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Public Affairs
Council

Measuring and Communicating the Value of Government Relations

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Agenda

- Why measuring is important
- Different types of metrics
- Knowing your audience
- Ways to communicate the value

Measuring the Value

Why?

Measuring gives you the tools you need to showcase the value of your function within your organization.

- Avoid being labeled a 'cost center'
- Increase, or at least maintain, a budget
- Stronger voice in the decision-making process
- Get recognition from senior leadership
- Measurement tools can be used to increase efficiency and allocate resources more wisely



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

Why This is Difficult

Measuring the value of government relations can be tricky. Why?

1. Objectives are long-term/take time = monthly or annual data showing success or failure may not be available.
2. Many goals involve managing risks (e.g., avoiding harmful legislation or preventing a crisis).
3. Strategies to achieve goals are often executed in concert with other parties, such as trade associations and coalitions, which makes it difficult to identify your team's contributions.
4. Objectives often shift during the year.
5. Many of the strategies employed government relations professionals are difficult to evaluate because they are not transactional — they involve engaging stakeholders and building alliances.



Understanding the Value Proposition

– Freedom to Operate

- Preventing constraints to where and how the business is operated
- Laws, regulations, community opposition, competition and other factors can affect one's freedom to operate

– Cost Avoidance

- Preventing increases in operating costs
- Tax increases, permitting expenses, new regulations and other factors can affect costs of doing business

– Market Opportunity or Advantage

– Speed and Productivity

– Political and Reputational Risk Management

Case Study: Caterpillar

1. Working collaboratively with internal and external stakeholders in identifying public policy and commercial issues of critical importance to Caterpillar;
2. Building and utilizing Caterpillar's brand image, political capital and presence as a premier, U.S. manufacturing company to obtain favorable policy and commercial results; and
3. Maintaining disciplined cost control while retaining the company's traditional value proposition.



Measuring the Value (cont.'d)

Metrics should...

- Serve to **track improvement**, not as a way to justify the department's existence.
- Speak the **language** of management.
- Reflect a company's **culture**.
- Focus on **impacts**, not actions

Quantitative vs. Qualitative

Is the number meaningful or are you just running up the score?

Not every policy result is easy to quantify → look at its qualitative significance and assess its general impact.

Remember to look at what/how your gov't relations peers are measuring (i.e., benchmark).

