



REDEFINING POLITICAL RISK MANAGEMENT

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Classic Forms of Political Risk

- **Transfer risks:** Limit transfer of capital, payments, production, people and technology (e.g., tariffs, capital repatriation)
- **Operational risks:** Constrain management and performance (e.g., taxes, local sourcing requirements)
- **Ownership-control risks:** Inhibit ownership or control (e.g., foreign-ownership rules, expropriation)

Source: *International Management: Culture, Strategy, and Behavior*, Fred Luthans, Jonathan P. Doh, 2006.



Risk is a Function of the Business Environment

- Rising business uncertainty
- Declining trust
- Growing tribalism
- Anti-business activism
- Rising public expectations

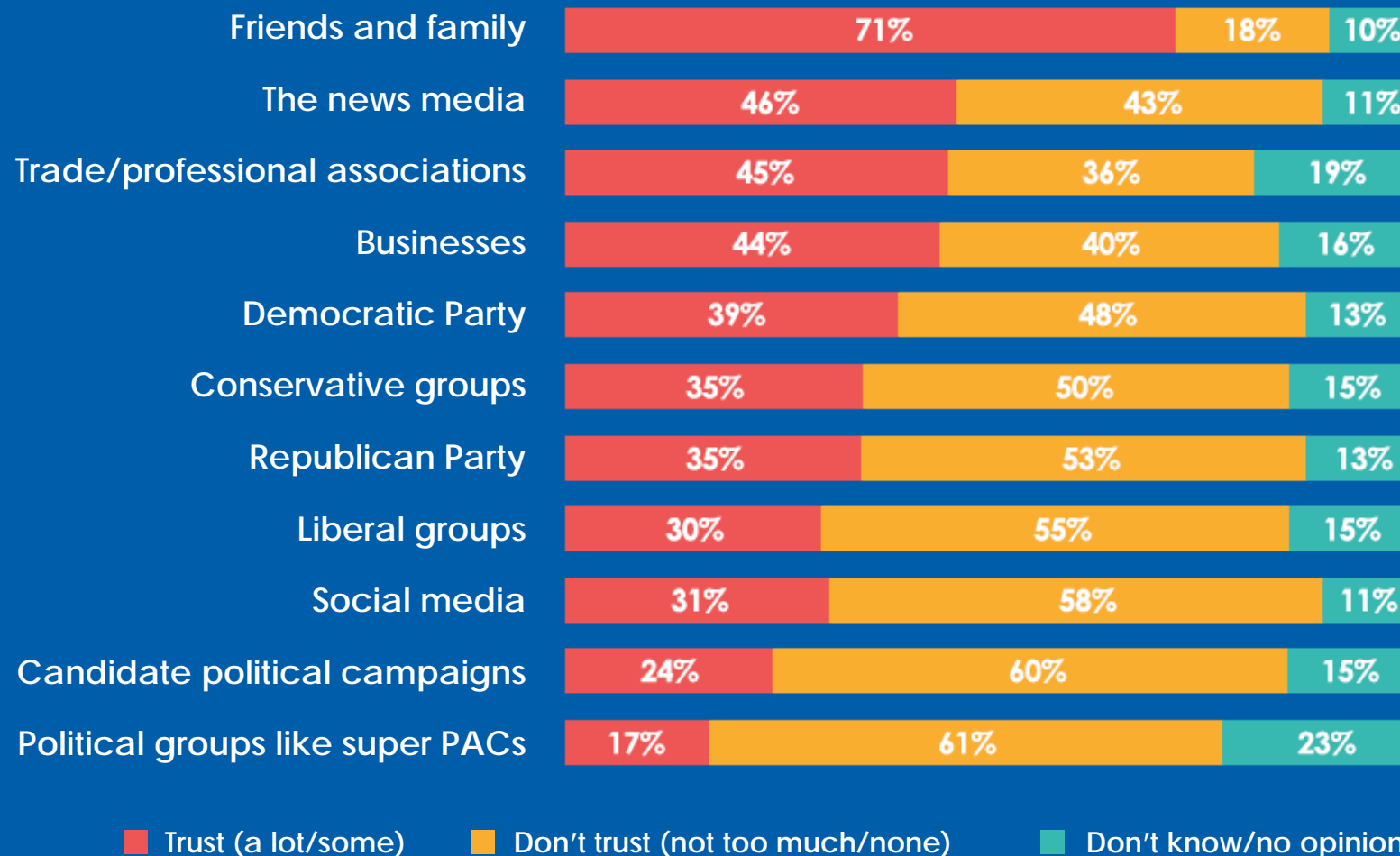


Rising Business Uncertainty

- BREXIT
- Protectionism
- Trade wars
- Immigration policies
- China's growing influence
- Potential for global recession



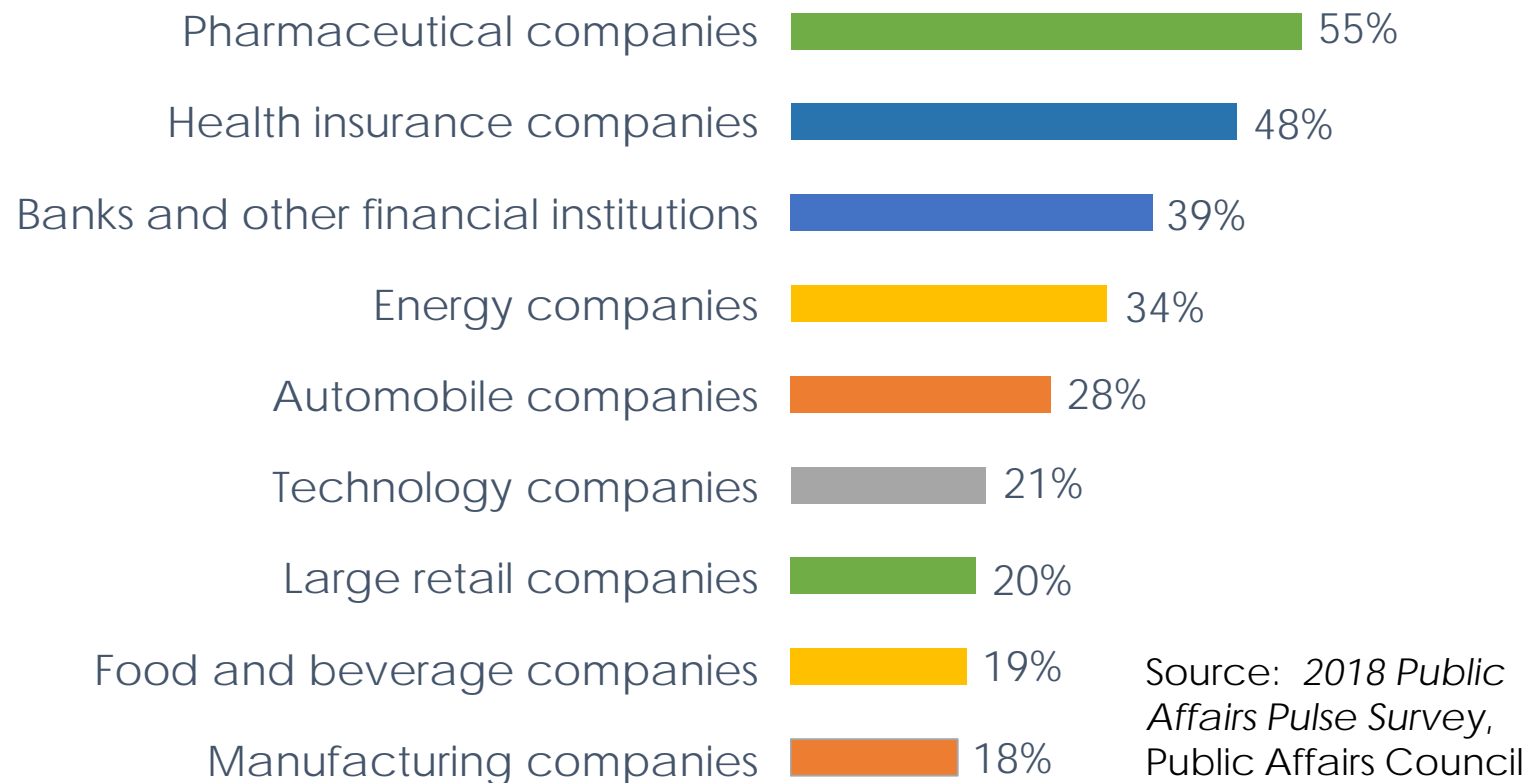
Who Do Americans Trust for Political News?



