



Public Affairs
Council

Introduction to Corporate Public Affairs

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President, Public Affairs Council
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Today's Agenda

1. A brief history of corporate public affairs
2. Why public affairs is becoming more important
3. Trends in corporate public affairs
4. Value and measurement
5. Key points to remember

A Brief History of Corporate Public Affairs



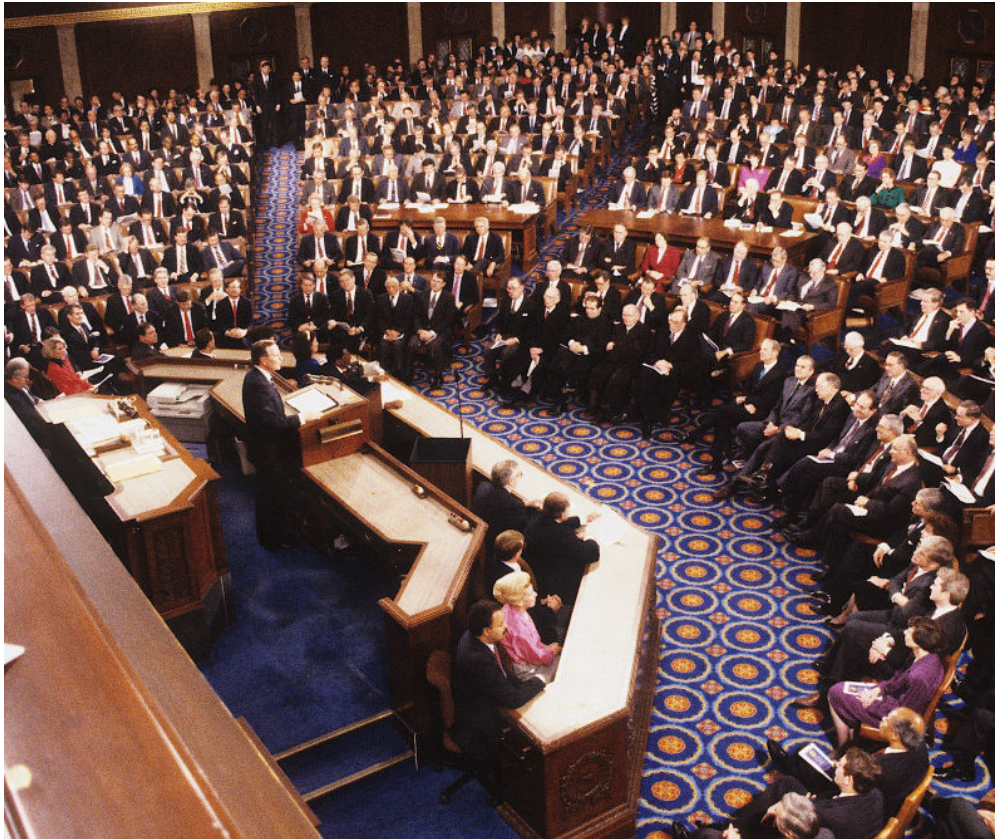
What's the Role of Public Affairs?

- Policy development and advocacy at all levels of government
- Management of issues, political risk and policy communications
- Positioning and engagement of senior leadership
- Oversight of associations and coalitions
- Mapping and engagement of stakeholders



