Changes in Lobbying Rules Require Greater Resourcefulness

Although Jane Adams did not grow up on a ranch, her personal history gave her valuable insight into the National Cattlemen’s Association (now the National Cattlemen’s Beef Association), which in turn made her quite an effective advocate for the group’s work.

“I was diagnosed with Type 1 diabetes at 12,” Adams says. “Treatment in the 1980s was rudimentary, especially in Woodstock, Vt. I was grateful for any breakthroughs in diabetes research.”

Adams knew the development of synthetic insulin, for example, had resulted from research involving dogs. “Years before, the diagnosis of diabetes had been a death sentence,” she says. “But that changed thanks to biomedical research using animals, which I knew as someone who’d spent most of her life as a patient.”

When Adams went to work for the cattlemen’s association, animal rights activists were “protesting against the use of animals in biomedical research and breaking into research labs,” she says. “I could speak from the perspective of someone directly affected by the issues being debated, which is important in advocacy these days.”

After almost six years with the cattlemen’s group, Adams went to the Juvenile Diabetes Foundation (now the Juvenile Diabetes Research Foundation), to Medtronic and, finally, to Johnson & Johnson, where she is senior director for federal affairs. “J&J makes the insulin pump I use; so, again, I can talk about the issues as they affect patients,” she says. “I like helping get more money for research and explaining why our work matters to real people.”

‘Special Interests’

Our political system and public discourse do not always make it easy for people like Adams. “The reputation of lobbyists has been tarnished, thanks to the Abramoff scandal and other bad actors and bad practices,” Adams says. “But the public as well as policymakers need to remember that the ‘special interests’ include groups like JDRF and the American Cancer Society.”

Lobbying today is often seen as “shady” and “unsavory,” Adams told participants at the Council’s “I’m a Lobbyist, and Proud of It!” conference in December. Ken Gross, a partner at Skadden, Arps, Slate, Meagher and Flom in Washington, referred facetiously to lobbyists as those people “walking around town with that big scarlet ‘L’ sewn onto their suits.”

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Are We on the Same Page?

By Doug Pinkham
President
Public Affairs Council

Why don’t more companies integrate their communications and government relations functions? Natural synergies exist among those who manage relationships with government, the media, local communities, employees and other stakeholders. It seems inefficient — and even dangerous — to build “silos” that separate people and programs with similar goals.

Twenty years ago, it was common in the U.S. for these two functions to report to the same person. In Europe, Asia and Australia, it is still customary for a global company to have both reputational and policy matters.

Yet, according to a 2011 study by the Foundation for Public Affairs, only half of large American companies currently locate communications and government relations functions in the same corporate unit.

Why the disconnect? Here are four reasons:

1. **Management consultants told U.S. corporate leaders they needed to decentralize.** Remember the mantra that we needed to move employees in corporate functions “closer to the customer”? Back in the 1990s, many firms shifted responsibility for communications, government relations, marketing and other functions to the business units. It’s ironic that many of these same consultants brought in to decentralize leading companies are now recommending a more centralized approach.

2. **Maintaining separate functions was supposed to allow each department to focus on what it does best.** Some companies, generally brand firms that focus more on marketing than public policy, have favored single-mindedness over synergy.

3. **Many companies said they lacked an executive qualified to manage both communications and government relations.** In a 1999 Public Affairs Council survey, this factor was mentioned as a major roadblock preventing greater integration. Fourteen years later, because firms have persisted in their decentralized approach, it has become even more difficult to find top executives with the needed range of experience.

4. **Employees have been recognized and rewarded for “owning” issues.** Many U.S. firms have sought to improve performance by making individual staff responsible for company-wide issues. But most issues are not purely reputation-based or policy-related; they are both. While the common approach does centralize expertise and accountability, it doesn’t encourage collaboration. Ideally, the company itself should “own” all of its issues, and those issues should be managed by cross-functional teams.

In recent years, the arguments for joining forces — or at least coordinating forces — have become stronger than ever. First and foremost, public perception and public policy are closely related. News travels fast, and bad news travels faster. Companies that take an unpopular stand on an issue may find themselves subject to protests and boycotts. Firms that are frequently criticized in the media have a difficult time advocating a legislative agenda.

If the smallest business unit in a large multinational makes an unethical business decision, the entire enterprise suffers, including the communications and government relations functions.

It’s also important to remember that as corporate brands become more valuable, they become more vulnerable. A brand may be an intangible asset, but some are worth billions. (Apple’s brand has an estimated worth of more than $130 billion.) Growing anti-brand activism, however, has placed many global brands at risk. In fact, the more well-known your brand is, the more likely it is to be a target. Companies must have a well-coordinated response to these campaigns.

