



# Public Affairs Council

## Quantifying Public Affairs Risks and Opportunities

27<sup>th</sup> April 2023, Brussels

Dr Alan Hardacre



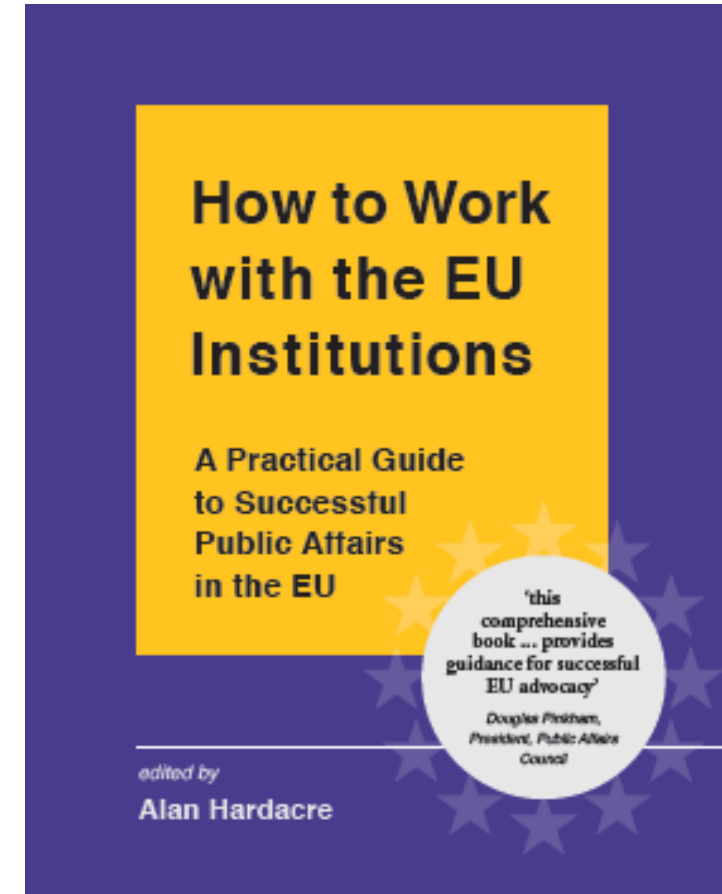
**ADVOCACY  
STRATEGY**

[AdvocacyStrategy.com](https://AdvocacyStrategy.com)

# Dr Alan Hardacre



- Co-founder [www.AdvocacyStrategy.com](http://www.AdvocacyStrategy.com)
- Consulting for Kindred, CropLife & others
- ex-Director of Corporate Affairs @ Imperial Brands
- 20 years Public Affairs experience
- Author of several articles & books
- Long time Member of Board of Public Affairs Council
- Visiting Professor in UK, Thailand, Switzerland, Belgium, Netherlands...



# Public Affairs Council Skills Trainings 2023

*February 14<sup>th</sup>*

## **Setting the Foundations for a Successful PA Strategy**

Topics: Broad approach, setting objectives and prioritizing



*April 27<sup>th</sup>*

## **Quantifying Public Affairs Risks and Opportunities**

Topics: How to build a clear overview of risks and opportunities

*September 28<sup>th</sup>*

## **Mapping and Engaging with Stakeholders Strategically**

Topics: Stakeholder mapping & engagement

*November 16<sup>th</sup>*

## **Evaluating and Communicating Your Public Affairs Work**

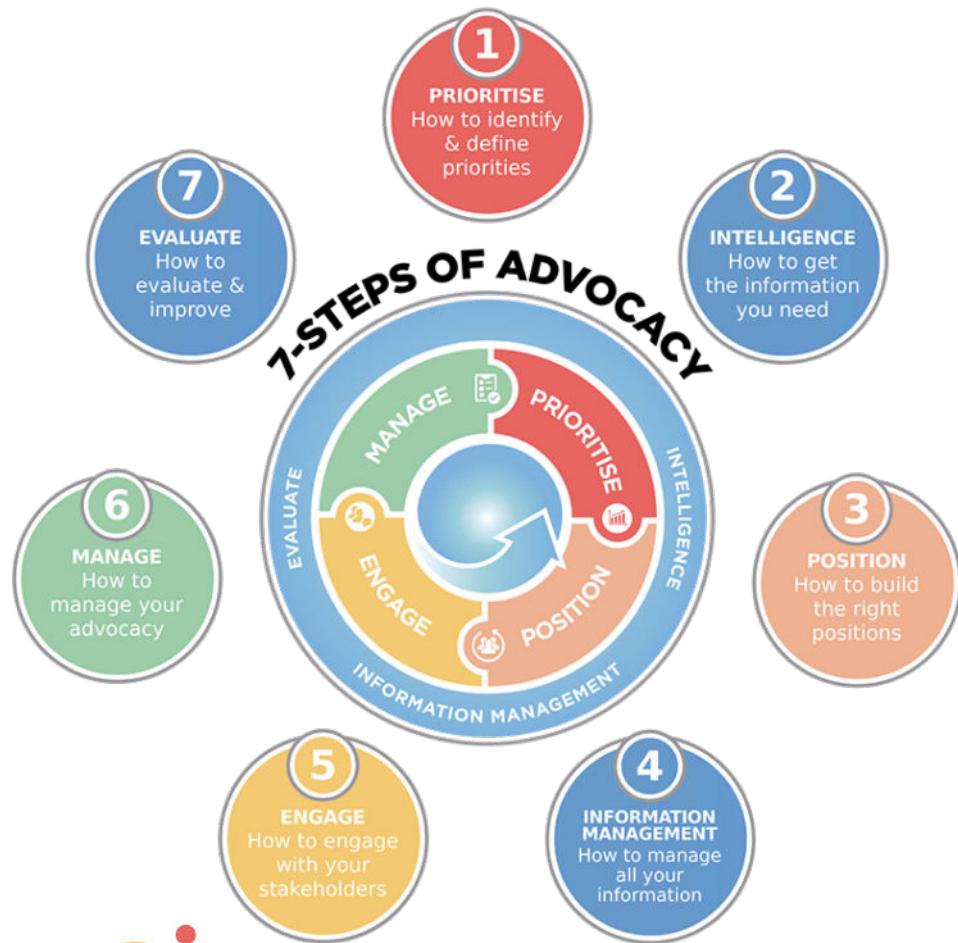
Topics: Measuring (and communicating internally) impact, evaluation and ROI



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# AdvocacyStrategy Model: A Winning Advocacy Process



N°	STEP	FOCUS
1	Prioritize	How to identify & define priorities
2	Intelligence	How to get the information you need
3	Position	How to build the right positions
4	Information Management	How to manage all your information
5	Engage	How to engage with your stakeholders
6	Manage	How to manage your advocacy
7	Evaluate	How to evaluate & improve

# Tour de Table

What are your expectations for the programme and today?

Do you currently quantify your Public Affairs risks and opportunities?

