Measuring & Communicating the Value of International Public Affairs

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Today's Agenda

- Global public affairs considerations
- Measurement/360°
 - External stakeholders
 - Internal stakeholders
- Communicating value
 - Tips and examples
 - Non-public affairs cultures



Why Measure?

- Demonstrate value of department and activities (and be recognized for it)
- Showcase impact on organization and community
- Provide guidance for allocating resources and <u>time</u>
- Measure performance against objectives
- Increase efficiency
- Align and set goals
- Track performance over time to improve processes



Global Public Affairs Considerations

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Global Management Challenges

- Maintaining core principles
- Sharing intelligence
- Setting issue priorities
- Working in different political systems
- Dealing with different cultures
- Being a foreign company
- Defining role of country managers
- Having sufficient resources





What Leading Global Teams Do



- Support business goals
- Communicate priorities and accomplishments to all internal stakeholders
- Establish an effective issues management system
- Engage other departments in planning and activities
- Showcase what risk avoidance has meant to the company
- Have consistent messaging

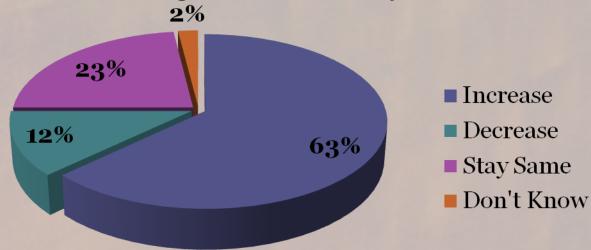


Second only to customers, <u>government</u> is likelier to affect companies' value than any other stakeholder.

-McKinsey Global Survey, 2010



How do you expect government involvement in your industry to change in the next 3-5 years?



What Else Does McKinsey Say?

- <30% of executives said their external affairs group had the organizational setup and talent necessary to succeed
- Three organizational principles leading companies apply to decrease problems, increase value

McKinsey Quarterly: Organizing the governmentaffairs function for impact, 2013



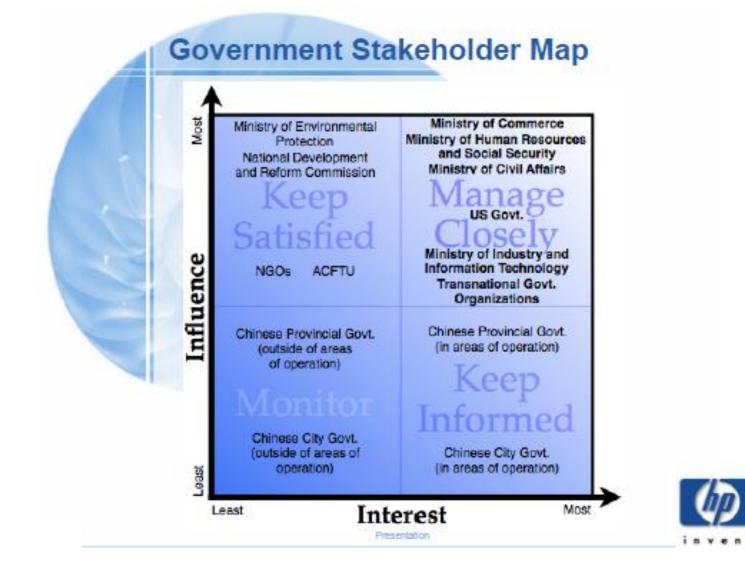
McKinsey Findings

1.) Clarify Scope and Structure

- Top companies excel at economic analysis and stakeholder engagement
- Tasks like identifying issues early and gathering compelling international benchmarks anticipate broader range of outcomes
- Understand and map stakeholders



Ex. HP Stakeholder Mapping, China



McKinsey Findings

2.) Orchestrate Activities Across the Business

- Stay connected to business; never get isolated
- Proactive issue identification and early engagement
- Function = "broker of intelligence"
- Ex. Host ongoing roundtables to help colleagues in other functions understand/ address/respond to regulatory issues



McKinsey Findings

3.) Build Talent and Accountability

- Leaders coordinate effectively across business units, getting – and keeping – respect and attention of senior management
- Cross-pollinate talent with rotation programs moving staff between PA/business units
- Ex. PA training for every C-Suite executive upon promotion
- Clear metrics



Consider 360° Evaluation of Public Affairs

What is 360°?

- Evaluate the resources, tools, processes, staff, and relationships that go into your global public affairs efforts
- Gain a holistic view of the function
- Proactively determine ROI to showcase value delivered by team



What's the Point?