Source: 2018 Public Affairs Pulse Survey, Public Affairs Council

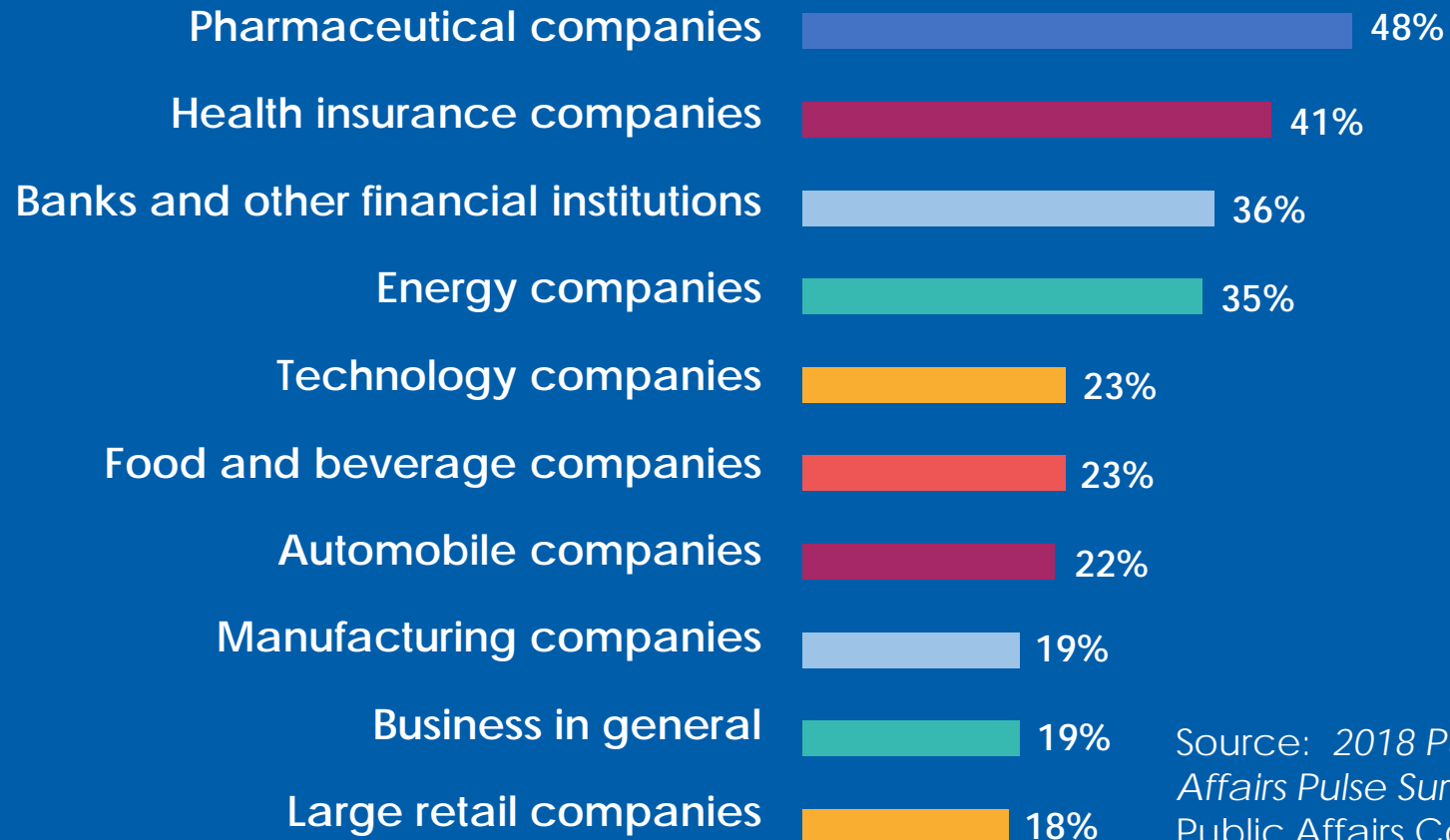
Which Industries Do Americans Distrust?