# Advocacy is Inter-dependent

- Link between prioritise and other steps is key *[in this case evaluate]*
- Changes in one step require changes to all steps
- Everything in here is interlinked



# Quantify your Advocacy Work

**1. A simple and effective methodology to prioritize your advocacy issues**

**2. A method to select the best indicators and guidance on how to quantify your work**

**3. The best ways to run your prioritization work – with useful tips and tricks**

**4. Guidance on what and how to visualize the results of your work for the most impact**



# What we are going to do...

## 1. What is Quantification

When looking to quantify your public affairs work:

- Use a robust process and/or tool to identify, select your metrics?
- Connect to risks and opportunities
- Have a visual to present the process
- Start with a list of priority risks and opportunities

## 2. How to run a Quantification Exercise

Do you have a robust process to run your quantification exercise:

- Have you identified the metrics you want to use?
- What is your issue list?
- Have you reviewed who to engage and how?
- What tools will you use?
- Are you working in excel or online?

## 3. Visualizing the output of the exercise

How do you best visualize the outputs of your exercise:

- What visuals work best?
- Which metrics show you what
- How will you link your priorities to your evaluation (showing success)



# What is Quantification?

## Issues and Metrics



Top Issues – Choice of Metrics – ROI – Evaluation – Link to Performance

# Policy Impacts Your Organisation

**YOU** face policy challenges on several levels across all of your markets / operations.

From general political challenges through to sector specific policies and their implementation – all of them will shape **YOUR** operating environment for years to come.

## Flagship Policy Level

Big targets and political ambitions

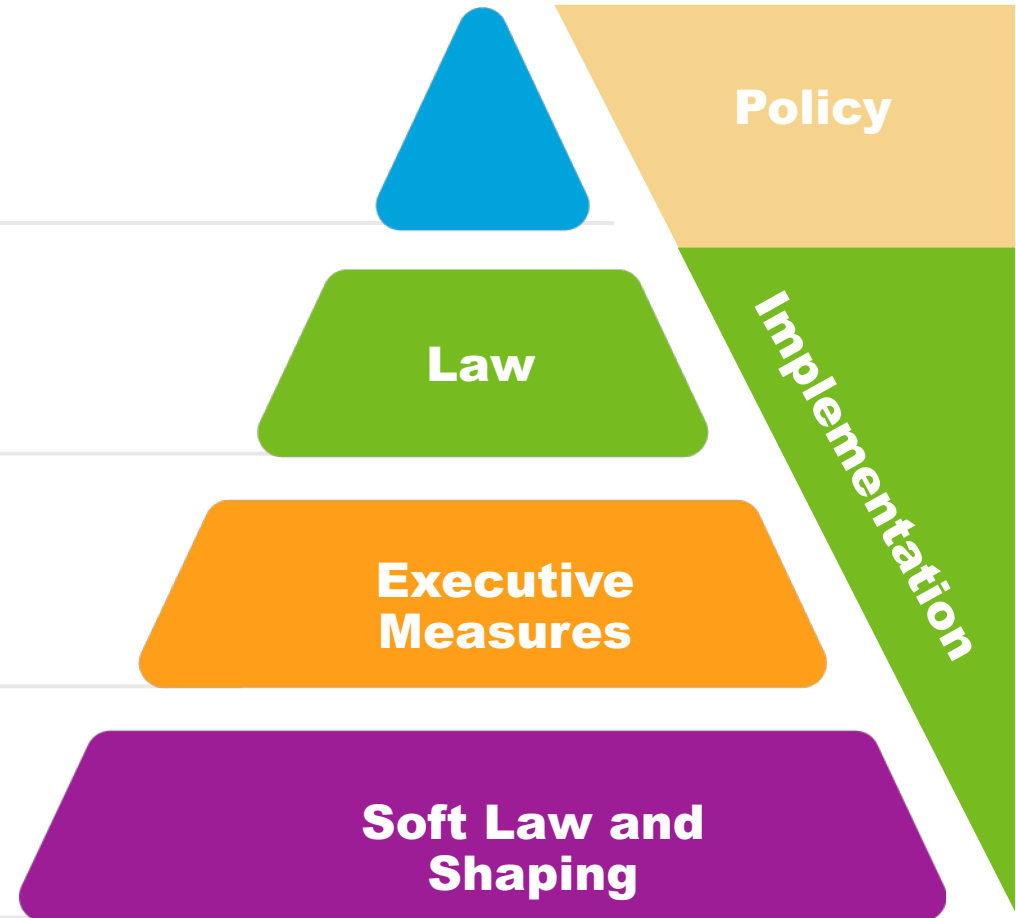
## Legislation

Detailed and sectoral

## Implementation

The devil is in the detail

## Other measures



# So What is Priority [now and in the future]?

SUD Incl. IPM, Reduction Targets, Statistics on Agricultural Input- Output	MRL/IT	Trade Policy Review	EU Sustainable Food System	Chemical Strategy CSS	GM Authorization	Plant Breeding Innovation	Pesticide Taxation
Sustainable Finance Taxonomy	CAP	Microplastics	SDHI	Antifungal Resistance	Comitology Reform	Aarhus Convention	Glyphosate Renewal
Deforestation Action Plan	EU Soil Strategy	EU Africa Partnership	EU Food Summit	F2F Code of Conduct	EU Corporate Governance	EU E-Commerce	Unilateral Supply Chain Moves
Brexit	Food Security/Supply in Crises	Organic Action Plan	EU Cancer Plan	UN Sustainable Food Summit	Biodiversity COP 15	EU Patent	EU FTA Developments

# Prioritizing the Issues we Face is a Priority

Bonuses	<b>Marketing &amp; Advertising</b>	Casino	Sportsbook	Watershed	Whistle to Whistle	OOH	TV
Online-Digital	Affordability	Deposit Limit	Stake Limit	<b>AML</b>	VIPs	Single Customer View	Loss Limits
Risk Based Regulation	<b>Limit 18-25 access</b>	Lock out periods	Betting Rights	Taxes & Levies	Access to banking services	Ability to push updates	DNS Blocking
Payment Blocking	Data & Privacy	E-Sports	Dot.com Future	Malta	US	EU	Responsible Gambling

# Why Prioritization is SO Important?

1. Quantify Policy Risks & Opportunities **and then** Set Priorities
2. Alignment with your organization
3. Ensure Business Sustainability – Freedom to Operate – Eyes wide Open
4. A Roadmap for a targeted Public Affairs Strategy



# Getting Started

- We need to identify **horizontal PA priorities**
- We need to identify issues on which to be **proactive and on which to focus our resources**
- We need to establish a **process for determining and updating priorities**

The survey should be run every 6 months to ensure full alignment with commercial needs

- From this you can take informed decisions on the **global horizontal focus** for PA
- From this you can develop a **framework** for where and when to take different positions
- From this you can set **realistic expectations** for Public Affairs delivery
- From this you can build a **Public Affairs strategy** – aligned to business priorities
- From this you can develop the best **Public Affairs tactics** to deliver your priorities

# List of Key Policies / Must Win Battles

Develop a light (but effective) process to gather business feedback on all policy risks-opportunities that you face/see

Depending on your sector you want to land with a list of 20-40 policy risks and opportunities (1 legislation can have several risks)

You can group them along the lines of sectoral legislation, horizontal (general) legislation, trade, political etc.