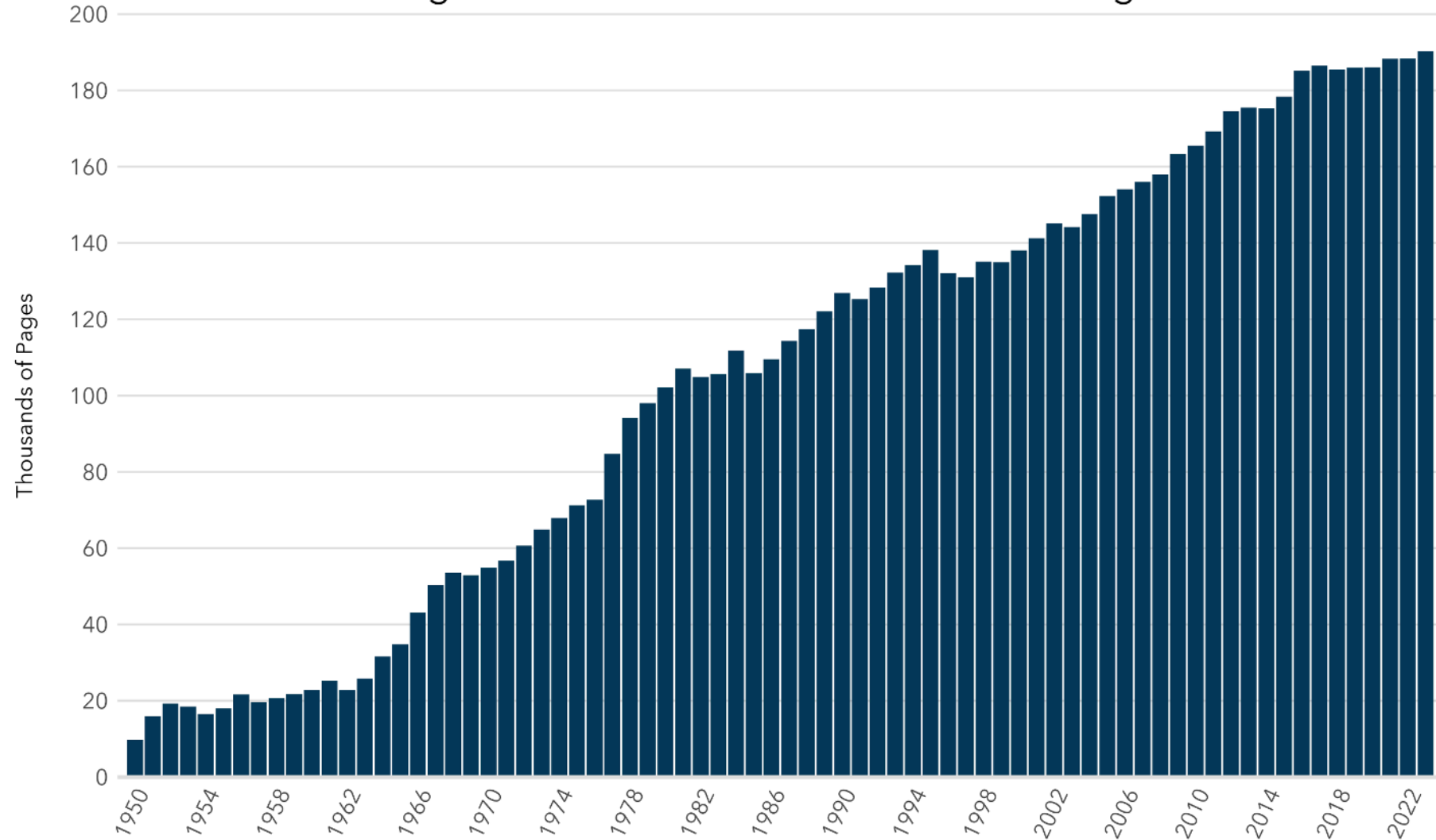
Why Public Affairs Matters:

1. Government's Role is Expanding



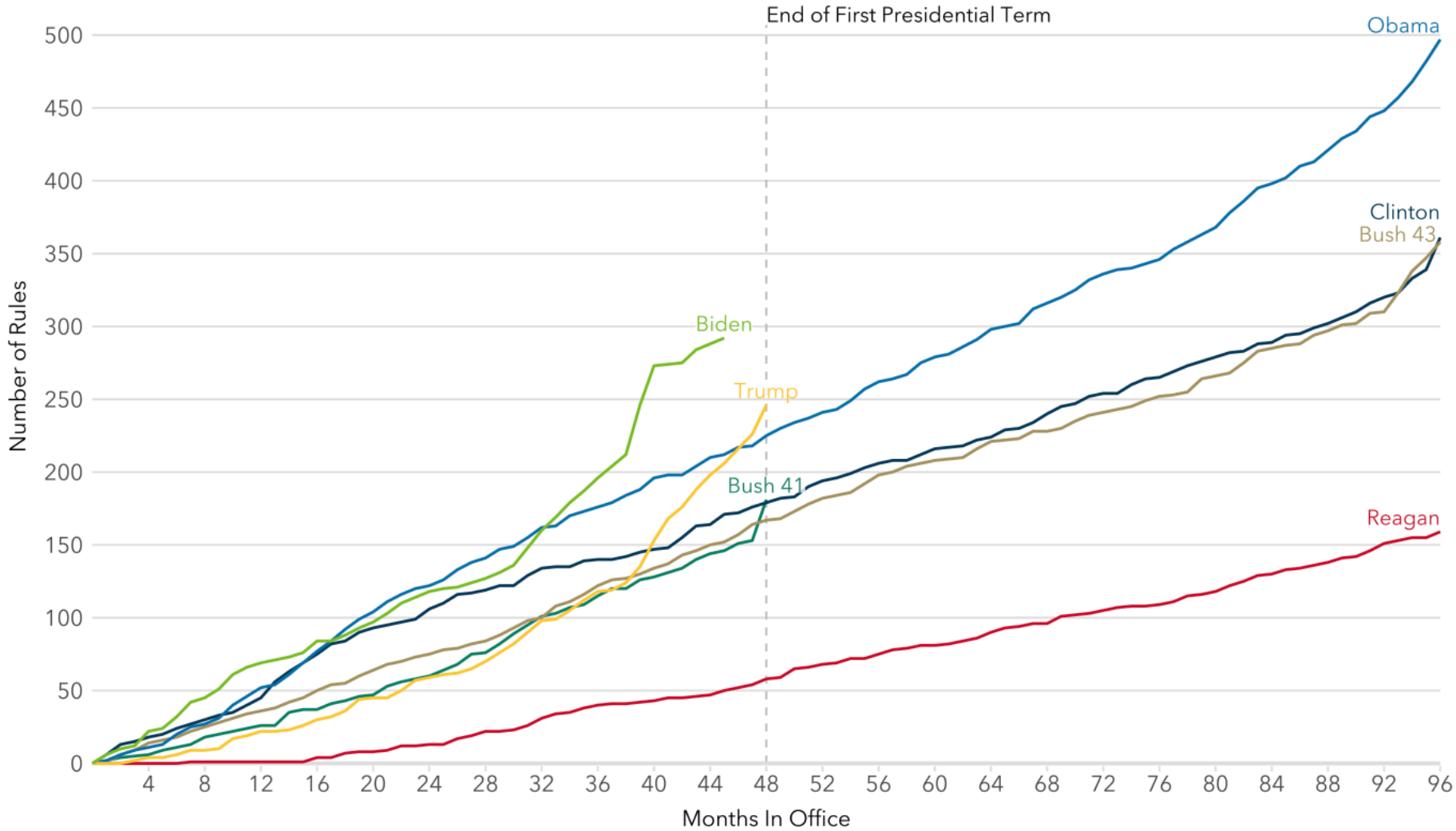
- Trade
- Taxes
- Environment
- Energy
- Healthcare
- Privacy
- Financial Services
- Immigration
- Antitrust