Percentage Saying an Industry is Less Trustworthy Than Average



Who Needs More Oversight?

Percentage Saying an Industry Has Too Little Regulation



Source: 2018 Public
Affairs Pulse Survey,
Public Affairs Council

Information Tribalism And Political Tribalism

- People seek out “agreeable” facts and ignore facts that contradict their beliefs
- The higher someone’s IQ, the better they are at arguing to support a position — but only if they already hold that view
- Political party and ideology have become major components of our identities



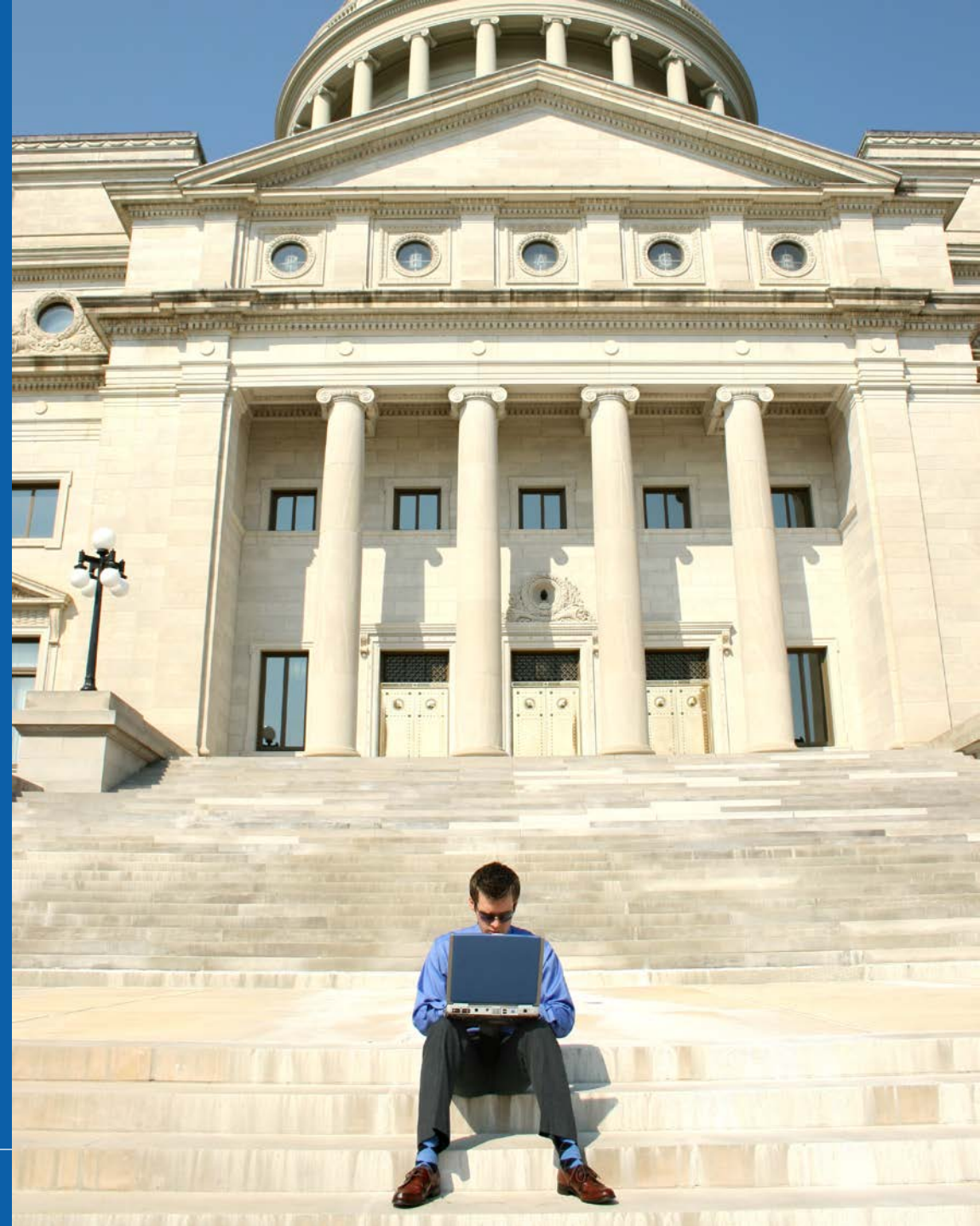
Controversies Are Becoming Crises

- **65%** are likely to stop purchasing products if a company is involved in a **crisis**
- **62%** are likely to support tougher regulations if a company is involved in a **crisis**
- **43%** are likely to make negative comments if a company is involved in a **crisis**
- **61%** are likely to stop purchasing products if a company is involved in an upsetting **controversy**
- **44%** are likely to make negative comments if a company is involved in an upsetting **controversy**

Source: *Fight or Flight: How Americans React to Corporate Crises and Controversies*, Public Affairs Council, 2018

How Public Affairs Is Changing

- The rise of “knowledge lobbyists”
- Greater reliance on the “outside game” of politics
- Business support for social issues
- Learning how to talk about advocacy