Review the list with key stakeholders to ensure full capture (but not too much)

Ensure you update this list every 6 months



# Stage 1.1: Commercial Must-Win Battles

Commercial Must-Wins 2023	Product Category Business Unit	Likelihood	Likely Timing of Impact	Annualised Commercial Impact (EUR)	Is the commercial impact a one-off or recurring?	Notes
A	X	Highly unlikely	01/10/2024	€ 50,000	Recurring	
B	Y	Somewhat unlikely	01/01/2024	€ 1,000	Recurring	
C	Z	Highly likely	01/03/2026	€ 100,000	One-off	
D						

## Notes:

1. Likelihood of issue materialising in calendar or financial year
2. Likely date that impact could first be felt i.e. law enters into force or grace/transition period ends
3. Include an approximate financial impact if the issue materialises (red font for a negative impact, green font for a positive impact).
  - Where a commercial opportunity involves others outside of public affairs (e.g. a product launch), use the annual impact of the whole opportunity to indicate the impact. However, you should also make this clear in the notes
4. State whether the event has a one off impact (such as a fine) or is recurring (such as annual tax or product ban)

Things to Map Out

Market Issue Product Category

Likelihood

Timing of Impact

Annualised Impact

One off or recurring

To be updated twice a year

# The List of Issues is Foundational

Your list of key issues is foundational to what comes next

Be sure everything on the list is understood by your organization

Generate conversations around the issue list

Sense-check with your Trade Associations (or members)

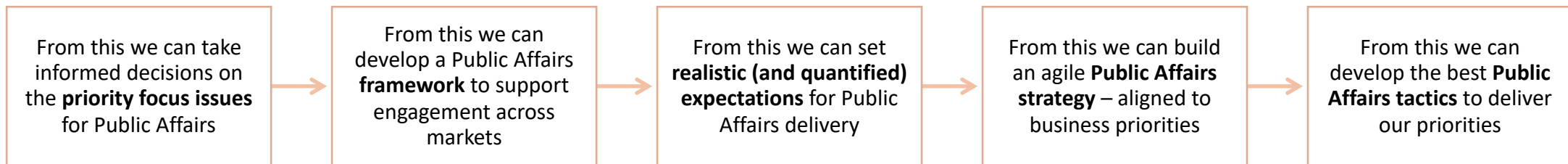
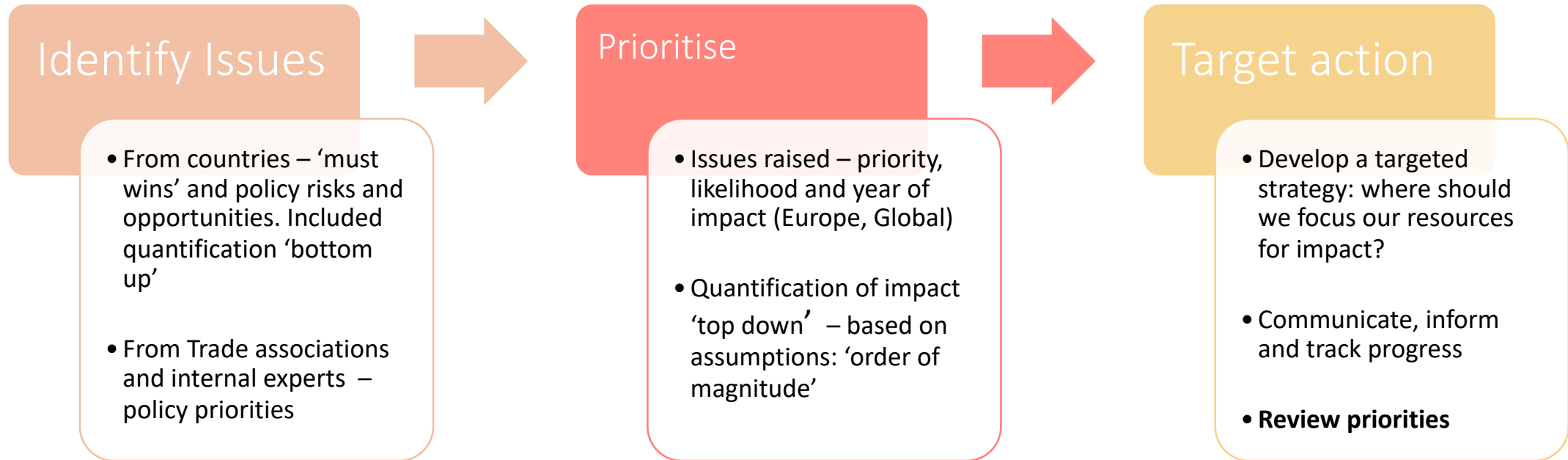
# HOW TO BUILD AND RUN YOUR SURVEY

## Tailored Metrics and \$\$



What to measure – Financial Impact – Realistic – Link to organisation

# Quantification Flow



# What to Prioritize

- List the main policy issues your organization faces

## Step 1:

- Review what metrics you want to use (financial, timing, competitors)

## Step 2:

- Run the assessment and review the results

## Step 3:

Note:  
Make sure you can provide evidence and sources to back up your input.