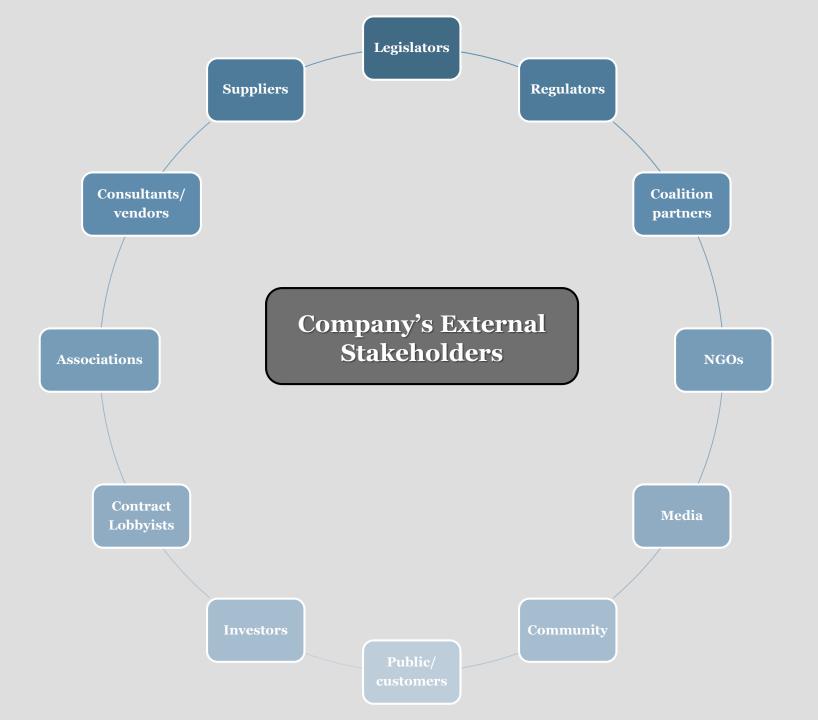
- A starting point against which to improve
- You need to know where you stand
- Your team/organization likely has blind spots
- Capitalize opportunities and mitigate risks
- Create two-way feedback loops

<u>Most importantly...it's an engagement tool.</u>

By asking for feedback you gain buy-in.



External Stakeholders



Evaluating Associations: Quantitative and Qualitative

Effectiveness:

Does the association help the staff do their jobs better? Were leg. goals consistent with company goals? Did the leg. outcome meet expectations?

Effort:

Did time spent on your needs meet expectations? Did importance assoc. placed on your issues meet expectations?

Quality:

Quality of work? Accuracy of strategic advice? Accuracy of leg. assessment?

Timeliness of information

Communications

Staff skills, knowledge, contacts

Leadership/representation

Reputation



Evaluating Contract Lobbyists

- 1 = exceeds expectation 2 = meets 3 = did not meet
- Legislative/regulatory outcome
- Amount of time spent lobbying
- Level of importance placed on your issue(s)
- Quality/accuracy of work
- Uniqueness of information/counsel
- Time management
- Responsiveness/communication/availability
- Skills, knowledge, contacts, reputation



My Favorite Contract Lobbyist/ Consultant Evaluation Method

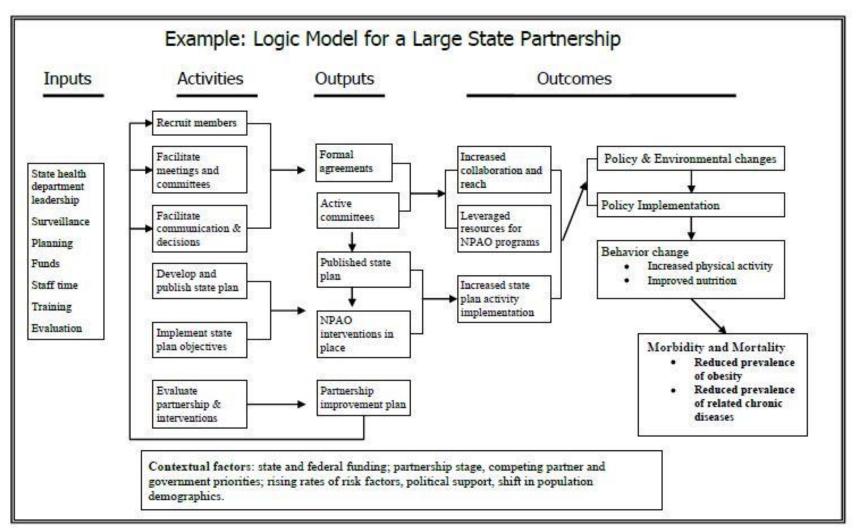
Consultant	Issue #1	Issue #2	Key Contacts	Quality of work
Lobbyist A	А	С	В	В
Lobbyist B	N/A	С	В	С
Consultant A	В	В	А	С
Consultant B	А	N/A	В	А