Trends in Advocacy

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

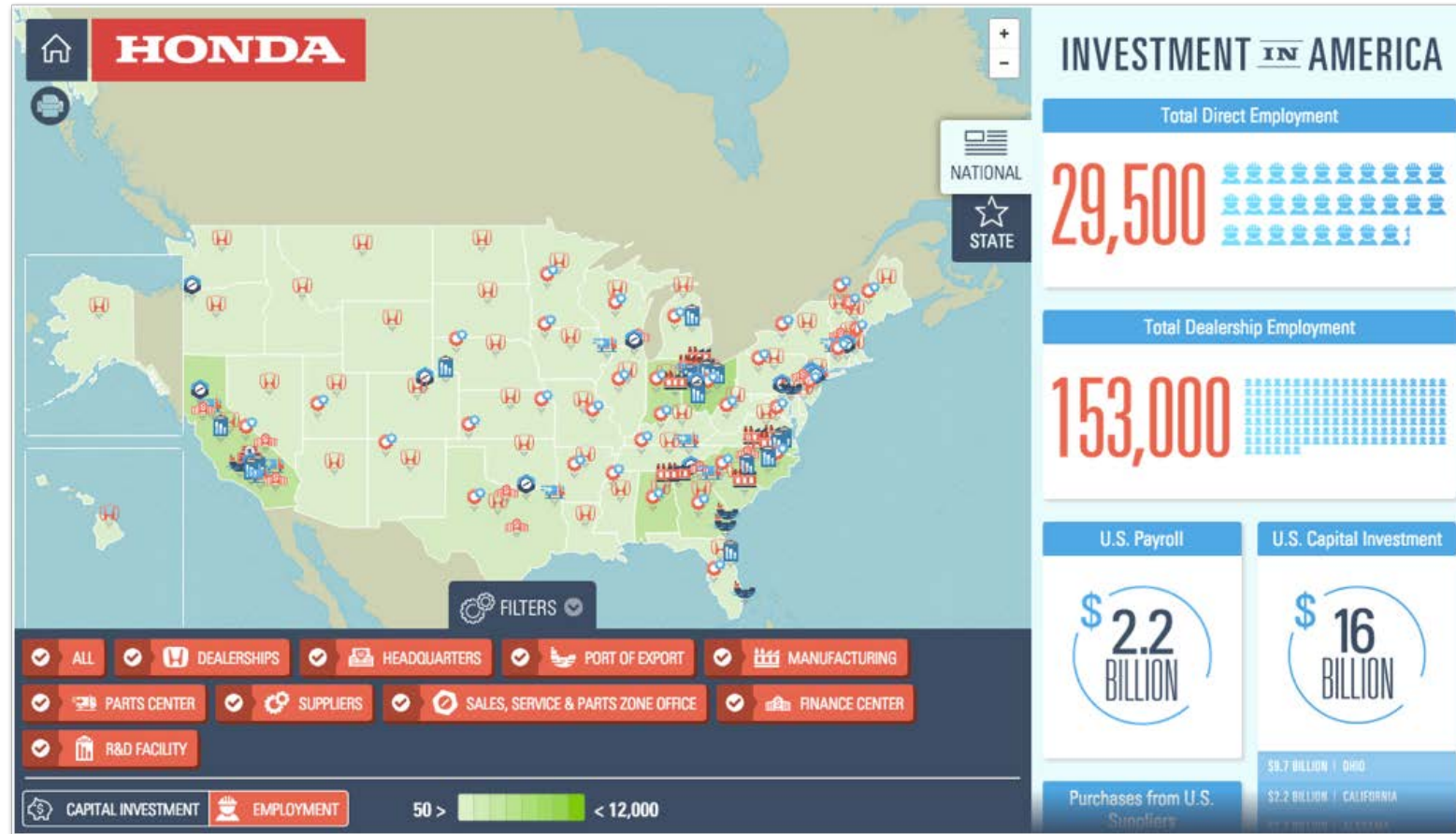
By taking action you will join AARP's online network and will receive urgent news and action alerts about the issues that matter the most to older Americans, as well as information about AARP activities, events, and member benefits.

f SHARE

TWEET

Trends in Advocacy

Data Visualization



Trends in Advocacy

Digital Advertising

TrumpCare by the numbers

×23 million Americans

will lose their health care by 2026 as Medicaid is slashed, households' premium costs skyrocket, and protections for people with preexisting conditions are eliminated

×\$33 billion increase

in out-of-pocket expenses for things like deductibles and copays as subsidies are cut and insurers are allowed to offer worse plans

×1.1 million fewer jobs

would be created by 2020 as the law's cuts come into effect in a still-weak economy and force Americans to spend more of their money on health care and less on basic necessities like food and rent

TrumpCare will kick working people and their families off their insurance, increase costs, and slow down the economy.

