# Measuring & Communicating the Value of Public Affairs

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### Today's Agenda

- Best-in-class considerations
- Measurement/360°
  - External stakeholders
  - Internal stakeholders
  - Metrics and tools
- 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



### What Leading PA 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, government is likelier to affect companies' value than any other stakeholder.

-McKinsey Global Survey, 2010



### 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



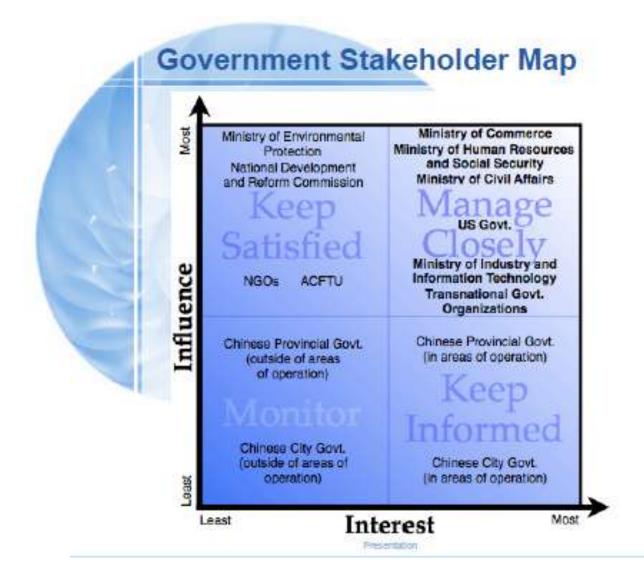
### McKinsey Findings

### 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

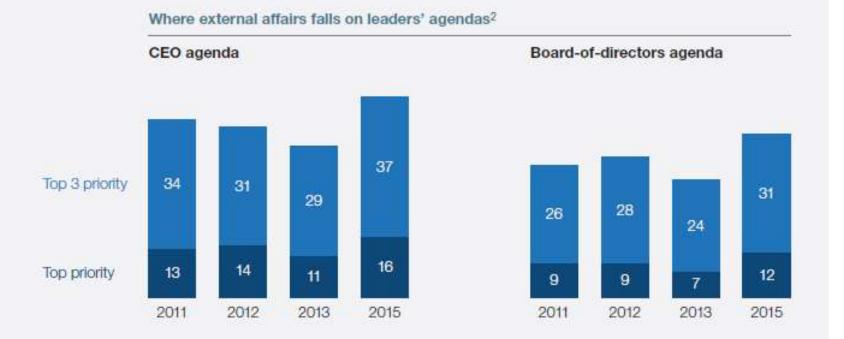
### 3.) Build Talent and Accountability

- 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



#### Exhibit 1 External affairs is a rising priority for both CEOs and boards.

% of respondents1



<sup>1</sup> Respondents who answered "top 10 priority," "not a top priority," "not on the agenda," or "don't know" are not shown.

McKinsey, How to reinvent the external-affairs function, 2016

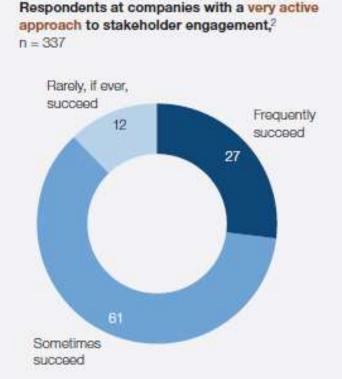


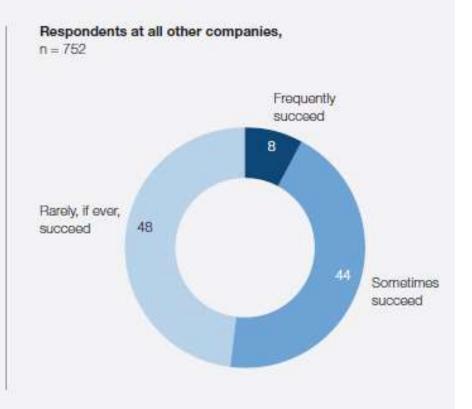
 $<sup>^{2}</sup>$ In 2011, n = 1,396; in 2012, n = 3,525; in 2013, n = 2,186; and in 2015, n = 1,334. In the 2009 survey, these questions were not asked.

#### Exhibit 5 Companies that take an active approach to stakeholder engagement report higher rates of overall success at external affairs.

