in open spaces,” he says. “It’s the older workers who want an office where they can close the door so no one can hear what they’re saying.” So this finding appears “counterintuitive,” he says.

Richard Lundvall, a principal with Spike Communications, thinks the findings are so interesting that they demand further investigation. “Younger people have migrated from Facebook to other platforms like Tumblr and Pinterest for a significant reason,” says Lundvall, who has worked with clients such as Wal-Mart, Procter & Gamble and Lowe’s. “The reason they did so is because they saw that Facebook, which they understood to be a social platform, was being transformed into a marketing platform, collecting data about them to make money. And this made them uncomfortable.” ■

For full results from the 2014 Public Affairs Pulse survey, as well as infographics, video and analysis, visit [pac.org/pulse](http://pac.org/pulse).



## A Visit With ...

Jonathan Collegio  
Vice president of public affairs  
National Automobile Dealers Association

### You were named Public Affairs Executive of the Year by PR News in 2009 for your campaign on behalf of the National Association of Broadcasters (NAB). What's the story?

In 2005, Congress mandated that all broadcast signals would have to move from analog to digital by 2009. There was a good deal of concern on the part of NAB that with all the different and sometimes competing players, there wouldn't be a consistent message to the public about this transition and what it means. So I was hired by NAB in 2006, and we created the Digital TV Transition Coalition, which grew to 243 organizations. I also directed the television industry's \$1.2 billion public affairs campaign to frame the transition as an upgrade for the TV.

### What did these efforts accomplish?

While the NAB consists of broadcasters, we didn't want the only message to be through public service announcements (PSAs) on TV. We wanted a grassroots component, and we wanted to leverage the unique assets we had as broadcasters. So we partnered with a wide range of groups, including, for example, the National Black Churches Initiative. That enabled us to get our messages and materials into thousands of black churches. We also worked with local TV station managers to form a nationwide speakers' bureau. We got the general managers to find local speakers who could appear before local civic groups. The GMs managed to recruit 1,000 speakers, each of

whom gave an average of eight speeches. That meant 8,000 separate local community events where people could see how to upgrade in person.

### What did you learn from these experiences?

I learned that every public affairs professional has a set of tools — media relations, grassroots, social media, etc. A great campaign is one that can identify the unique inputs of its organizations and get creative about deploying those resources. As broadcasters, we had 1,700 TV stations, and we had to think creatively and introspectively about those assets. And that doesn't come automatically or intuitively.

### Your current employer has also conducted some effective campaigns — for almost a century. In 1917, for example, NADA beat back an attempt to slap a luxury tax on cars.

We're about to celebrate our 100th anniversary, and there's a reason we've been effective for so many years. Local new car and truck dealers are the backbone of local economies across the country. When the economy sours, local car and truck dealers are still selling and servicing cars and providing jobs that cannot be shipped overseas. Every mayor and city councilman and county executive knows the local dealers. Those relationships make NADA a powerful organization. Virtually no other industry has such strong roots in local communities.

### You also maintain strong relationships with other organizations.

That's right. NADA is focused on federal issues — federal elections, regulations, court cases and the like. But there are also 80 or 90 local and state auto dealer associations that focus on state and local issues. There's the Ohio Auto Dealers Association, for example, that lobbies in Columbus, and the Greater Cleveland Auto Dealers Association that focuses on issues like local zoning and signage. So we have 16,000-plus members at NADA, which focuses on federal issues, but then there are these other organizations. This is not a federation; these aren't state and local chapters of NADA. They are autonomous, independent organizations, but we have close relationships with them.

### How has the availability of online pricing information affected car dealerships? There were some predictions that it would damage the franchise model.

Actually, the Internet has strengthened dealerships. It has made it possible for dealerships to more effectively reach customers. Today, you can routinely buy a car from a dealer 100 miles away, when, not too many

years ago, you might have been limited to the choices within a 10-mile radius. This has not only created buying opportunities for consumers; it has also created business opportunities for dealers. It has made for larger markets for consumers and stronger competition for dealers. The franchise model has served this country well.

### In what way?

I can look out my office window and see a Honda dealership. But I know of two other Honda dealerships within 15 miles of here. If manufacturers sold cars directly, they would have the same costs in land, showrooms, employees and health care — all of that. But they would not have the same incentives to keep costs down. When dealers compete, this creates an incentive to minimize these costs and be as lean and mean as possible, which is the best thing for a consumer looking to buy a car right now.

### You've worked in political campaigns at the local, state and federal levels. What are the differences that people might overlook?

There are some distinctions, but what impresses me more is how the fundamentals apply to any campaign. Federal campaigns are more visible and thematic, while local races tend to be more personal and granular. Beyond that, they are very much the same. You need a good candidate, a compelling message and a team that can deploy the resources to maximize voter contact. The same is true whether applied to a political candidate, a product, a service or an organization.

### You've also worked for American Crossroads, the largest Republican super PAC. What effect do you think super PACs will have on corporate and association PACs?

I think the effect is probably overblown. I think it will be minimal. Since corporations were given the green light to give to super PACs, we really haven't seen much interest on their part in doing so. Most giving has come from individuals who can give to corporate or association PACs anyway.

### Is there a book you'd recommend that has influenced your public affairs work?

*Good to Great: Why Some Companies Make the Leap ... And Others Don't*, by Jim Collins, was probably the most instructive book I've read on helping organizations think outside the box and get not just good but great results. A good campaign is one that uses traditional tools well. A great campaign is one that leverages its unique attributes creatively. ■

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## Who’s Who ... Where

- *Corey Henry*, formerly vice president, communications, American Frozen Food Institute; now media relations manager, Philip Morris International
- *Bethany Hoff*, formerly director, political affairs, American Trucking Associations Inc.; now senior director, BankPAC, American Bankers Association
- *Shaunta Hyde*, formerly director, global aviation policy, Boeing Commercial Airplanes; now managing director, community relations, Alaska Airlines
- *Jason Jarrell*, formerly head of international programs, Public Affairs Council; now director of global public affairs, Interel
- *Ashley Mancheni*, formerly manager, social media practice, Public Affairs Council; now communication project manager, Marguerite Casey Foundation
- *Chris McGowen*, formerly director, government affairs, Novo Nordisk Inc.; now senior manager, government affairs, Omada Health
- *James McGreevy*, formerly senior vice president, government affairs, American Beverage Association; now president and CEO, Beer Institute
- *Pete Nonis*, formerly manager, congressional relations, AAA; now senior manager, federal government relations, American Society of Civil Engineers
- *Beth Thibodaux*, formerly manager, state and local government relations – Eastern Region, Darden Restaurants; now vice president, state and domestic affairs, SeaWorld Parks & Entertainment
- *Tiffany Waddell*, formerly national sales director, Brand USA; now manager, government affairs, Delta Airlines

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