The Internet and social media have made the world smaller, and that demands consistency. Smart companies don’t give one message to Wall Street and another to employees and consumers. They don’t fund activist groups through corporate contributions and then oppose those same groups on public policy issues. Journalists and congressional investigators are on the lookout for examples of corporate hypocrisy and inconsistency.

Taking an integrated approach to public affairs can create efficiency and effectiveness. Having said that, some of the leading corporations in America don’t have integrated public affairs departments — but they do have strategic issues management systems. These systems help companies prioritize issues and strategies. In the 2011 Foundation for Public Affairs study, 30 percent of large companies said they maintained a formal system for setting priorities and coordinating activities, and another 44 percent said they maintained informal systems. More than 60 percent had formal or informal systems for coordinating government relations with the firm’s corporate social responsibility function.

It is much easier, of course, to operate an effective issues management system when all parties are housed in the same division. Scanning the environment, setting priorities, defining objectives, executing plans and measuring outcomes require cooperation. If one senior executive is accountable for this entire process, the company is more likely to stay focused on the right challenges and opportunities.

Every corporation is different, and a firm may have good reasons for not wanting to blow up its org chart or add a major line of responsibility to a busy executive’s plate. But, sooner or later, everyone will face an angry public, a suspicious news media, disenchanted employees, a skeptical financial community or a negative climate for public policy. If you have broken down internal barriers and have everyone collaborating on common issues, you will be better able to respond quickly and effectively.

If you are the top government affairs and communications executive at your firm, your goal should be to have every management employee throughout the entire company understand the implications that business decisions have on both public policy and corporate reputation. When you achieve that level of awareness, you have begun reaping the benefits of integration.

Reach Doug at dpinkham@pac.org or 202.787.5964.
Greater Resourcefulness in Lobbying

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While the number of lobbyists has exploded in recent years, this increase is also easily misunderstood. In 1993, when Adams was new to the profession, there were about 5,500 registered lobbyists in the capital. By 2011, there were more than 12,700.

This increase might appear sinister to muckrakers, but they neglect to report two effects of this boomlet.

First, more technical expertise is available to policymakers now than ever before; and, second, the competition for access to policymakers puts a premium on lobbyists’ reputation for telling the truth.

Maintain Your Credibility

“Having worked in the Senate for 27 years, I can tell you that as a lobbyist, you must maintain your credibility,” says Ann Loomis, senior policy advisor, federal and environmental policy, for Dominion. “You must be a trusted source of information to people on the Hill. You are only as good as your credibility.”

This means being forthright in all circumstances. “Never deny past mistakes your organization might have made or try to sugarcoat them,” Loomis says. “Tell the truth about some problem, and then talk about what your organization is doing to address the problem.”

To make sure the case you want to make is not only accurate but persuasive, Madeline Ferraro, vice president, government and public affairs, Atlantic Health, recommends relying on government data. “The government’s figures are hard to dispute,” she says.

Ferraro also stresses the importance of sheer persistence. Lobbying is not a 9-to-5 job. When legislative sessions run late, staying at your post can pay off.

“One night, when a committee meeting was still going on at midnight and an appropriation important to one of our clients was being settled, I waited around outside the caucus room,” she says. “One of the legislators came out of the caucus room, noticed me and said, ‘You still here?’ Impressed that I was, he said, ‘For that, I’m giving [your client’s appropriation] another $1 million.’ Needless to say, that night I went home happy.”

Internal vs. External Audiences

Lobbyists would probably enjoy more such successes were the demands made on their time, energy and resourcefulness less burdensome.

“There’s always a balancing act between communicating with your internal audiences, meaning the people in your company whose buy-in you need, and with external audiences, such as those on Capitol Hill,” Adams says.

Just don’t get carried away convincing co-workers or competitors of your importance. “You don’t want to be seen as the industry leader in lobbying,” says Gross, the Council’s resident campaign finance expert. “You never want to be known as the company that spends the most on lobbying. It’s not good for PR, and someone in your company is going to come forward and ask, ‘Why are we spending all this money on lobbying?’ Because that’s the money that is paying your salary.”

The definition of what constitutes an external audience is also expanding. Policy is not set just in legislation, as implementation of the Affordable Care Act offers ample evidence. Sometimes you have to look for solutions elsewhere. “Maybe an amendment to a bill can make more sense than a bill that won’t pass,” says Patricia LeShane, managing partner, Sullivan & LeShane Inc.

“Other times, you will have to deal with regulatory agencies instead of legislators, all while keeping an eye on the media and think tanks.”