Total Pages Published in the Code of Federal Regulations



Source: Regulatory Studies Center, The George Washington University, 2024.

Cumulative Economically Significant Final Rules Published by Administration



Source: Regulatory Studies Center, The George Washington University, 2024.



Why Public Affairs Matters:

2. Political Risk is Increasing





7 Types of Business Risk

- Economic Risk
- Financial Risk
- Operational Risk
- Security Risk
- Competition Risk
- Reputation Risk
- Political Risk



7 Types of Business Risk

- Economic Risk
- Financial Risk
- Operational Risk
- Security Risk
- Competition Risk
- Reputation Risk
- **Political Risk**

Classic Forms of Political Risk

- **Transfer Risk:** Limits transfer of capital, payments, production, people and technology
- **Operational Risk:** Constrains management and performance
- **Ownership-Control Risk:** Affects business ownership or control





New Forms of Political Risk

- **Partisanship Risk:** When winning becomes more important than governing
- **Uncertainty Risk:** Political uncertainty can immobilize companies and make planning difficult
- **Compounding Risk:** One risk often exacerbates other risks

Why Public Affairs Matters:

3. Public Policy Creates Winners and Losers



- Corporate tax policies
- Trade rules
- Financial regulations
- Environmental laws
- Energy policies
- Mergers and acquisitions

One Company's Risk is Another's Opportunity

Crypto's regulatory fate will be decided in the year ahead

Autonomous vehicles in urgent need of regulation, says urban research group

FDA pushing for medical device cybersecurity funding, regulations

U.S. floats new steel, aluminum tariffs based on carbon emissions

UK takes fresh stab at internet rules as EU framework surges ahead

Why Public Affairs Matters:

4. The Stakes Are Getting Higher



Policymakers are facing difficult trade-offs:

- Globalization vs. protectionism
- Spending cuts vs. tax increases
- Economy vs. environment
- Health risk vs. cost risk
- Privacy vs. business growth

Which Industries Are Considered Untrustworthy?

	2024	2023
Pharmaceuticals	43%	37%
Health Insurance	40%	33%
Energy	32%	27%
Banks and Financial Institutions	31%	25%
Technology	30%	24%
Automobiles	26%	19%
Large Retail	25%	19%
Food and Beverage	22%	15%
Manufacturing	22%	16%

Source: *Public Affairs Pulse Survey*, Public Affairs Council, 2024

Do We Have a Pro-Business Political Party?

Why Republicans Are Pretending to Hate Corporate America Now

The party of big business starts yelling at big business.

Anti-corporate sentiment in U.S. is now widespread in both parties

Why Big Business Isn't Backing Trump & the GOP

Republicans are in a messy divorce with big business. Democrats could benefit

The GOP-Big Business Divorce Goes Deeper Than You Think

Republicans are falling out of love with America Inc

Which party is most aligned with big business?

Let's Examine the Evidence

Findings

	GOP	Dems
• 57% consider GOP more pro-business	✓	
• 69% of Democrats say their party is pro-business while 75% of GOP say they are pro-business	✓	✓
• By score of 55% – 48%, Republicans have more favorable view of major companies	✓	
• Republicans more critical of how well companies provide services and create jobs		✓
• Republicans more distrustful of major companies in all nine sectors tested		✓
• Democrats far more supportive of major companies engaging in social issues		✓

Let's Examine the Evidence

Findings

- Even when many Americans think industry is underregulated, Republicans often are satisfied with current scheme or may even consider that industry overregulated.
- Democrats take opposite stance — they consistently believe sector is more in need of regulation than does average American.