# Metrics

Understand what metrics for  
prioritization work for you / your  
business

**Financial**

**Reputational**

**Impact**

**Competitor  
Impact**

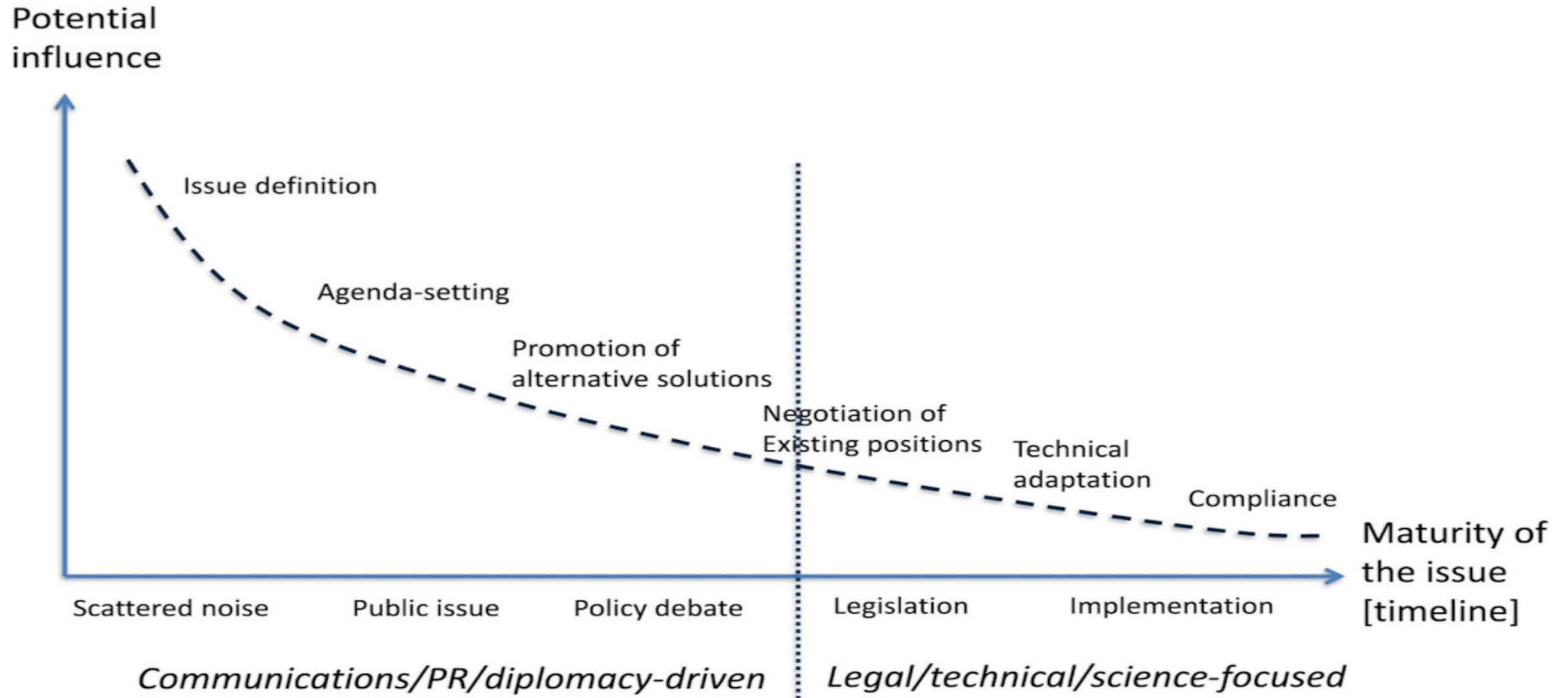
**Complexity  
Impact**

**Timing**

**Likelihood**

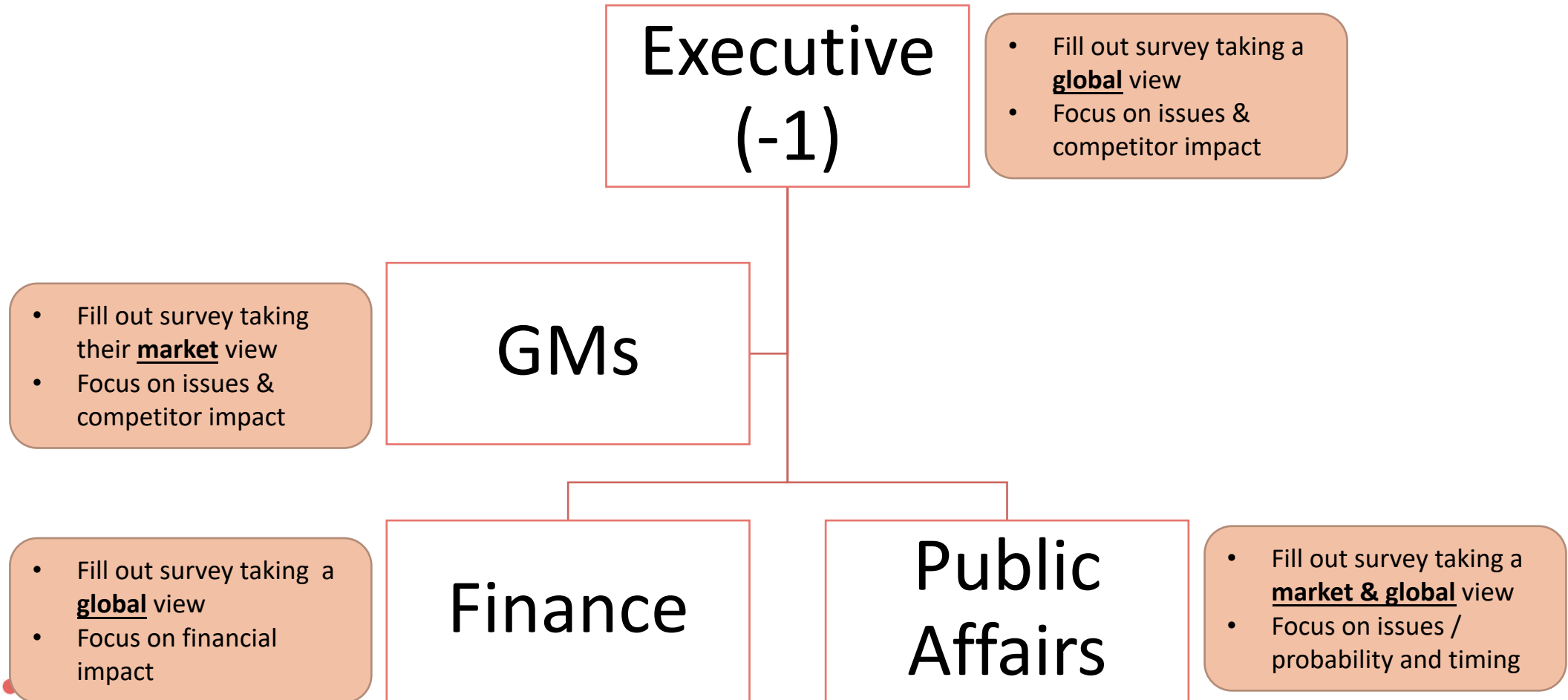
**Ability to  
Influence**

# Prioritize in Time





# Survey Population



# Stage 2: Prioritization

Categories	Policy Issues	Priority Impact	Global Impact	Impact upon commercial activities	Likelihood of Impact	Time of Impact	Impact upon Competitor	Comments:
Conventional A	EU Regulation A	Not a priority	Moderate	€ 50,000	Somewhat likely	2023	Moderate	
Conventional A	EU Regulation B	Low priority	Major	€ 100,000	Neither likely or unlikely	2024	Major	
Conventional A	Regulation C	Essential	Insignificant	€ 10,000,000	Somewhat unlikely	2025	Insignificant	
Conventional A	Regulation D	Low priority	Catastrophic	€ 500,000	Highly unlikely	2050	Catastrophic	
Conventional A	Directive A	High priority	Major	€ 700,000	Highly likely	2060	Major	

# Assumptions for Quantification

Quantification represents order of magnitude

## Total Sales

### Restrictions / Bans

Black: removed sales

Red: 50% sales

Baseline 2022

**Delays:** assumption 1 year  
delay

Additional restrictions

Country or Regulation Specifics

Further Assumptions

# Quantification Scale vs. Estimate

- **Scale**

A likert scale for financial impact:  
insignificant, minor, moderate, major,  
severe

- Insignificant: less than 5% drop in sales / under \$1m
- Minor: 5-10% / \$1m-\$2m
- Moderate: 10-25% / \$2m-\$5m
- Major: 25-50% / \$5m-\$10m
- Severe: more than 50% / \$10m+