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16	Local Congressman 2	2		2					1								Miller	Term 2015 Previous PAC support	
17	Local Congressman 3	3		2					1								Miller	Term through 2015 Previous PAC support	
18	County Commissioner D1	8		1						2									
19	County Commissioner D2	6	2	1															Community involvement help in p
20	County Commissioner D3	8	2	1															History of past support
21	County Commissioner D4	2		2						1									
22	County Commissioner D5	8	1																

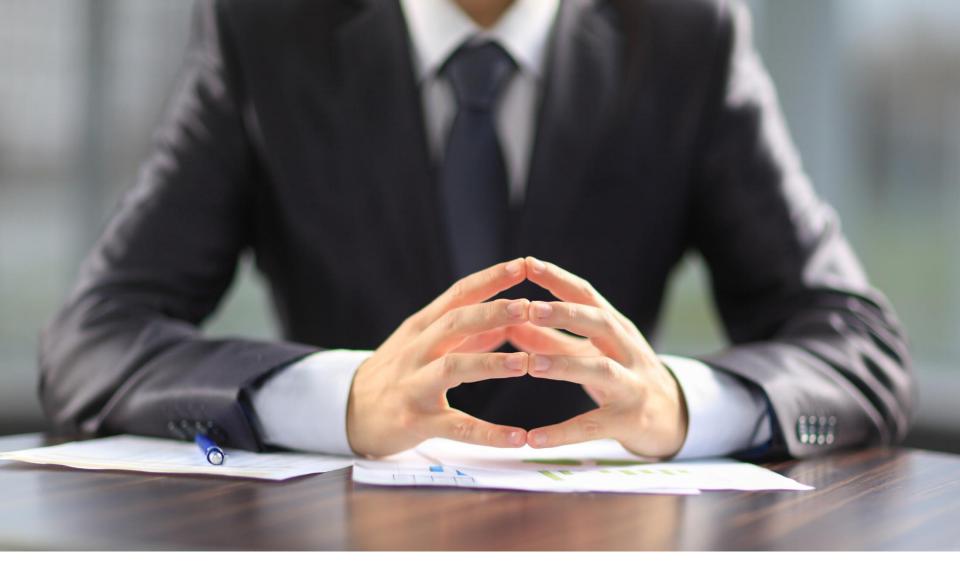


Evaluating Community Partnerships



CDC: Partnership Evaluation Guidebook & Resources





Internal Stakeholders

Are we meeting the expectations of our internal stakeholders?



First Step: Agree on Value Proposition

Recognize emerging threats; Shape public policy; Focus skill, networks & resources on specific company and community issues.

Manage public policy to impact company's license to operate and sell, financial position or public perception.

Protect the company's reputation and competitive position among key stakeholders.



- Be **first called on** for biotech issues
- Lead with **integrity** and **trust**
- Value peers by **seeking feedback**, coaching and support
- Exhibit **innovation** with policy opportunities, anticipate challenges and forecast solutions
- Forge strategic relationships
- Advance communication that fosters alignment across enterprise
- Demonstrate **business acumen** with outcomes that impact **ROI**



Public affairs is a business function.

Together with you, we influence the politics and shape conversation to generate or maintain pathways for our solutions.

We drive business by influencing policy makers, industry leaders, political decision makers, thought leaders and the general public towards a favorable view of our technology (or biotechnology) and company, leveraging that sentiment for policy and regulatory pathways with low market barriers.



Excerpts from a Corporate Affairs Manifesto

- 1. Our industry policies have reached a tipping point, and we are **LEADING** change.
- 2. Our strategy outsmarts our competitors.
- 3. We form a community of like-minded professionals that others want to be a part of.
- 4. Our contribution to the company's bottom line is <u>crucial</u>. We are <u>relentless</u>. And we <u>deliver</u>.