% of respondents

Companies' success at shaping government policy and/or regulatory decisions that could affect their business environments<sup>1</sup>





Respondents who answered "don't know/not applicable" about their companies' success are not shown.

<sup>2</sup> Specifically, engagement of governments and regulators in the past 12 months.



### What is 360°?

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



### What's the Point?

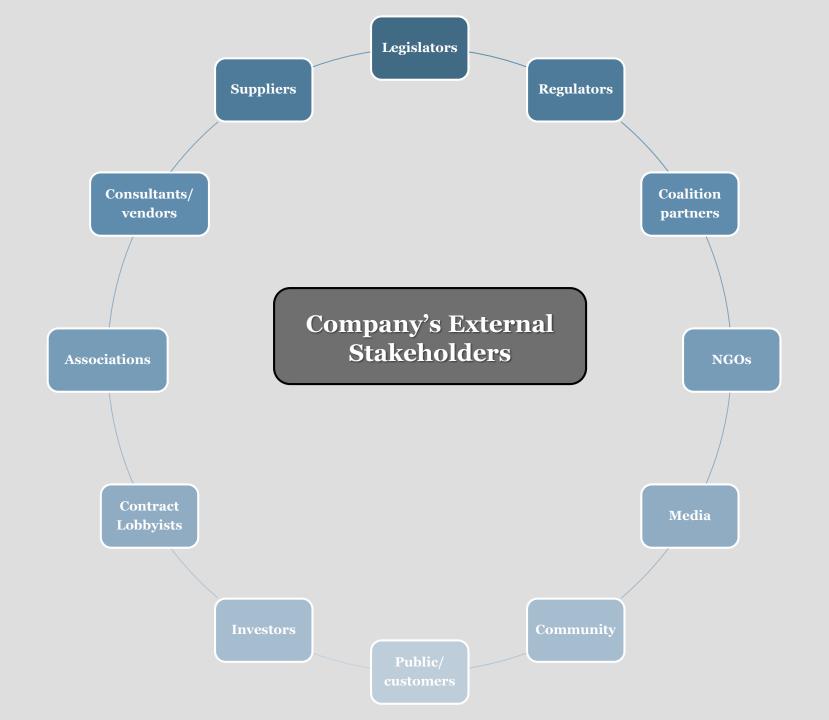
- A starting point against which to improve
- You need to know where you stand
- Your team/organization likely has blind spots
- Capitalize opportunities and mitigate risks
- Create two-way feedback loops

Most importantly...it's an engagement tool.

By asking for feedback you gain buy-in.







### 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



#### Association Score Card

Organization	State	Legislative Influence <sup>i</sup>	Long- Term Financial Viability	Membership Base <sup>iii</sup>	Association's Member Communication**	Networking Opportunities <sup>v</sup>	Programmatic Functionality <sup>vi</sup>	Association Staff <sup>vä</sup>	Political Prowess****	Financial Costs vs. Benefits*	Total
	·										

Egislative Influence – the ability to influence the introduction, amendment and passage of legislation of import to the food industry



Long-Term Financial Viability - the overall financial outlook of the organization and whether the group's financial strength is likely to grow or diminish in the future

Membership Base – the strength of the organization's membership, based on those members' involvement and standing with key members of the legislative community

iv Association's Member Communication - a rating of the clarity, substance and frequency of information provided by the association to its members

<sup>\*</sup> Networking Opportunities – the organization's ability to provide members with opportunities to meet peers, legislators and regulators

vi Programmatic Functionality – the quality of the educational and operational programs offered by the organization

vii <u>Association Staff</u> – the responsiveness and effectiveness of the organization's employees

Political Prowess – the organization's ability to understand and thrive in the political climate in which it operates

ix Financial Costs vs. Benefits – the monetary responsibility required by the organization to fully participate versus the benefits bestowed on participating members