Actions vs. Impacts

Actions

CEO met with member of Congress

Meetings with local govt. leaders

Created community advisory board

Received major media coverage

Engaged employees on social media

Bought digital issue ads on Twitter

New sustainability plan launched

Impacts

→ Govt. position softened on issue

→ Local govt. now supports our plan

→ Community opposition reduced

→ Tone of media coverage improved

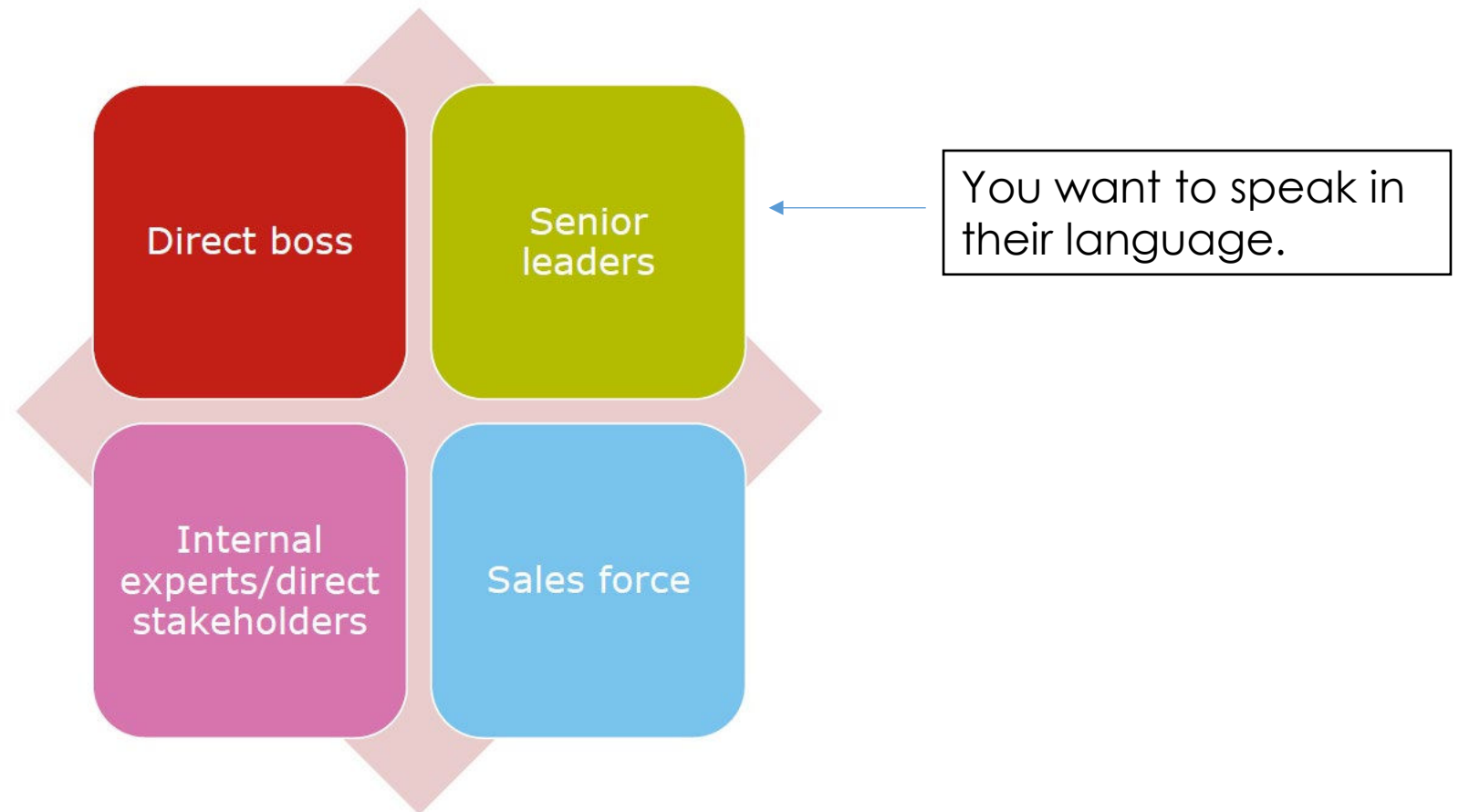
→ Click rates, “likes” and retweets up

→ Grassroots supporters found

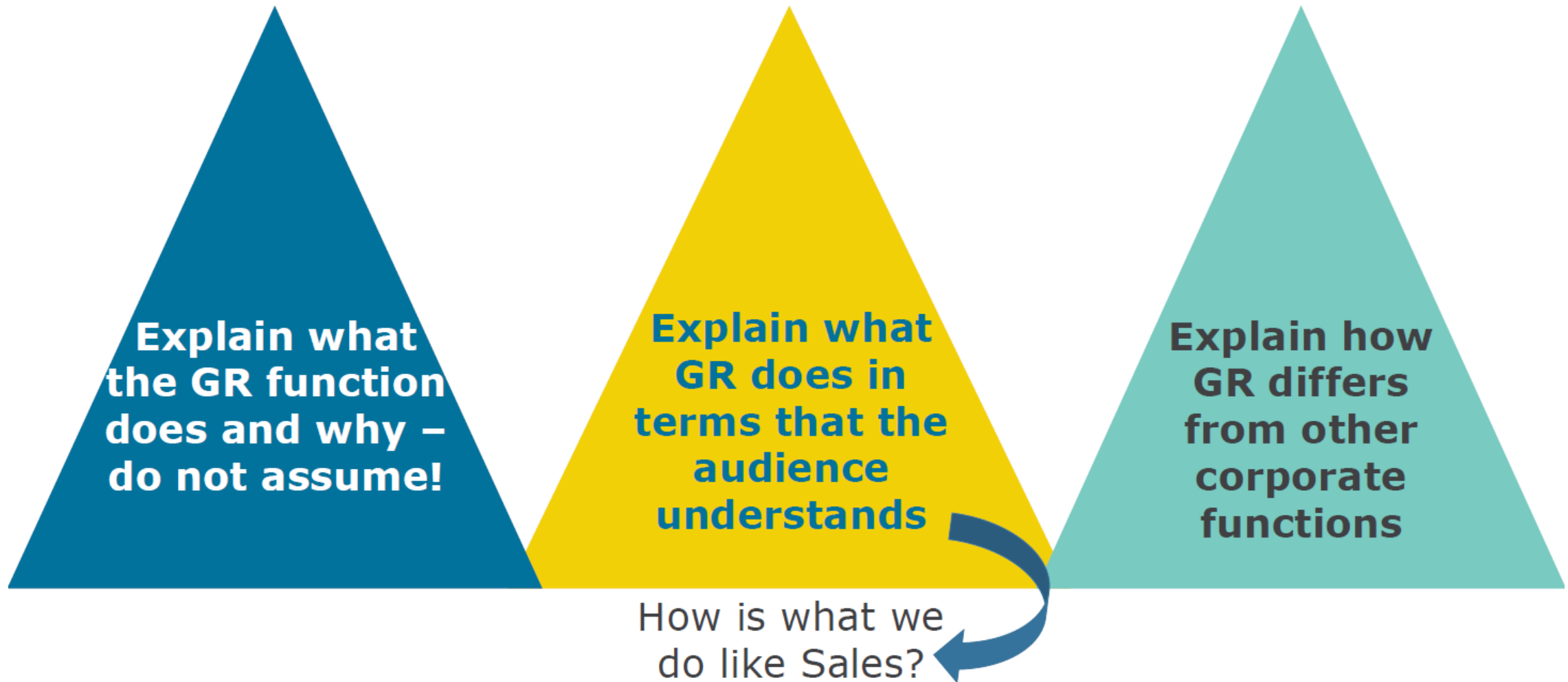
→ Corporate reputation improved

Communicating the Value

Who is your audience?



Communicating the Value (cont.'d)



Communicating the Value (cont.'d)

Be concise when communicating with non-government relations colleagues:

- Issue description
- Significance to the organization
- Action being taken

Be transparent about policy and government relations objectives, their degree of difficulty, and progress made toward achieving them – from start to finish.

The more non-government relations colleagues you engage with about your work, the more likely it is that your function's value will be perceived.

Communicating the Value (cont.'d)

When appropriate, engage internal stakeholders and leadership in your work
→ creates buy-in for your value.

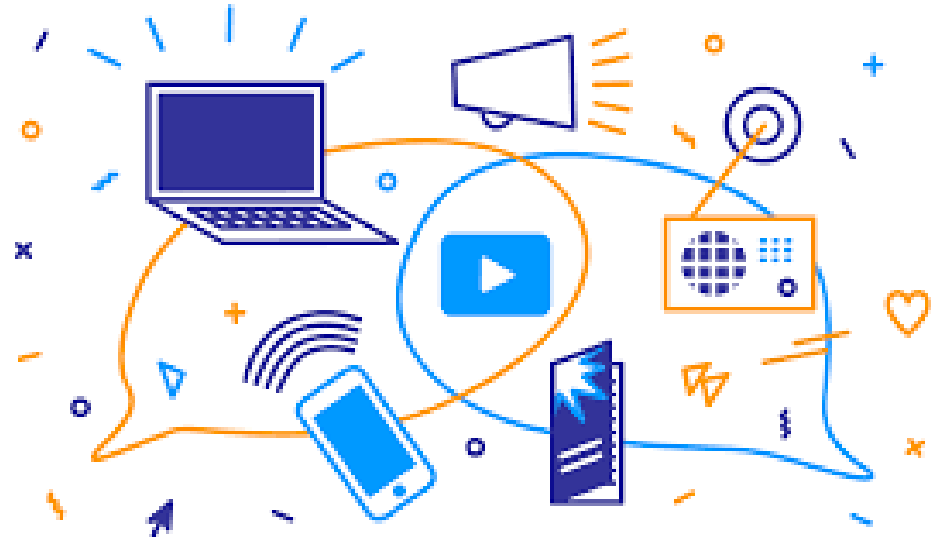


Communicating the Value (cont.'d)

Sample Government Relations Survey for Internal Stakeholders					
Quality Indicator	Importance (1-5)	Performance (1-5)	Improvement Over Last Year (1-5)	Does What Well?	What to Improve?
Policy knowledge	5	2	4	Outstanding command of corporate-level issues	Lack of familiarity with state regulations