Process and Politics

It is also important to have a realistic grounding in how policy is made, which can be puzzling to business leaders with little or no experience in the political world. “The people you work with in your organization need to understand how the process often takes a long time,” says Andrew G. Kaplan, senior director,

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‘Disruptive Philanthropy’ Makes a Difference

How is philanthropic giving changing, and what can business leaders learn from nonprofits? In *The Art of Doing Good: Where Passion Meets Action*, Charles Bronfman, an heir to the Seagram’s spirits fortune, describes his philanthropic efforts and those of others. A former majority owner of the Montreal Expos baseball team, Bronfman spent more than 50 years working for Seagram’s. He is also a founder of Birthright Israel, which has enabled more than 300,000 young adults from nearly 60 countries to take free heritage trips to Israel. *The Art of Doing Good* was written with Jeffrey Solomon, president of the Andrea and Charles Bronfman Philanthropies.

**Q** Philanthropy has changed a lot since you got involved, hasn’t it?

**A** I remember how, 20 years ago, we held a fundraising event for the Combined Jewish Appeal at my house in Montreal. Because a lot of big philanthropic organizations even then had large overheads and huge fundraising departments, I suggested for this event that someone do a presentation on where the money given by people in that group would go. Someone put up a screen and did a little dog-and-pony show — and the people were bored to death.

**Q** But today they would listen?

**A** Definitely. People want to know how their money is to be used. They want to follow the money. Even if it’s just a donation to the local opera company, they want to know how much overhead there is.

**Q** How do you account for this change of attitude?

**A** I think it is a function of transparency. It also reflects a lack of trust in organizations. There have been too many scandals. Businesses also want to know what effect their company’s civic involvement programs will have on the bottom line.

**Q** But other attitudes are changing as well?

**A** Some shareholders used to want companies to leave all that stuff alone. These are the people who would say, “Look, just make a profit, return it to us in dividends, and we’ll invest it in causes we support.” I think that attitude is lessening, if only because people recognize the importance of involvement in environmental issues, for example, to protect yourself if a problem does occur.

**Q** But the efforts that really make a difference take the form of what you call “disruptive philanthropy”?

**A** What we mean by that term is big ideas that can be upsetting to more established ways of doing things. They can threaten big agencies like the Red Cross or United Way. They’re afraid of you. A few years ago, a friend and I came up with an idea that people said was foolish. We were stupid. It could never work. This idea turned out to be Birthright Israel, the most successful philanthropic operation in the Jewish world. But there’s a reason small outfits like ours can succeed when bigger, more established ones have a harder time doing something new and significant.

**Q** Which is?

**A** Small outfits can operate on their own. They can adhere to their own standards. We said, “We don’t give a damn about your guidelines. We’ll set our own.” Of course, it’s harder for a corporation to invest in some perceived gadfly’s idea.

**Q** The corporate world is always telling people to think “outside the box,” but even a great idea won’t succeed without good execution.

**A** You have to find the right people to do the heavy lifting. My partners and I can dump a lot of money into a project, but we’re not going to run it ourselves. Fortunately, with Birthright Israel, we found a wonderful guy to be the CEO.

**Q** Any suggestions on finding the right partners and how to work effectively in partnerships?

**A** You want to find partners who aren’t participating just because they owe you one. And when you are looking for partners, you have to incubate the project yourself to show them that your idea really works. Never expect anyone to invest in the incubation phase of a program.

**Q** Once you’ve got a program up and running, any recommendations for making sure it continues to succeed?

**A** Remember this: It’s as difficult to do philanthropy successfully as it is to run a business successfully. My father used to say that a business can only go up or down, and if it is staying even, it is going down. That means you always have to be measuring your efforts — and changing the measurements to make sure you are improving. When we started Birthright Israel, the first thing we measured was simply how many kids were going to Israel. But we did so well, that was no longer a question. At that point, we needed new measures: Are the educational standards good enough? Are our guides good enough?

**Q** You refer to philanthropy as “narcissism.” Meaning what?

**A** People don’t do things simply out of the goodness of their hearts. Even if what they get out of participating or giving money or whatever is the feeling of satisfaction. They get something out of it. Maybe they just want to be on the board of the symphony. Whatever it is, it is a personal quest. Idealism doesn’t have to be naïve.

Reach Bronfman at info@acbp.net.
Greater Resourcefulness in Lobbying

(Continued from page 3)

federal government affairs, AstraZeneca. “When we worked on the reauthorization of the Prescription Drug User Fee Act (PDUFA) and legislation supporting the development of new anti-infectious drugs, our first engagement was in November 2010. A full year of conversation followed. The bill itself did not pass until June 2012. Things don’t happen overnight.”