GOP

Dems



Employees Have Become Most Important Stakeholder Group

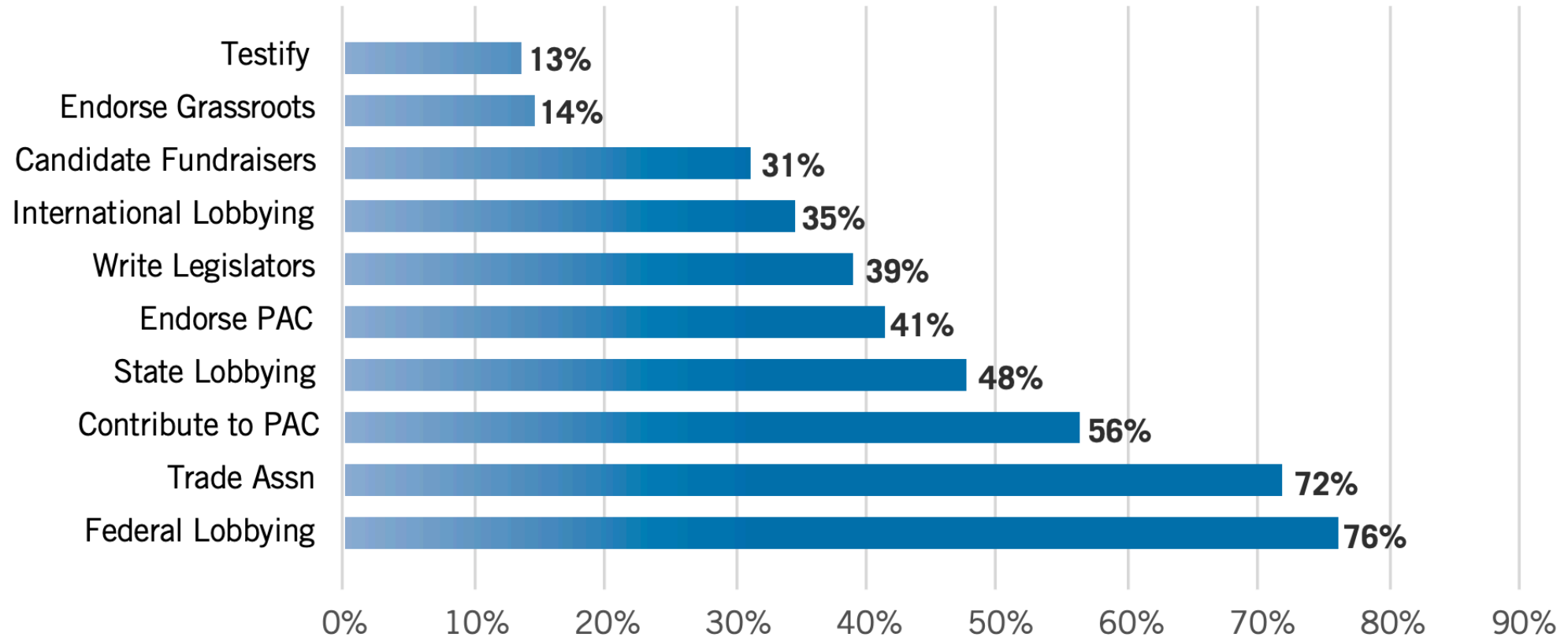
- The War for Talent is real
- Young people want to work for businesses with stated purpose
- Pressure for companies to engage in social issues is coming mostly from employees
- Employees who say good things about you can help; employees who say bad things about you can be devastating

How Practice of Public Affairs Is Changing

- The rise of the “knowledge lobbyist”
- CEOs playing larger role in advocacy
- Greater reliance on digital strategies
- More sophisticated stakeholder engagement
- Companies speaking out on social issues



How CEOs Engage in Public Affairs



Source: *State of Corporate Public Affairs*, Public Affairs Council, 2023-2024

Public Affairs Council Study of Top MBA Schools

Highlighted Schools Have Public Affairs Coursework

- | | | |
|--|--|---|
| 1. Stanford University | 10. New York University | 19. Carnegie Mellon University |
| 1. University of Pennsylvania | 11. University of Virginia | 20. University of North Carolina |
| 3. Northwestern University | 12. Dartmouth College | 20. University of Washington |
| 3. University of Chicago | 12. Duke University | 22. Emory University |
| 5. MIT | 12. University of Michigan | 23. Indiana University |
| 6. Harvard University | 15. Cornell University | 23. Vanderbilt University |
| 7. University of Calif., Berkeley | 16. UCLA | 25. Georgetown University |
| 8. Columbia University | 17. USC | 25. Rice University |
| 9. Yale University | 18. University of Texas, Austin | |

Source: Leading MBA Programs with Coursework in Public Affairs, Public Affairs Council, 2021

Digital Strategies

Permanent Campaigns



113,013 supporters

250,000 goal

Medicare is more than a line on a budget balance sheet – millions of Americans rely on Medicare benefits to make ends meet.

Tell your members of Congress to work for the American people by protecting Medicare.

Send your letter right now:

MESSAGE

Personalized messages are especially effective -- please consider explaining why this issue is important to you!

Stand up for your constituents, and oppose any cuts to Medicare

As your constituent, it's important for you to understand what I want to see from my elected officials – and protecting Medicare is at the top of my list.

Medicare isn't just a line on a budget balance sheet – it's a lifeline for the tens of millions of Americans who rely on it to afford health care and make ends meet.

We've worked hard for our benefits, and it's simply not right to cut them and take away what we've been promised and paid into over our lifetimes.

I am asking you to keep Medicare's promise to the American people, and oppose any bill which would cut Medicare benefits.