Responsiveness to business needs	3	5	3	Easily reached via phone and email	Frequently takes two days to get a response
Communicates effectively with business unit heads	5	5	3	Professional demeanor	Avoid "jargon" when discussing legislation
<i>This survey form is to be completed by business unit heads or other senior executives in the company. Note that it asks open-ended questions to find out what the public affairs department does well — or not so well.</i> <i>Many companies have found that internal stakeholder surveys can help the public affairs department build trust and achieve buy-in from company leaders. They demonstrate a willingness to receive feedback, continuously improve processes and — most importantly — focus on meeting the specific needs of those managing the business.</i>					

Communicating the Value (cont.'d)

- Email
- Breaking news updates
- Weekly or monthly newsletter
- Company intranet
- Articles; social media posts
- Teams/Zoom meetings with internal partners
- Webinars for broader internal audiences
- In-person meetings



Are These Public Affairs KPIs?

- Example #1: An energy association recruits **10 organizations to join a coalition**.
- Example #2: A utility forms **community advisory boards** in cities and towns where services and facilities are being expanded.
- Example #3: A tech company recruits a **grassroots network of 100 employees** who are prepared to respond to calls for action.
- Example #4: Through digital advertising, a pharmaceutical company recruits a **diverse group of 5,000 people** to become champions for government support of bio-pharma research.