- **Estimate**

Actual estimates

- Ranges
- Based on assumptions





# Visualizing Public Affairs Quantification

Telling your story



Internal buy-in – ROI – Evaluation – Link to organisation



# Targeted Public Affairs Strategy

**Build out a commercially aligned, targeted Public Affairs Plan**

**Make proposals for 2023 Public Affairs**

**Clear roles and focus for Trade Associations / PA / GMs**

Integrate Survey Findings



Generate plan for key issues and markets



Review TAs / Resources / Consultants / Internal Capacity



Build an agile **Public Affairs strategy** – aligned to business priorities



Set clear targets and deliverables for 2023 and beyond

Targeted Public Affairs will deliver more in 2023

Public Affairs will support the business



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# Executive Summary – Corporate Affairs Survey

Issues
<ol style="list-style-type: none"><li>1. <b>43</b> identified issues and categories for PA work</li><li>2. <b>6.1/10</b> is the average issue risk score</li><li>3. <b>17</b> issues flagged as 7-8-9 importance</li><li>4. <b>Top 10 issues</b> are mix of A, B, C</li></ol>

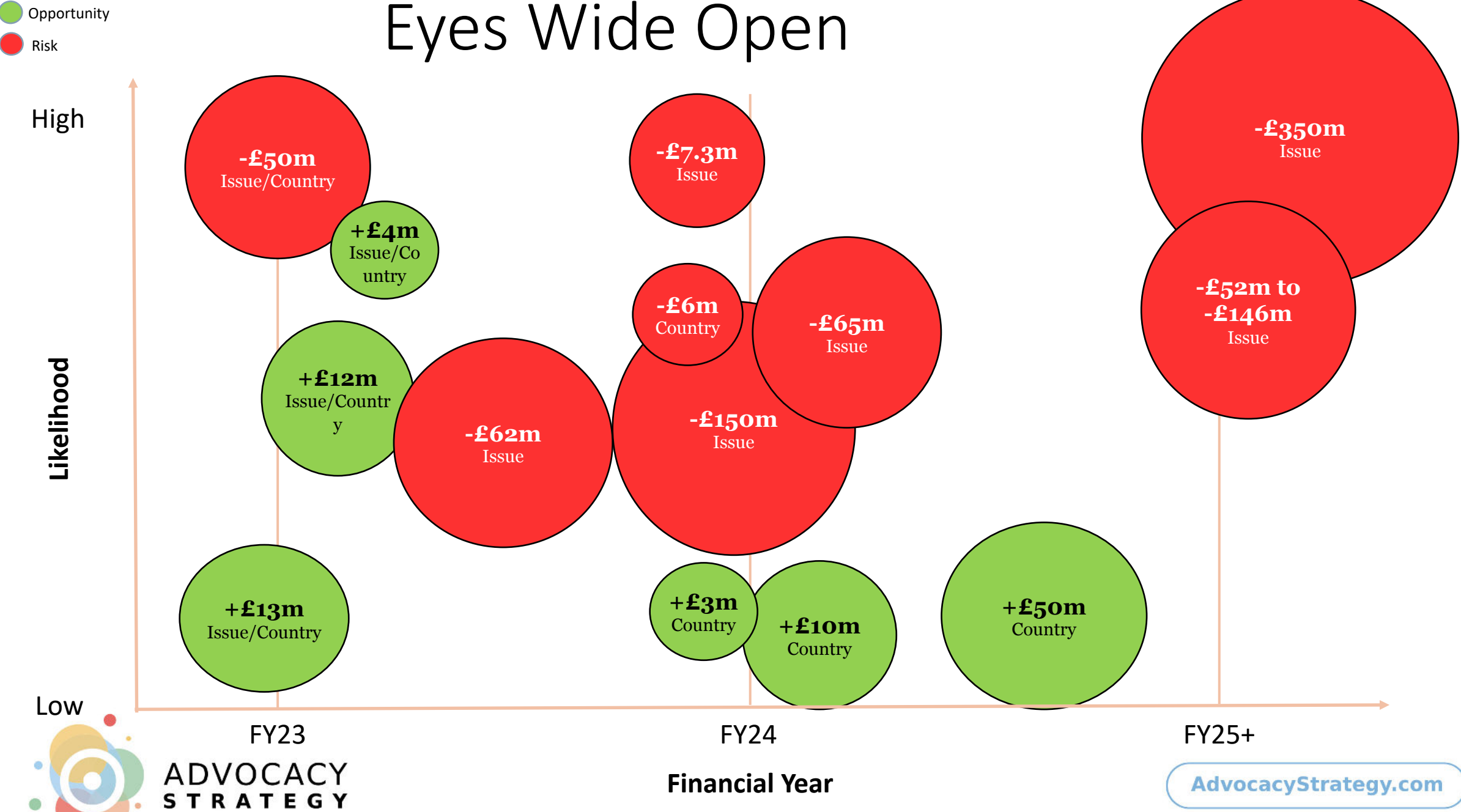
Timing of Impact
<ol style="list-style-type: none"><li>1. <b>16 issues</b> are flagged as immediate risk items (impact 2022-23)</li><li>2. <b>10 issues</b> are flagged as medium term risk items (2022-24)</li><li>3. <b>17 issues</b> are flagged as longer term risk items (2022-25)</li><li>4. <b>Of the Top 10</b> immediate risks 6 are related to XX</li></ol>

Likelihood
<ol style="list-style-type: none"><li>1. <b>6.1/10</b> is the average likelihood</li><li>2. <b>16</b> issues flagged as 7-8-9 likelihood</li><li>3. <b>4 of the Top 10</b> issues are YY</li><li>4. <b>Other Top 10</b> items are a mix of A, B XX, YY</li></ol>

1. Biggest and most immediate risk area relates to all aspects YY
2. We face a constant onslaught of issues over time – with new ones certain to add to the existing picture
3. 16-17 Issues are flagged as simultaneously **key, likely to happen** and to **happen in the coming 24 months**

Public Affairs Priorities	Organization Importance	Commercial Impact	Likelihood	Time of Impact	Competitor Impact	Ranking + Comment
	Rank 1-10	£	Scale 1-10	Year	More (+++), Equal (=) or Less (-/-) impact on Kindred than competitors	
Marketing & Advertising (Issues)						
A	6		7	2022-23	Neutral	
B	5		6	2022-23	Less Impact	
C	5		8	2022-23	Less Impact	
D	7		8	2022-23	Neutral	
E	7		5	2024-25	More impact	
F	6		8	2022-23	Neutral	
G	6		7	2022-23	Neutral	
H	9		5	2022-24	More Impact	
Marketing & Advertising (Channels)						
X	6		8	2022-23	Less Impact	
Y	8		6	2022-25	Neutral	
Z	6		5	2022-25	More Impact	
Customer Risk Management						
L	7		7	2022-24	Neutral	
M	8		6	2022-24	Neutral	
N	7		6	2022-24	Less Impact	
O	8		7	2022-24	Neutral	
P	7		9	2022-23	Neutral	
Q	6		5	2023-26	Less Impact	
R	8		5	2022-24	Neutral	
Other						
XX	6		7	2022-24	More Impact	
YY	7		5	2022-24	Neutral	