Thank you.

CONTACT

* = required

Title*

FIRST NAME*

LAST NAME*

YOUR EMAIL*

PHONE NUMBER* ?

ADDRESS 1

ADDRESS 2

CITY

State*

ZIP CODE*

SUBMIT

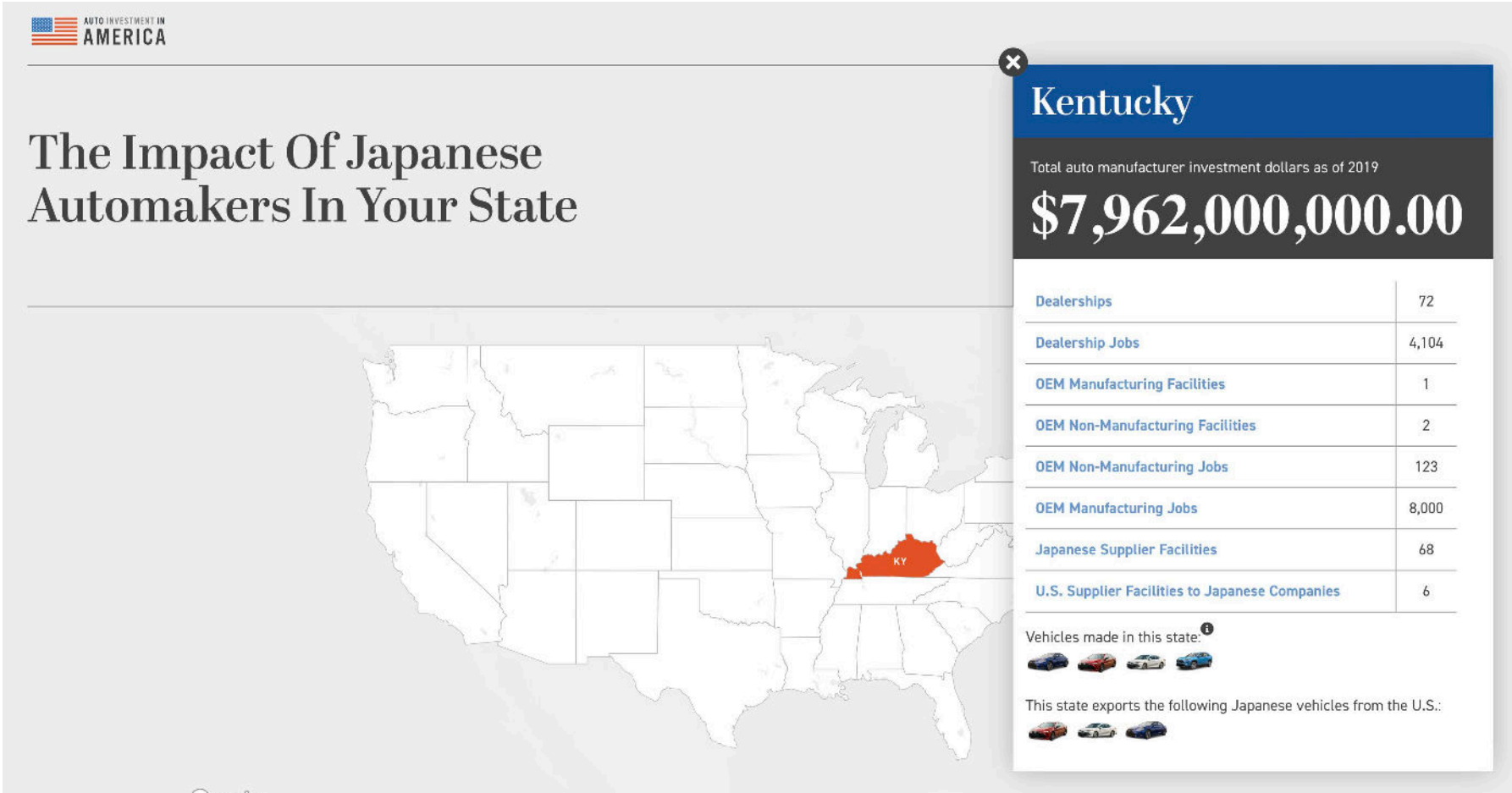
By taking action you will join AARP's online network and will receive urgent news and action alerts about the issues that matter the most to older Americans, as well as information about AARP activities, events, and member benefits.