Restricted Access

Mounting federal regulation of lobbying has meant restricted access to policymakers with an unexpected effect.

“There was a time when you could say thanks to some poorly paid congressional staffer by treating them to a hamburger and a beer,” Adams says. “Now that’s not possible. You can’t host a party or give them free tickets to an event, which means one of the few ways to express your gratitude is through campaign contributions. This of course puts nonprofits at a disadvantage.”

Campaign contributions are also coming under more scrutiny, and the rules governing them are always changing.

As Gross pointed out, a federal court in Alexandria, Va., was asked to adopt a new standard of “willfulness” in the violation of campaign finance laws, replacing one used in earlier cases under Justice Department guidelines. Compliance is an ongoing challenge.

“This new standard lowers the bar for criminal prosecution,” according to Gross. “Criminal prosecution used to require proof that the alleged knew the law and still went ahead and broke it. Under the new standard, the government does not have to prove the alleged knew the law.”

“The restrictions on what lobbyists can and cannot do won’t make our lives any easier,” Adams says. “But they will force us to use more resourcefulness on the advocacy side.”

For additional information and resources, visit pac.org or contact Piper Evans at 202.787.5978 or pevans@pac.org.

March in the Midwest: A State Government Relations Workshop

Are you a public affairs professional working in the Midwest? If so, join us in Chicago to hear top political and government relations experts discuss key issues facing policymakers and policy shapers in the region.

This new program will cover regional advocacy strategies, political and legislative changes, insights into local regulatory issues and how to ensure your organization is in compliance.

To increase your impact in the region, join us to discuss:

- Emerging local issues and political shifts
- Why your state’s budget matters to your organization
- Building regional coalitions
- Local lobbying tools
- Regional regulations and compliance strategies

pac.org/midwestworkshop

March 21-22
Chicago

Council Launches Redesigned Website

As part of our recent rebranding, the Council launched a redesigned website in late December to better reflect our values and to make our content easier to find. We’ll continue to expand and improve our offerings in coming months, using information gathered from our 2012 communications survey. Thanks to everyone who participated in that survey and provided honest, helpful feedback. We greatly appreciate it, and we look forward to better serving your needs in the future.

If you haven’t visited our new site yet, please take a moment to check out pac.org today to see what’s new.
One Minute With ...

Roi L. Ewell
Vice president, industry and government affairs SeaWorld Parks & Entertainment Inc.

When people learn that you work for SeaWorld, do they think you feed the seals?
No, but their immediate response — knowing nothing about what I do — is the same: “What a cool job!” Then, when they find out I work in Washington, D.C., they say, “I didn’t know SeaWorld had a park there!” Of course, we don’t. But we’re a sizeable company, with a footprint in five states and 23,000-plus employees.

But your industry has its own special concerns, doesn’t it?
There are those issues that are of particular interest to SeaWorld due to our standing as a leader in the tourism industry and in the field of conservation. Zoological matters are a key part of our operations — that said, we are actively engaged in the advancement of animal health and welfare practices to promote the meaningful role zoos and aquariums play in worldwide conservation.

International tourism is also important to our success. SeaWorld, along with our other industry colleagues, recognizes the need to create an efficient and secure visa issuance and entry process to increase inbound travel to the United States. It should be mentioned that the U.S. Travel Association has provided exceptional leadership in the visa waiver reform effort.

Do you have a favorite movie about politics?
Yes, *In the Loop*. It’s a BBC production from 2009, which is about a British prime minister who inadvertently endorses a war. This gets the United States involved, as they try to work through the implications of that gaffe. James Gandolfini from “The Sopranos” has a lead role in the film. It takes such a bleak, satiric view of politics and diplomacy that, if it were an American movie, it would definitely be an indie film.

A book you’d recommend?
James Baldwin’s *The Evidence of Things Not Seen*, first published in 1985. In it, Baldwin, an American expatriate in France, examines the Atlanta child murders in 1979 and 1980. The book examines what is hidden behind the veil, looking at economics, sociology and race as these forces play out in an old-guard Southern town while the whole world watches.

What’s on your iPod?
You’ll find mainly jazz pianists. Hank Jones, Ed Kelly and McCoy Tyner seem to dominate my playlists. I also like the vocalists from the same era of jazz, like Nina Simone, Sarah Vaughan and Sheila Jordan.