# Eyes Wide Open

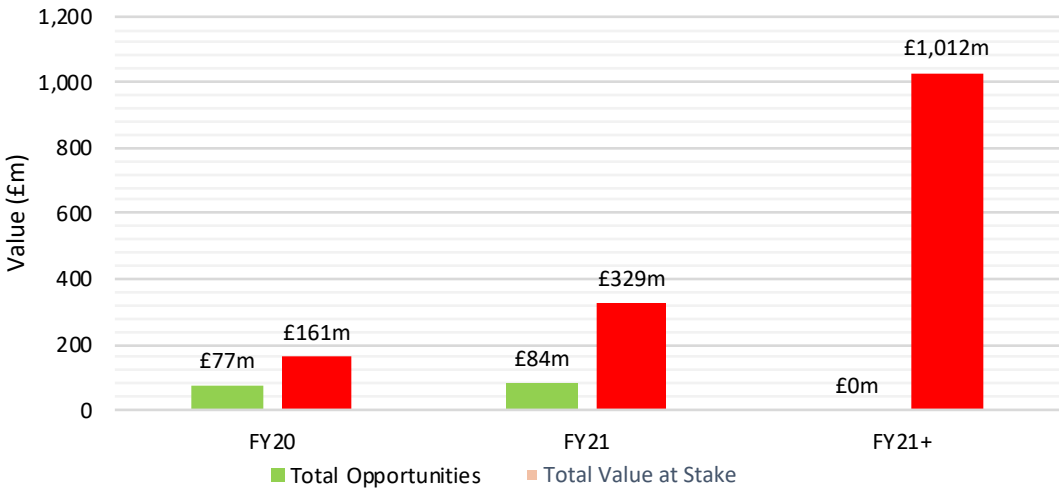


# Dashboard

- 1. **Total PA Value at Stake** identified (FY20-FY24) total at £1,5bn
- 2. **Total PA Opportunities** identified (FY20-FY24) total at £160m
- 3. **FY20 Focus:** £161m (Value at Stake); £77m (opportunity)
- 4. **Longer-term** (FY22+) commercial Value at Stake significant: EU XX, EU YY & ZZ Directive
- 5. **Issue A** remains the biggest issue to manage across our footprint; nascent **YY regulatory frameworks** are being shaped now and will determine category acceptability and profitability for years to come

All in the latest LE

PA Opportunities and Value at Stake



		Total	Region A	Region B	Other
FY20	Total Risks	-£161m	-£75m	-£86m	-
	Total Opportunities	£77m	£42m	£21m	£14m
FY21	Total Risks	-£329m	-£300m	-£29m	-
	Total Opportunities	£84m	£65m	£19m	-
FY22+	Total Risks	-£1012m	-£12m	-£400m	-£600m
	Total Opportunities	-	-	-	-

Germany / France / EU...

# Clear Public Affairs Priorities

FILE	OBJECTIVE	TIMELINE
PRIORITY FILES		
AAA	TO ENSURE...	To October 2022
BBB	TO ENSURE...	2022 Prep 2023 Proposal
CCC	TO ENSURE...	Ongoing
DDD	TO ENSURE...	2022
KEY MARKET MUST WIN BATTLES		
AAA	TO ENSURE...	2022
BBB	TO ENSURE...	Ongoing 2022
CCC	TO ENSURE...	2022 Proposal Q1 2022
DDD	TO ENSURE...	Ongoing

**9 Priorities**  
(as of APRIL 2023)

**10 Key Files**

**19 ACTIVE FILES**

**We expect 15-16  
will be live in 2024**

**Focus is to build  
engagement  
foundations now**

# Executive Summary

## Impact

Top impact issues for 2023  
A, B, C

The average impact on AA is **4.9 / 7** -  
The average Global Impact for AA is  
**3.7 / 7**

**23** issues had an impact on AA above  
5/7 (**18** Global Impact)

## Timing

**20** issues are flagged as immediate risk  
items (impact 2023)

**19** issues are flagged as medium term  
risk items (2024-25)

**5** issues are flagged as longer term risk  
items (2027+)

Of the Top 10 immediate risks **6** are  
related to Issue XX

## Likelihood

**5.5 / 7** is the average likelihood

**30** issues flagged as 5-7 likelihood

**5 of the Top 10** likely issues are linked  
to issue BB

**Other Top 10** items are a mix

Highest impact on AA and most immediate risk area relates to restrictions to Issue YY

Highest **known** risks AA (\$Xm) and BB (\$Xm).

Highest **assumed** risks AA, BB and CC

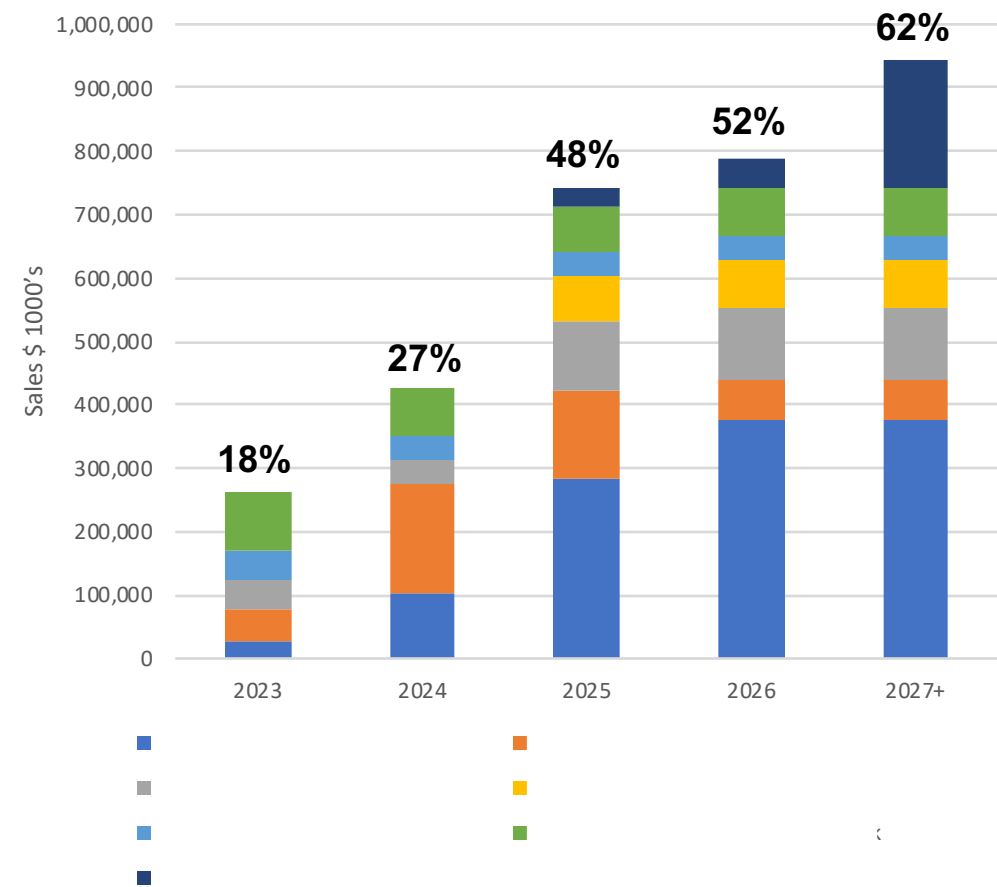
AA faces a constant onslaught of issues over time – all with a high likelihood to happen. **Transition over time is crucial.**