Most Common Measurement Tools

Measurement Tool	When to Use It	Advantages
Objectives Achieved	Most companies use this tool in conjunction with other approaches.	Objectives can support company priorities such as easier market access, reduced costs or lower regulatory risk.
Internal Stakeholder Satisfaction	Companies with cultures that emphasize internal customer service, or in which business units' contract with public affairs, often use this tool.	Interaction creates opportunities for buy-in, feedback and collaboration with senior management.

Most Common Measurement Tools

Measurement Tool	When to Use It	Advantages
External Stakeholder Satisfaction	Major brands frequently conduct external polls. Some firms survey thought leaders to see if their voice is being heard on public policy matters.	Data are useful for benchmarking perceptions about the company's influence and reputation with specific audiences.
Legislative Wins/Losses	This method is often used to evaluate government relations staff, but political gridlock can make it problematic.	Clear legislative goals provide clarity about success or failure of advocacy efforts.

Most Common Measurement Tools

Measurement Tool	When to Use It	Advantages
Costs Avoided/Reduced	Firms use this method to tally savings associated with actions taken to affect legislation, regulations or inefficient business practices.	This approach can be particularly effective in heavily regulated and data-driven companies.
Revenue Created	Firms use this method to track new revenue associated with efforts to improve market access or directly support the sales function.	Public affairs teams that work globally or in support of government sales often have opportunities to create revenue.
Return on Investment (ROI)	If accurate data exist to support costs reduced/avoided or revenue created, then this method can be extremely useful.	Senior management understands ROI. Much of the time, however, public affairs teams lack data to prove ROI.

Common Questions

What's the most common misalignment between government relations reporting and C-suite expectations?

How do you handle data that undercuts your narrative?



Common Questions (cont'd)



What can you do to build credibility with your C-suite or Board when it comes to measuring and communicating the value of your government relations efforts?

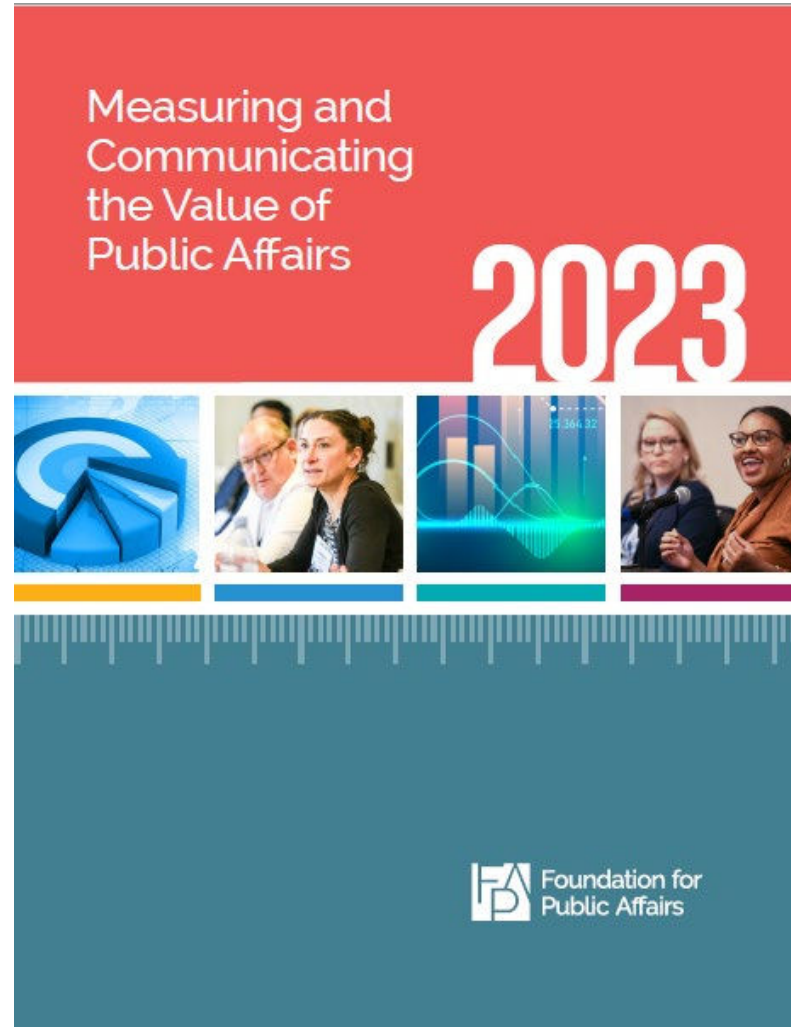
What makes what you're sharing resonate with leadership?

Key Points to Remember

1. Having a measurement system benefits everyone.
2. It's difficult — but not impossible — to measure government relations.
3. Metrics should serve as a way to track improvement.
4. Metrics should reflect a company's culture and speak the language of management.
5. Metrics should focus on impacts and business goals.



For More Information



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