SHARE

TWEET

Digital Strategies

Data Visualization



Digital Strategies

Digital Ads Promoting Calls to Action

actnow.io/recovery #RestaurantRecovery



NATIONAL
RESTAURANT
ASSOCIATION

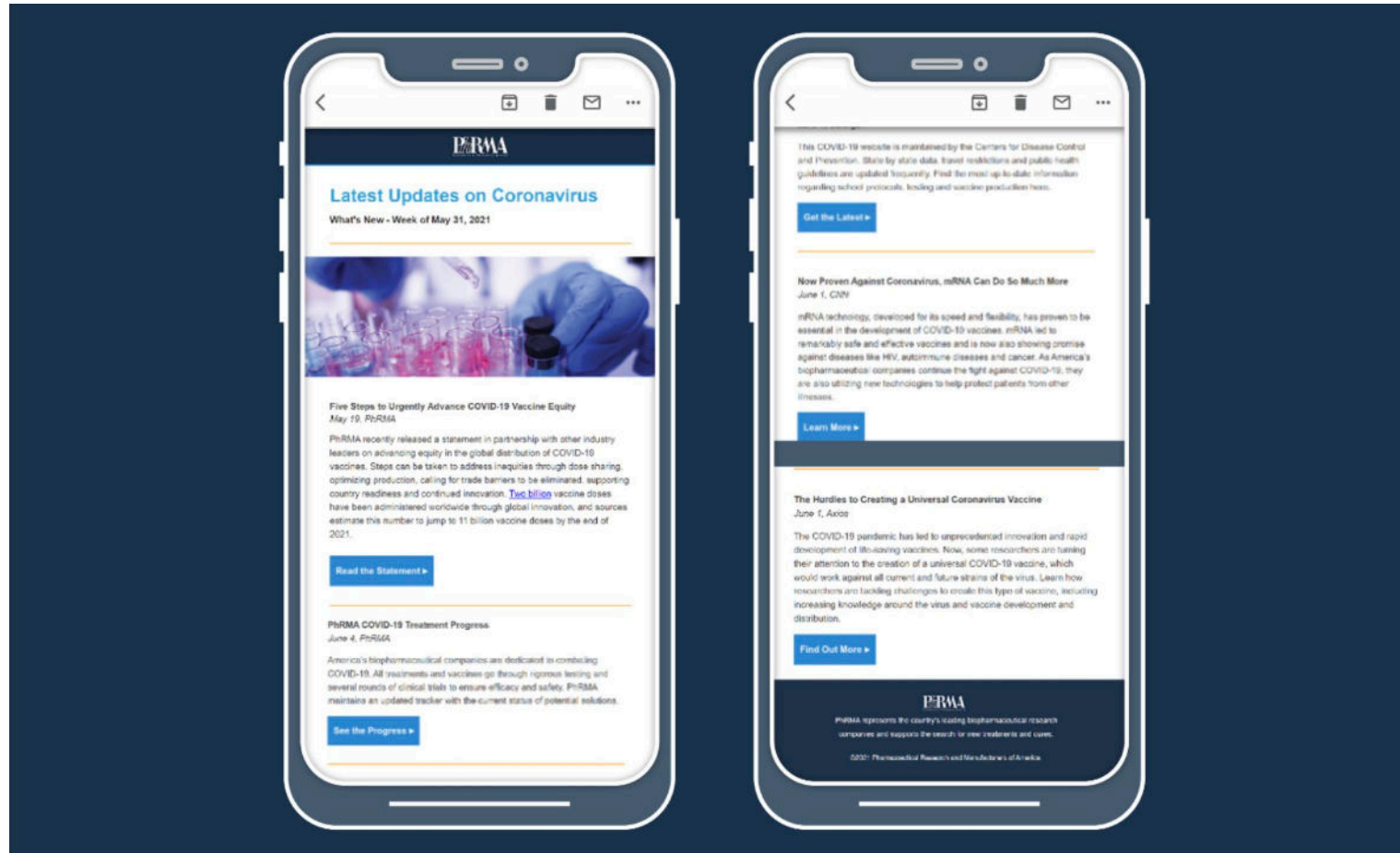
Text RECOVERY

to 52886

and tell Congress to
support **restaurants** and
our **employees.**

Digital Strategies

Stakeholder Newsletters for Mobile Devices



Digital Strategies

Public Policy Podcasts

The screenshot displays the Fidelity Policy30 podcast interface. At the top, a large banner features the Fidelity logo and the text "Policy30" over a background image of the U.S. Capitol dome. To the right of the banner, the text reads: "Policy30 Fidelity's leaders discuss the latest developments in the U.S. public policy space and what they may mean for the financial markets—in 30 minutes or less."

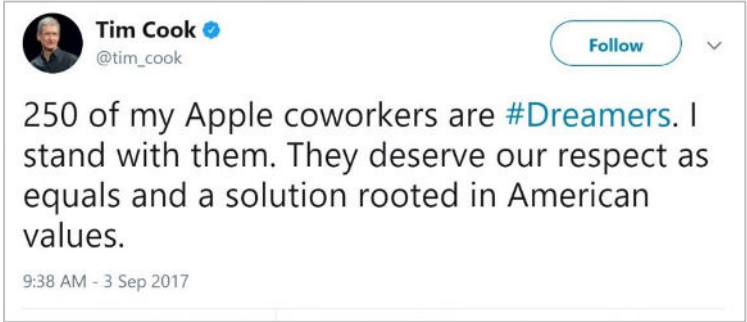
Below the banner is a "NOW PLAYING" section for the episode "Policy30: U.S. Infrastructure Policy and Tax Reform". It includes a standard audio player with a play button, a progress bar, and a volume icon. The time remaining is shown as "-30:55".

The main content area is titled "Browse All Episodes". On the left, there is a "REFINE" sidebar with a "Reset" button. Under the "Series" section, a list of series is shown with checkboxes: "FinPoint", "Future Ready Through M&A", "Market Insights", "Partner Insights", "Policy30" (which is checked), and "Thinking Outside the Portfolio". There is also a "Contributors" section with a dropdown arrow.