Value Matches the Culture

- How does public affairs impact the organization's ability to compete?
- Agree on what's measured, how and who is accountable (set expectations)
- Fit measurement system to organization's culture
 - ROI
 - Cost-benefit analysis
 - Internal scorecards



Example: 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 local regs
Responsiveness to business needs	3	5	3	Easily reached via phone, email, Web	Frequently takes 2 days to get response
Ability to communicate effectively to country general managers	5	5	3	Professional demeanor	Avoid "jargon" when discussing legislation



Other Areas to Evaluate

- Reputational polling
- Employee engagement
- Team/staff skills
- Issues management process
- Internal communications
- Collaboration with other departments
- Benchmarking
 - Industry, peers, similarly-sized organizations by revenue or employees, leaders in the field, competitors or <u>best in class</u>



PA Team Self-Assessment: Public Affairs Competencies

- Ethics
- PAC fundraising
- Compliance
- Grassroots mobilizing
- Political education
- Coalition management
- Social media
- Public relations
- Issues management
- Direct lobbying (int'l, fed, state, local)

- Thought leadership
- Internal communications
- Senior executive engagement
- Storytelling ability
- Engaging influentials
- Third-party advocates
- Managing consultants
- Maximizing associations
- Media relations
- Social media



PA Team: General Skills

- Public speaking
- Facilitation
- Negotiation
- Business writing
- Networking/relationship building
- Gravitas/professional presence
- Budgeting
- Research, analysis & synthesis
- Overall business acumen
- Cultural understanding



Example: *Fortune 20* Co. PA Core Competencies

- Coaching & Managing
- Persuasive Communication
- Creativity & Innovation
- Collaboration & Teamwork
- Continuous Learning
- Political Courage
- Social Sensitivity
- Campaigns & Strategies
- Achievement Orientation
- Complexity Orientation



Ex. India - Resource/ Needs Assessment

Issue	Resources	Business Impact	Targeted Actions/ Needs assessment
 Taxes Direct Taxes (PE related issue) Disparity between stated policy on arm length taxation and actual application 	External USIBC, Amcham, Nasscom Internal Comms team Global policy Leverage site leaders for local relationships	Potentially high with CMG global income liable for taxation	Issue has been addressed repeatedly via trade lobbies (Nasscom, USIBC, etc). Continue engaging via trade association to lobby on this various issue given its complexity Need stronger voice: contract lobbyist
 Labor Laws Principal employer liability on statutory compliance. Principal employer is liable for non compliance 	External USIBC, Nasscom, CII, FICCI Internal Legal Country general manager HR Leverage site leaders for local relationships	Liabilities can be high if imposed. Issue is not confined to industry sector alone but spans across all verticals. Sensitive issue as it relates to labor, needs to be handled locally by center.	Engage in direct dialogue and though trade associations.



Common Pitfalls

- Viewing measurement as the end, instead of the beginning (journey towards improvement)
- Focusing exclusively on leg/reg "wins"
 - If there's no change in policy, comment on change in perspective on the issue (interpretation, language used, etc...)
- Abandoning relationship building because relationships aren't measurable
- Forgetting to show value when "nothing" happens
- Saying you can't quantify impacts of legislation/ regulation



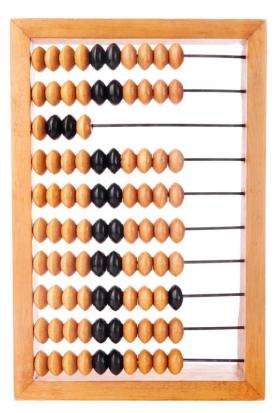
The Distinction

Counting vs. Measuring

- Internal/local reference point vs. global reference
- Where we are vs. where we're going
- What data is vs. what it means

Outputs vs. Outcomes

- Inputs and outputs are activities
- Outcomes = value produced
- It's about moving the dial