### **Evaluating Contract Lobbyists**

1 = exceeds expectation 2 = meets 3 = did not meet

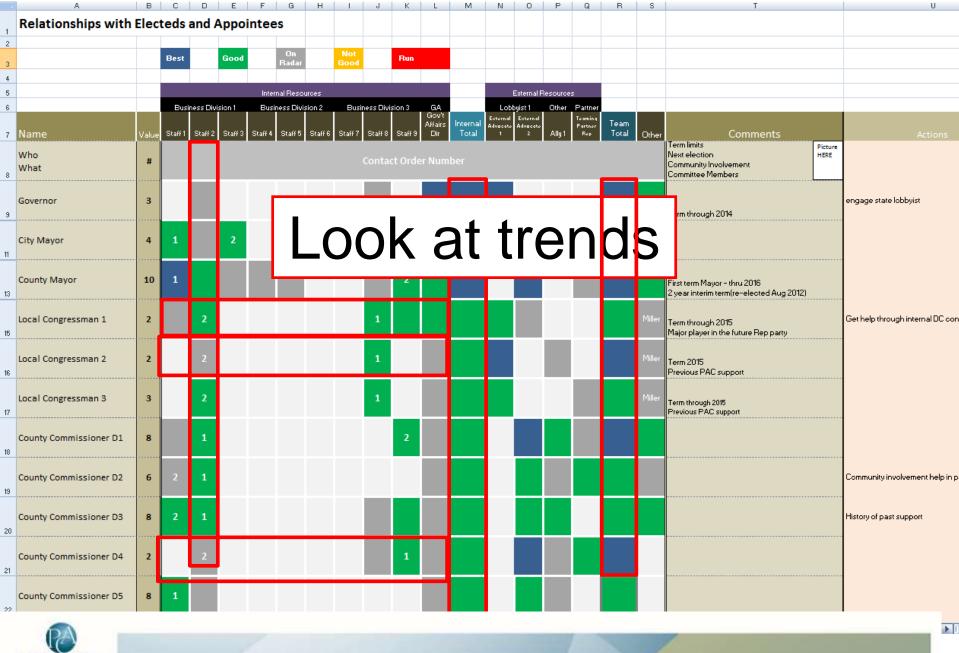
- Legislative/regulatory outcome
- Amount of time spent lobbying
- Level of importance placed on your issue(s)
- Quality/accuracy of work
- Uniqueness of information/counsel
- Time management
- Responsiveness/communication/availability
- Skills, knowledge, contacts, reputation



### My Favorite Contract Lobbyist/ Consultant Evaluation Method

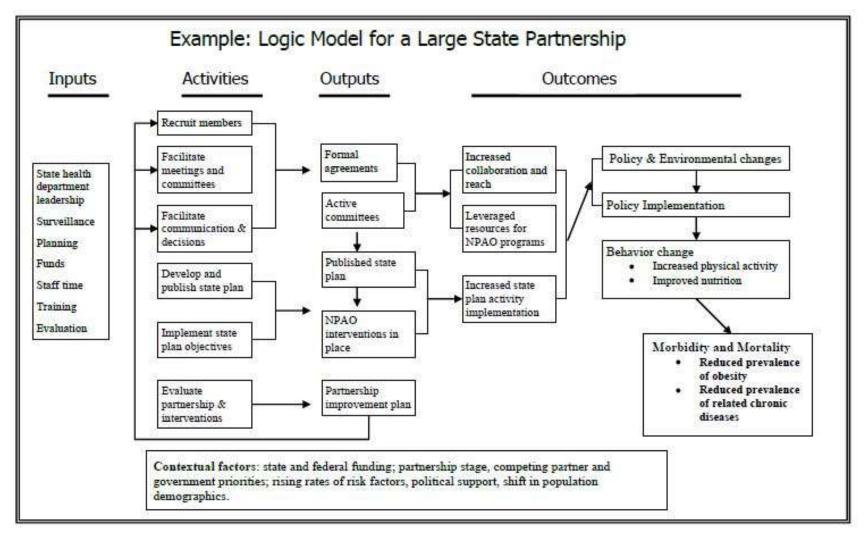
Consultant	Issue #1	Issue #2	Key Contacts	Quality of work
Lobbyist A	A	С	В	В
Lobbyist B	N/A	С	В	С
Consultant A	В	В	A	С
Consultant B	A	N/A	В	A