14 Issues are flagged as simultaneously key to AA (>5), likely to happen (>5) and to happen in the coming 24 months (2023)

# Survey Dashboard

- 1. **Total Risks** identified (FY23-FY26) total at \$XXm. Major issue AA.
- 2. **Additional public affairs risks to BB** estimated \$XXm (FY23-FY26). Major drivers 2023+ restrictions related to CC, major driver 2025+ YY
- 3. **Total Policy Risks for EU** identified (FY23-FY26) total at \$XXm (key is AA country).
- 4. **Longer-term** (FY27+) implementation of EU Regulation DD is identified as a major risk to AA. This has the potential to impact the organization from FY 2027+
- 5. **Transition is key.** The estimated value in transition between 2023 and 2027 is \$XXm
- 6. The tendency towards increasing political and emotional regulation as well as geo-political forces identified as driving changes in the **magnitude, likelihood and timing** of the public affairs risks. This has the potential to drive deeper change or to slow the transition

Policy risks 2023-2027+

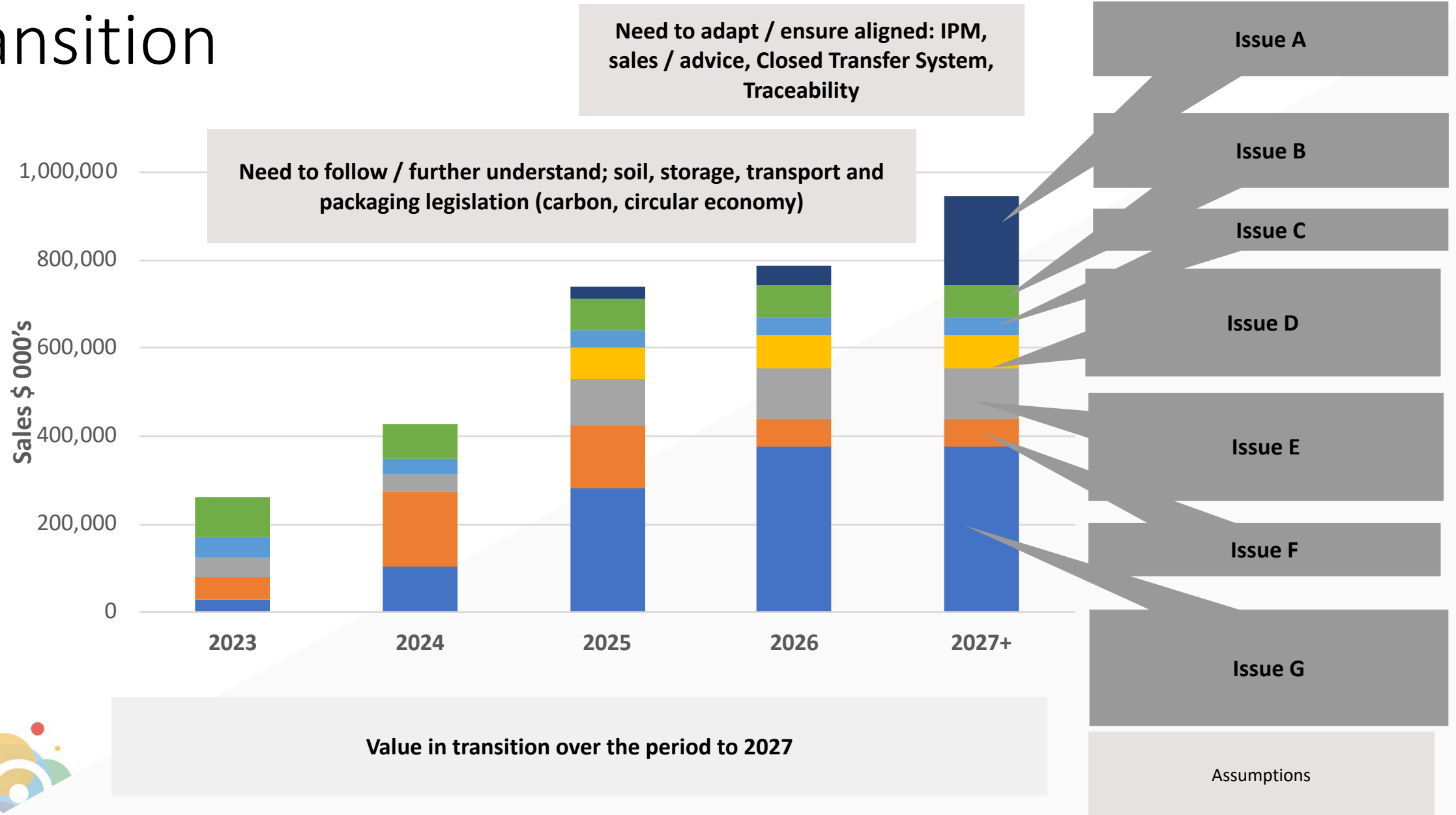




# Prioritised Advocacy Support

Issues	Media Statement	Position Paper	Presentation(s)	Videos	Infographics	Other
AAA	✓	✓	✓			
BBB	x	✓	x			
CCC	✓	x*	✓		x*	x
DDD						
EEE		x				
III	✓	✓	✓*			
JJJ	✓	✓	✓	x*	*	x*
KKK		✓				
LLL	✓	✓	✓			
MMM						
NNN		✓				