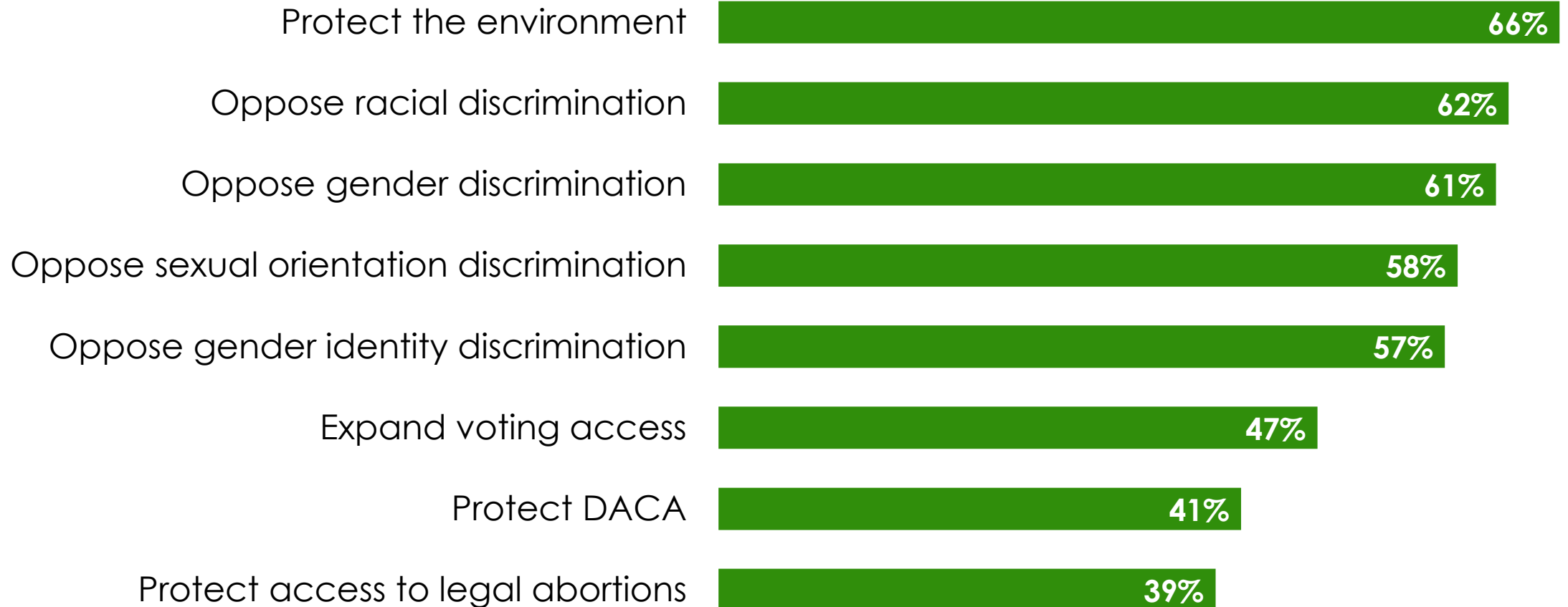
To the right of the sidebar, it says "SHOWING 4 RESULTS". Below this is a search bar labeled "Search within results" with a close button. To the right of the search bar are icons for list and grid views.

The main content area displays three episode cards, each with the Fidelity logo and "Policy30" text over the Capitol dome background. The first card is titled "Policy30: U.S. Infrastructure Policy and Tax Reform". The second card is titled "Policy30: Retirement Policy and Benefit Trends". The third card is titled "Policy30: Evolving ESG Policy and Market Trends".

Companies Speaking Out on Social Issues



Public Expects Companies to Support Social Issues



Source: *Public Affairs Pulse Survey*, Public Affairs Council, 2024

Why We Measure

- To reach clear agreement among company executives on what **drives the business**
- To improve **agility**
- To establish a more **strategic compensation** and reward process
- To create potential for **continuous improvement**



Source: *Managing Business Performance: The Metrics That Matter*,
PriceWaterhouseCoopers, 2008

Why This is Difficult

1. Public affairs **doesn't fit neatly** into performance management systems
2. Many objectives are **long-term**
3. Many objectives involve **managing risks** rather than creating opportunities
4. Strategies are often executed **in concert** with other groups such as associations and coalitions
5. Public policy objectives often **shift** during the year
6. Most strategies are **not transactional** — they involve engaging stakeholders and building alliances

A hand is shown on the left side of the frame, holding a stack of four light-colored wooden blocks. The blocks are stacked vertically, with the top block slightly offset to the left. The text on the blocks is printed in a bold, black, serif font. The background is a solid, dark brown color.