### **Evaluating Community Partnerships**



CDC: Partnership Evaluation Guidebook & Resources



### Free Social Media Monitoring Tools







### Free Social Media Aggregate Monitoring





socialmention\*







# Free Facebook and Twitter Monitoring















### Paid Social Media Monitoring Tools

Spredfast

















### Paid Media Monitoring Tools









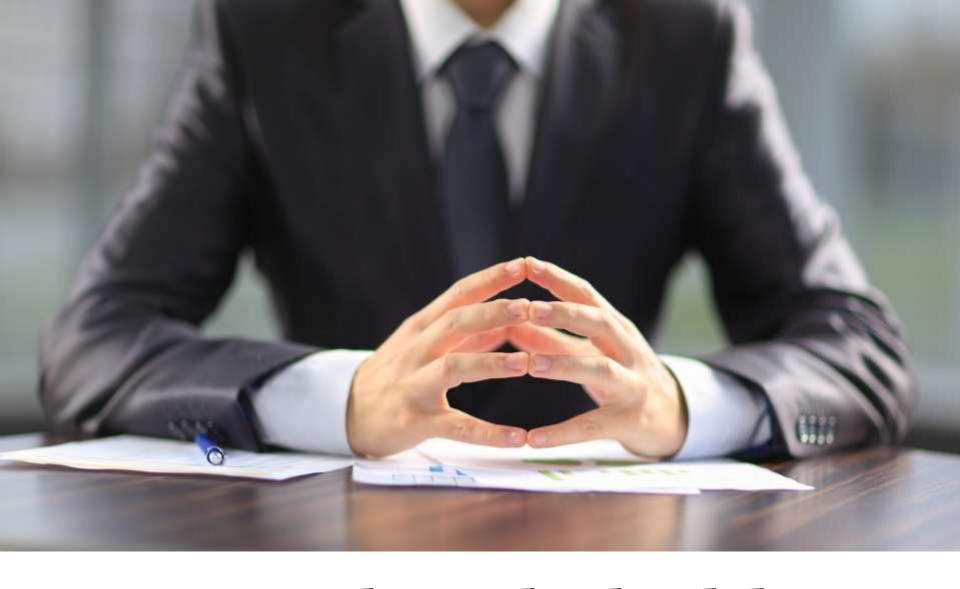












### **Internal Stakeholders**

# 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 **crucial**. We are **relentless**. And we **deliver**.



### 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
- Gravitas
- Budgeting
- Overall business acumen
- Cultural understanding

- Research, analysis & synthesis
- Coaching and managing others
- Goal orientation
- Ability to innovate within the function



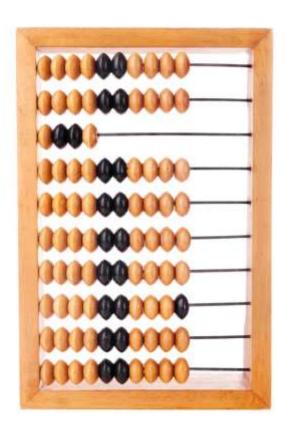
#### Common Pitfalls

- 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
# news releases; placed stories	Coverage, recall	Changed opinions/ behavior of stakeholders
Develop sustainability report	Readership; awards	Impact on business behavior; reputation
# meetings with officials	Responses	Influence on policy



## Most Common Measures

#### Performance Measurement Tools Used

Objectives achieved	93%
Internal stakeholder satisfaction	66%
Legislative wins and losses	65%
Costs reduced/avoided	63%
Revenue created	41%
Employee involvement	35%
External stakeholder satisfaction	28%
General public perception/attitude	28%
Return on investment	28%
Volume of activity	28%
Other	8%

2014-2015 State of Corporate Public Affairs



# Benchmarking







SGR PA PAC

- Consider informal benchmarking, focus groups
- Leverage trade and professional associations
- Go beyond industry look at best-in-class



# Sample ROI calculation

Value	Item
	Tax credit
	Revenue gained
	Revenue protected
	Funding received
	Value of a market gained/lost
Total	

Internal investment	Item
	Time cost
	FTE required
	Resource funding (memberships, sponsorships, consultants, etc.)
Total	

Value delivered

**Investment required** 



## 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



#### **U.S. PUBLIC AFFAIRS ACTIVITIES & ENGAGEMENT 2015**



TOP TEN ISSUE AREAS TRACKED	
Employees & Benefits	79
Tax	54
Pharmacy	46
Min-Living Wage	42
Alcohol	36
Cigarettes & Tobacco	34
GMO	21
Workers Compensation	21
Plastic Bags	20
Loss Prevention	19

OPERATIONS	FOOD SAFETY	IAX	LICENSURI

CORPORATE RESPONSIBILITY ASSOCIATION ENGAGEMENT PAC



#### ISSUE AREAS WITH THE MOST NEW LAWS

Alcohol	13
Cigarettes & OTP	13
Employees & Benefits	15
Pharmacy	23
Tax	10

RELATIONSHIP BUILDING

ADDITIONAL ITEMS

# Communicating Value in Non-Public Affairs Culture

- Create an education campaign (long view)
- 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



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