# Transition



# Country Template

## Top 5 MWB FY23-27+

1. Issue A

2. Issue B

3. Issue C

4. Issue D

5. Issue F

### Must Win Battles

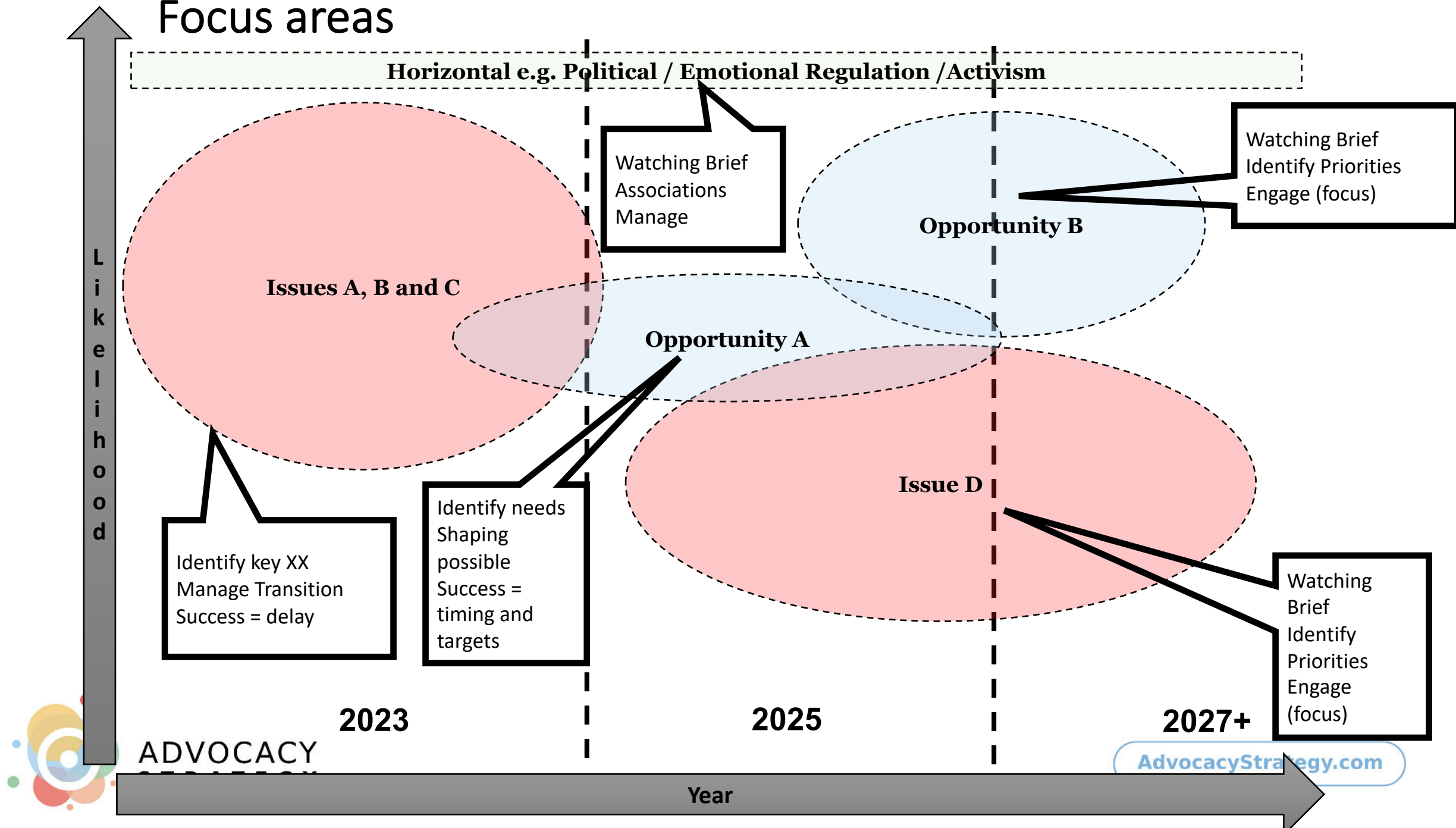
- Policy A
- EU Regulation B
- Successful product launches

### Opportunity

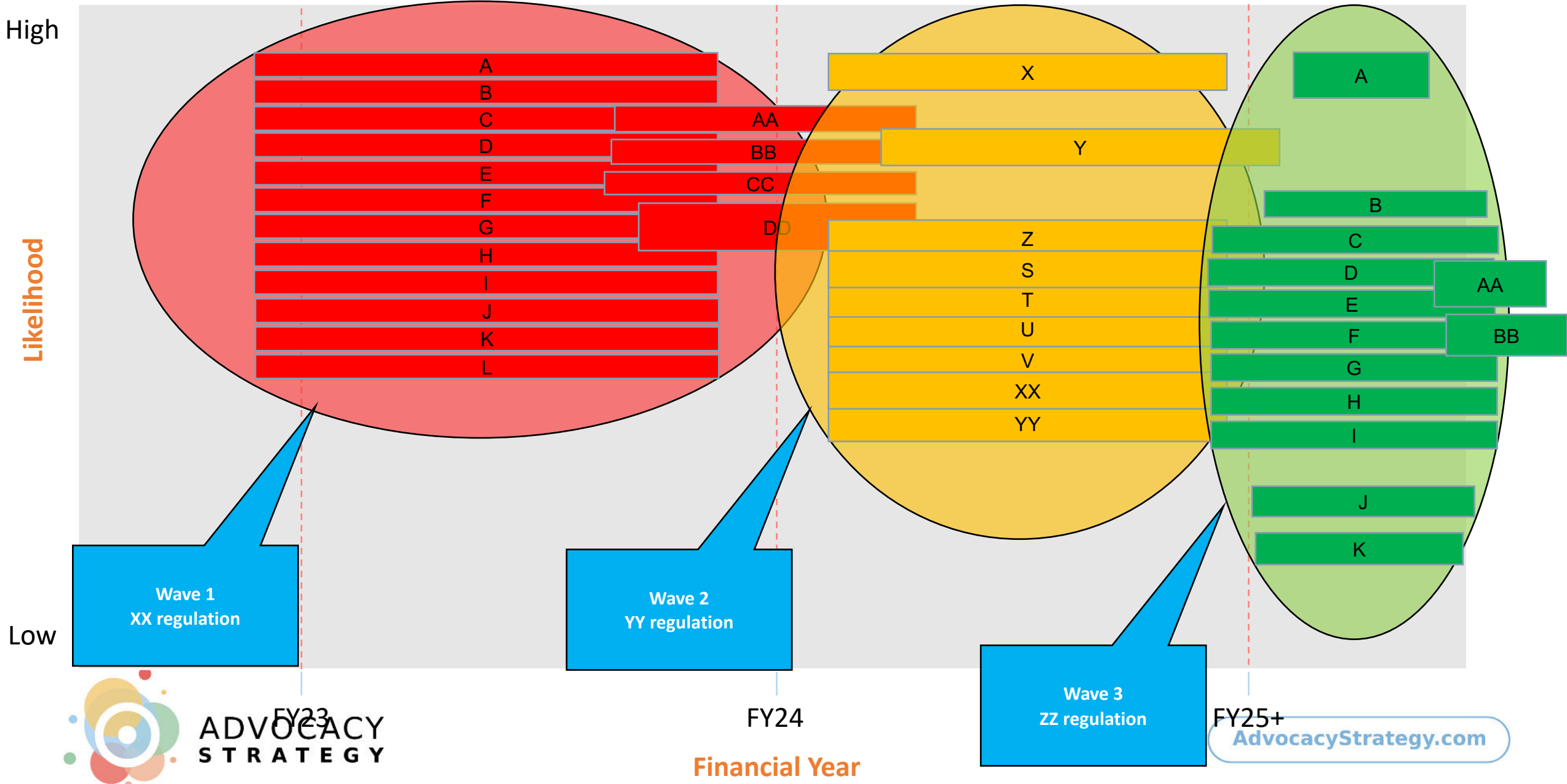
- Policy C
- EU Regulation A
- SuccessfulXX



# Focus areas



# Timing of Impact / Likelihood



# How to Work with the EU Institutions

A Practical Guide to Successful Public Affairs in the EU

'this comprehensive book provides guidance for successful EU advocacy'

*Doug Pinkham, President, Public Affairs Council*

*edited by*

**Alan Hardacre**

**Framework for how to think about quantification**

**Example visuals and analysis**

**Ideas and templates to effectively run the surveys and gather the data**

**How to relate this to your organization**

**How to collect, present and view the data**

**With plenty of examples, templates, visuals and ideas**