What will be the biggest government affairs challenges of 2013?
I’m not speaking of SeaWorld specifically, but in general: effective stakeholder engagement. I can only assume that this holds true for most organizations. I think the effect of social media on grassroots efforts will be huge. I also believe CSR will have more of a public-facing signature for a growing number of organizations.

Reach Roi at roi.ewell@seaworld.com or 202.220.3053.

Council Members Win Awards

Two Council members recently received prestigious awards from equally prestigious institutions.

In October, board member Kay Kelley Arnold, vice president, public affairs, for Entergy Corp., was named one of the “Women Who Make a Difference” by the International Women’s Forum (IWF). The recognition reflects Entergy’s “continuous commitment to improve the lives of customers [through the company’s] civic and social responsibility efforts, including grassroots initiatives, corporate contributions, low-income programs and voluntarism,” according to IWF.

Arnold has personally “chaired boards, fundraising campaigns and events for numerous organizations and serves as a mentor and advisor to women starting new careers.”

She has been with Entergy since 1988, when she joined Arkansas Power & Light, which became Entergy Arkansas, as general manager of corporate communications. She was also director of federal regulatory affairs before assuming her current duties in 1995.

“Yes, Kay’s political and social understanding, vast experience and unfailing compassion are a driving force of Entergy’s efforts at making a difference in the lives of our customers,” said Kim Despeaux, senior vice president, federal policy, regulatory and governmental affairs, for Entergy.

Kay Kelley Arnold

Elizabeth Z. Bartz

Two Council members recently received prestigious awards from equally prestigious institutions.

In early December, Elizabeth Z. Bartz, president and CEO of State and Federal Communications in Akron, Ohio, received the 2012 William D. Taylor Distinguished Alumni Award from Kent State University’s School of Journalism and Mass Communications. A nationally recognized expert on ethics and compliance, Bartz assists corporations and trade associations by providing compliance resources on lobbying, campaign finance and government procurement activities.

A member of the Council since 1983 and advisor to both the PAC and Grassroots conferences, Bartz served as president of the State Government Affairs Council for 2011-2012.

Conferred annually since 1957, the William D. Taylor Award is the highest distinction given by Kent State’s journalism and mass communications school.

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Distinguished Alum

Elizabeth Z. Bartz

Polarization

(Continued from page 1)

Christian Clymer, deputy vice president, Pharmaceutical Research and Manufacturers of America, echoes the same concerns.

Reflecting on the 2012 presidential campaign, Clymer says that supporters of President Obama and Republican challenger Mitt Romney “funneled into their respective silos in social media just to agree with one another and egg one another on. What was lacking was an honest social debate on major issues.”

Shared Attitudes

Clymer fears that this tendency might contribute “to the increased polarization we’re seeing in our politics, where people only watch the cable TV networks whose attitudes they share. This is an ongoing problem in our politics, but I’m not sure what the answer might be.”

Whether or not an answer is found, public affairs professionals still need to understand how social media can be “a means to perhaps broaden their base on an issue or candidate,” Capaldi says. “The amplification that occurs through that channel can grow that base quickly and efficiently.”

Risk vs. Reward

But social media is unlikely “to win over those on the opposite side of an issue or candidate,” he says. “In fact, because the medium is so uncontrolled and organic, it could actually work against a campaign. But this is not a reason to completely avoid using social media in campaigns.”

Rather, its use remains “a risk vs. reward proposition that should be well thought out as part of the overall strategy,” Capaldi says.
The Long View of Global Public Affairs

An energy-independent U.S., a doubling of the world’s middle class and a rise in individual empowerment in the developing world — these are just a few trends and game-changers that will shape the future, according to Alternative Worlds: Global Trends 2030, the most recent forecast by the U.S. National Intelligence Council.

While intended primarily for U.S. government audiences, the report — updated every four years and drawing on discussions with leading think tanks, government agencies and universities — provides important insights for businesses in U.S. and international markets.

Among the topics it covers: How will the expansion of the middle class affect market access in India and China? And what does rapid urbanization in Africa and the developing world mean for health care and housing? The report also predicts that the volume of urban construction in the next 40 years could “roughly equal the entire volume of such construction to date in world history.”

At the report’s launch, principal editor Matthew J. Burrows noted that the world is at an “inflection point” — much like it was in 1945 or 1989 — that will spark critical changes.

The report outlines four possible global outcomes for 2013, along with best- and worst-case scenarios. One theme is clear: In whichever new world we are transitioning into, partnerships — particularly public-private collaboration — will be fundamental to resolving problems and creating opportunities.

Access the full report at acus.org/files/global-trends-2030-nic-lo.pdf. For more information, contact Jason Jarrell at jjarrell@pac.org or 202.787.5972.