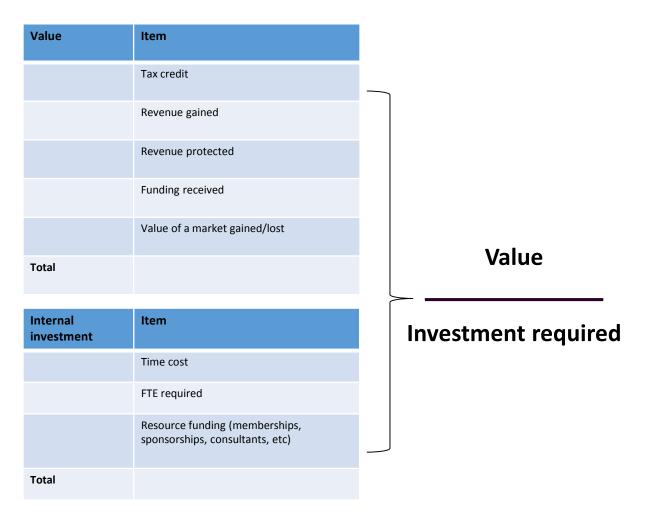


Focus Should be on Outcomes

Inputs	Outputs	Outcomes
5 newsletters; on time; on budget	Readership	Impact on behavior; increased understanding of issues
PA blog page up and current	Hits	Change in attitudes and awareness
# events organized	Attendance	Enhanced relationships
<pre># news releases; placed stories</pre>	Coverage, recall	Changed opinions/ behavior of stakeholders
Develop sustainability report	Readership; awards	Impact on business behavior; reputation
# meetings with officials	Responses	Influence on policy



Sample ROI calculation





My Favorite Goal for Public Affairs

Decision makers will contact us before they draft legislation, vote, write an article or otherwise make a choice that could impact our industry, communities and/or workforce.



Communicating Public Affairs Value



Tips on Communicating Value



- Educate stakeholders constantly
- Relate measures to org. strategy
- Use quantitative and qualitative terms
- Track performance over time
- Relativity (peers, past...)
- Speak the language of management and other dep'ts – "bottom line impact & ROI"

Overshare updates and successes so that you become part of your organization's fabric.



Communication Example: Measurement Dashboard

Activity Measures

Measures that reflect the central tactical areas of engagement

- Strategic media relations
- Key influencer outreach
- Thought leadership / executive visibility
- Partnerships

Environmental Measures

Quantitative and qualitative measures to evaluate the volume and quality of media coverage and thought leadership

- Media placements
- Coverage tonality
- Coverage of platform themes/messages
- Executive mentions/quotes

Perception Measures

Stakeholder research to understand how engagement is shaping opinions

- Third-party reputation rankings and awards
- Proprietary research

ROI Measure (Essential)

Estimated revenue gain or protection

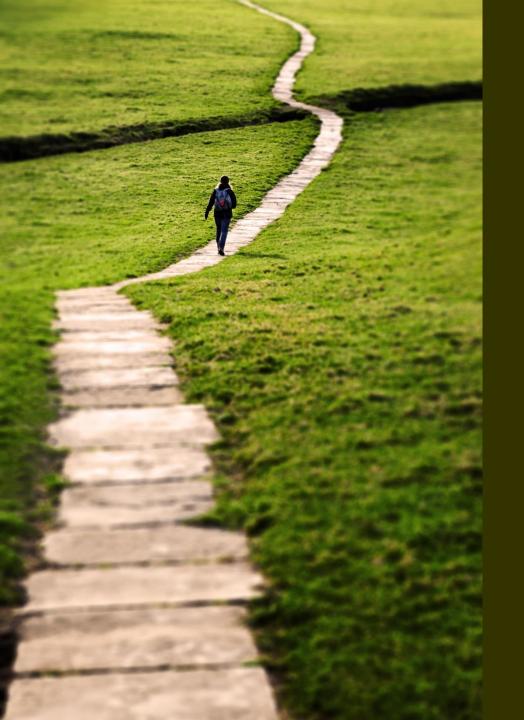
 Estimated by reputable thirdparty/ internal stakeholders



Communicating Value in Non-Public Affairs Culture

- Create an education campaign
- Competitor/industry performance = motivational
- Get a senior management champion
- Create cross-function issues management teams: goals relate directly to business objectives
- Serve as business function, "partner" & "solution center"
 - We're either maintaining, creating or defending a market





The Best Way to Communicate **Public Affairs** Value to a **Non-Public** Affairs Audience

Ex: Senior Exec Engagement



- Goals: increase engagement & coordination
- Recruit executives one-by-one to participate in PA initiatives: appoint liaison
- Train them and create consistent templates
 Exec, priority issues, government contacts, organizations, events, estim. time commitment
- Communicate regularly (progress & success)
- Accountability
- Reward high achievers (MVPs) and highlight them in executive communications



Share Successes

- Regularly communicate and share own successes
- Make the visual connection
 - Ex. success on specific legislation, then tie slide together with image of legislator on factory visit
- Include in your success story:
 - Financial impact on bottom line
 - Impact on reputation
 - Role relationships played
 - Any positive press, quotes from key stakeholders



Feel free to follow up:

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