Source

Coverage loss: Congressional Budget Office

Out-of-pocket expenses: epi.org/124460

Job loss: epi.org/124693

Economic Policy Institute

Trends in Advocacy

Viral Grassroots



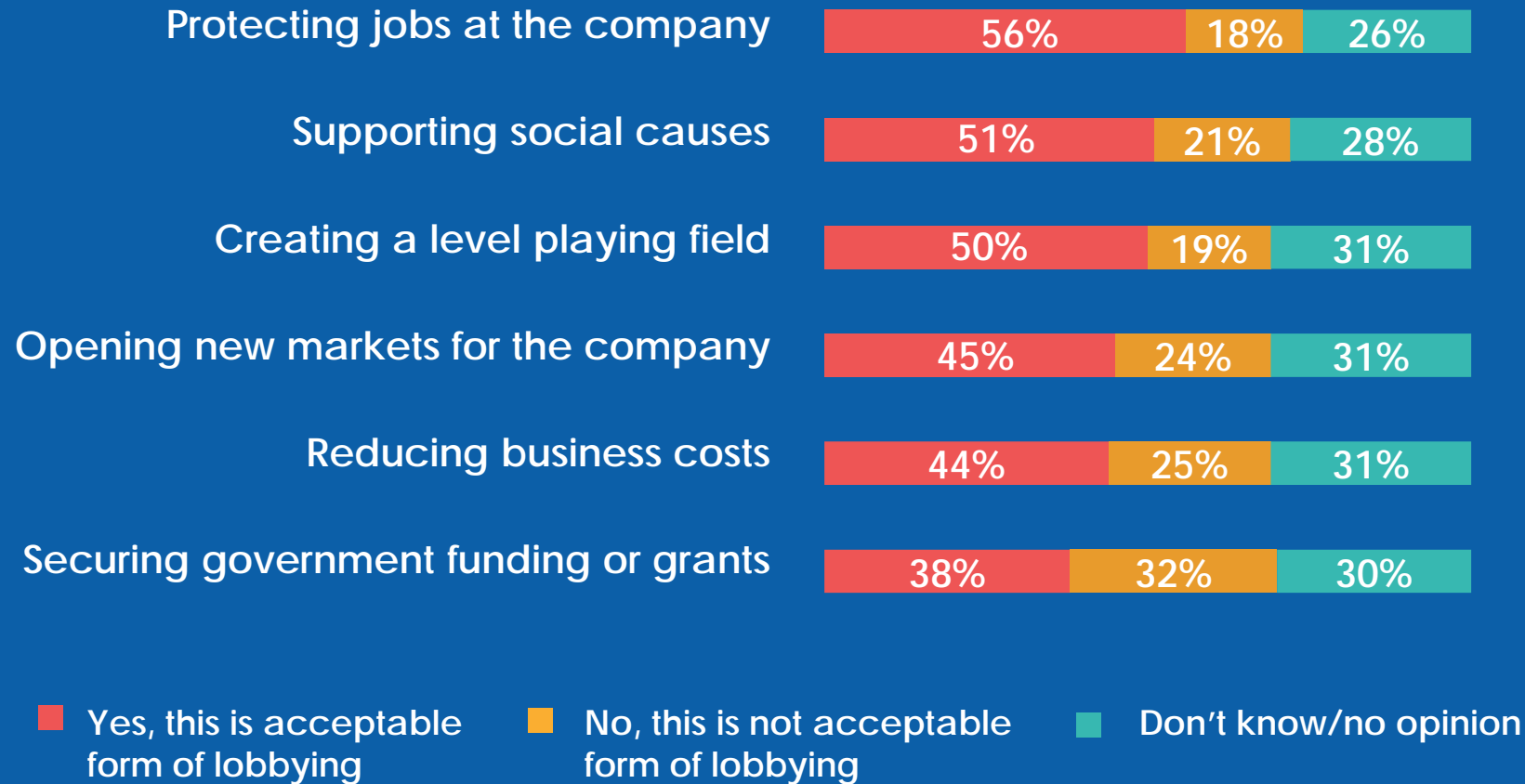
Trends in Advocacy

Business Support for Social Issues



How Reputation Affects Advocacy

When is Lobbying an Acceptable Practice?



Source: 2018 Public Affairs Pulse Survey, Public Affairs Council

Management Strategies For a Risky Environment

1. Assess public policy issues and reputational issues in tandem
2. Conduct thorough risk assessments
3. Engage in scenario planning
4. Understand behavioral communication
5. Be a thought leader
6. Be strategic about corporate support for social issues
7. Understand that employees are likely your most important audience





Public Affairs Council

MANAGE YOUR WORLD

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