



Public Affairs
Council

PUBLIC AFFAIRS MEASUREMENT AND VALUE

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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 CPM programs
2. Many objectives are long-term
3. Many objectives involve managing risks rather than taking actions to create business opportunities
4. Strategies are often executed in concert with other parties such as trade associations and coalitions
5. Public policy objectives often shift during the year
6. Strategies 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
- Constraints from regulators, lawmakers, local communities or public opinion

Cost Avoidance

- Preventing future increases in operating costs
- Tax increases, permitting expenses or everyday costs of doing business

Market Opportunity or Advantage

Speed

Productivity

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.



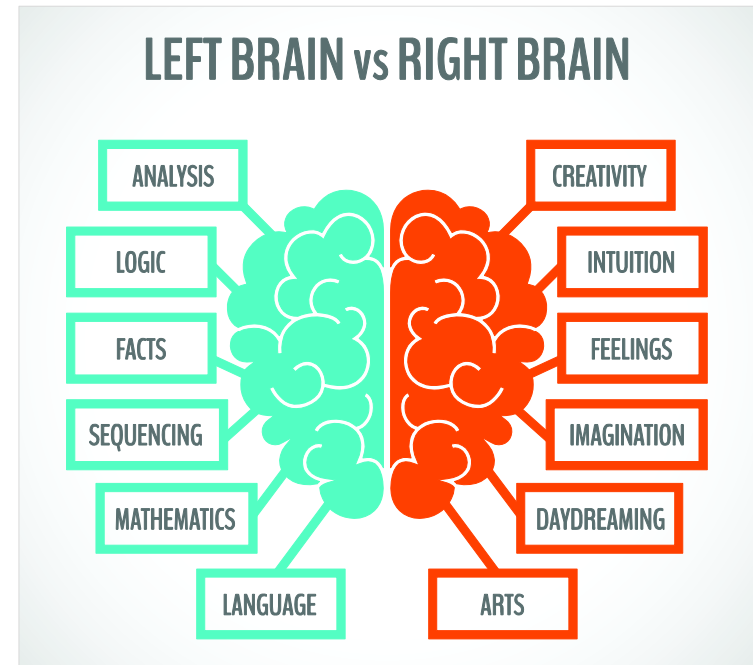
Case Study: Mars

1. Providing insights and developing positions on critical issues and trends;
2. Promoting growth by removing barriers to scale; and
3. Delivering world-class service to all business segments and regions.



Creating a Measurement System

- Metrics should serve as a means to track improvement, not as a way to justify the 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.



Actions vs. Impacts

Actions

CEO met with member of Congress
Meetings held with local govt. leaders
Created community advisory board
Received major media coverage
Engaged employees via social media
Bought digital issue ads on Twitter
New sustainability campaign 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



Are These Public Affairs KPIs?

- Recruit at least 10 other organizations -- all with political influence -- to join a coalition.
- Create active community advisory boards in cities and towns where new facilities are planned.
- Recruit a grassroots network of at least 300 employees who are prepared to respond to calls for action.
- Achieve a Net Promoter Score in the top 10% of your industry.
- Secure a positive cover story on your CEO in a news publication.
- Through digital advertising, recruit a diverse group of 5,000 people to become champions for research on the products your company sells.

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 easier 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 or in which business units contract with public affairs often use this tool.

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

Sample Internal Stakeholder Survey

Quality Indicator	Importance (1 to 5)	Performance (1 to 5)	Improvement Over Last Year (1 to 5)	Does What Well?	Improve What?
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, email, Web	Frequently takes two days to get response
Ability to communicate effectively to business unit heads	5	5	3	Professional demeanor	Avoid “jargon” when discussing legislation

Most Common Measurement Tools

External Stakeholder Satisfaction

When to Use It: Major brands frequently conduct external polls. Some firms survey thought leaders to see if their voice is being heard on public policy matters

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 staff, but political gridlock can make it problematic.

Advantages: Clear 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 associated with efforts to improve market access or directly support the 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.

Key Points to Remember

1. Having a measurement system benefits everyone.
2. It's difficult -- but not impossible -- to measure public affairs.
3. Metrics should serve as a means 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.
6. Most organizations use more than one metric.

For Further Reading



MEASURING AND COMMUNICATING THE VALUE OF PUBLIC AFFAIRS





Public Affairs Council

MANAGE YOUR WORLD

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