DEVELOP

YOUR

VALUE

PROPOSITION

Major Components of Value Propositions

Freedom to Operate

- Dealing with laws, regulations, community opposition and competitive issues

Cost Avoidance

- Avoiding tax increases, permitting expenses and costly regulations

Market Opportunity or Advantage

- Expediting product approvals, market access and favorable regulations

Speed and Productivity

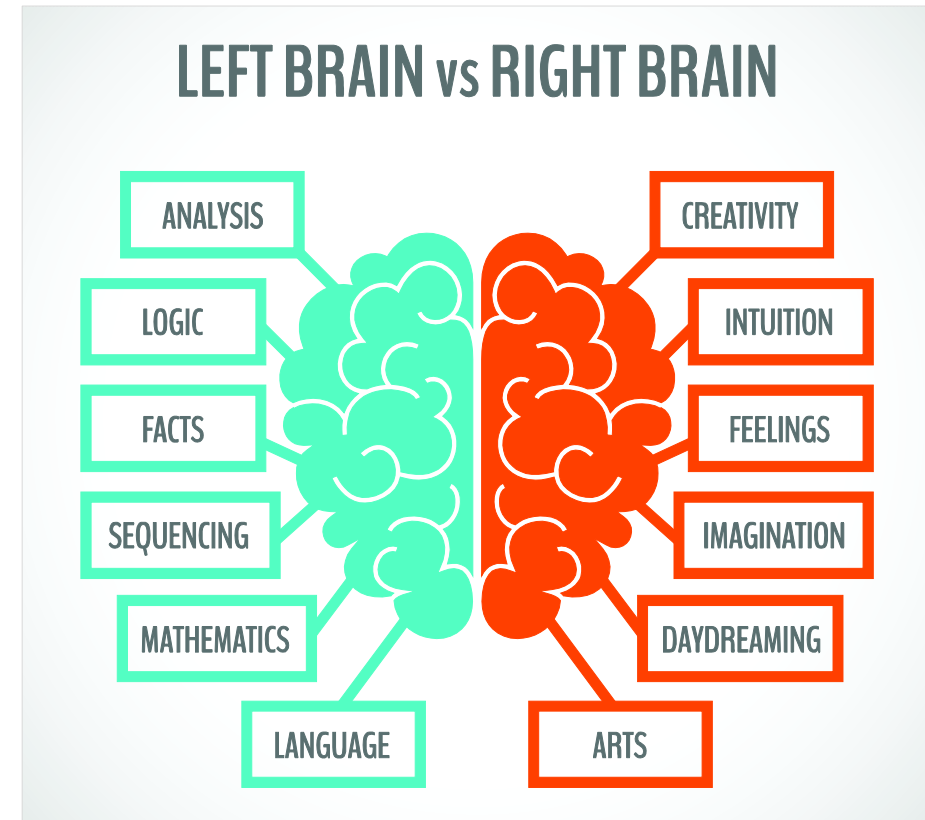
- Streamlining product production and distribution

Political and Reputational Risk Management

- Helping to to maintain stable business environment

Creating a Measurement System

- Metrics should serve to **track improvement**, not justify the public affairs department's existence
- Metrics should speak the **language** of management
- Metrics should reflect a company's **culture**
- Metrics should focus on impacts, not actions — unless those actions are **KPIs**



Most Common Measurement Tools

Objectives Achieved

When to Use It: Most companies use this tool in conjunction with other approaches.

Advantages: Objectives can support company priorities such as better market access, reduced costs or lower regulatory risk.

Most Common Measurement Tools

Internal Stakeholder Satisfaction

When to Use It: Companies with cultures that emphasize internal customer service often use this tool.

Advantages: Interaction creates opportunities for buy-in, feedback and collaboration with senior management.

Most Common Measurement Tools

External Stakeholder Satisfaction

When to Use It: Major brands frequently conduct communication and thought leader polls to see if their voice is being heard.

Advantages: Data are useful for benchmarking perceptions about the company's influence and reputation with specific audiences.

Most Common Measurement Tools

Legislative Wins/Losses

When to Use It: This method is often used to evaluate government relations performance, but gridlock and partisanship can make it problematic.

Advantages: Well-stated legislative goals provide clarity about success or failure of advocacy efforts.

Most Common Measurement Tools

Costs Avoided/Reduced

When to Use It: Firms use this method to tally savings associated with actions taken to affect legislation, regulations or inefficient business practices.

Advantages: This approach can be particularly effective in heavily regulated and data-driven companies.

Most Common Measurement Tools

Revenue Created

When to Use It: Firms use this method to track new revenue from efforts to improve market access or directly support sales function.

Advantages: Public affairs teams that work globally or in support of government sales often have opportunities to create revenue.

Most Common Measurement Tools

Return on Investment

When to Use It: If accurate data exist to support costs reduced/avoided or revenue created, then this method can be extremely useful.

Advantages: Senior management understands ROI. Much of the time, however, public affairs teams lack data to prove ROI.

For Further Reading



MEASURING AND COMMUNICATING THE VALUE OF PUBLIC AFFAIRS



Key Points to Remember

1. Business environment is constantly shifting.
2. Public affairs function is more important than ever.
3. C-suite is paying attention — and has vital role to play.
4. Digital advocacy is everywhere.
5. You should engage stakeholders constantly and consistently.
6. We must embrace measurement — even if metrics are imperfect



Public Affairs Council

MANAGE YOUR WORLD