



# Considerations and Best Practices For Opening a Washington Office



A Public Affairs Council Management Report  
By Fruzsina M. Harsanyi, Ph.D.

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# Considerations and Best Practices For Opening a Washington Office

By Fruzsina M. Harsanyi, Ph.D.

Opening a Washington office is a strategic decision. It is making a statement and an investment. It says your company has decided to be active on an ongoing basis in its relations with government. Not now and then; not flying in for one meeting or another; not as a footnote to business operations; not only when there is a crisis. Engaging with government takes many forms and takes place in many forums; but at a minimum, to be a player requires “being there.” This is an investment of people, time and money. It is long-term and multifaceted. When managed effectively, it will involve every level of the company, from the CEO to plant managers and employees in communities where the company does business.

Making this decision can bring many benefits as well as risks. Once the company decides to open a Washington office, it is also exposed. It’s a place where every action is magnified, every mistake potentially costly and the opportunity to make mistakes legion. So the decision has to be thought through carefully. It’s not right for every company.

But for the company that does it right, the benefits will far outweigh the risks.

Is it right for your company? How can you persuade your management that the company should have a Washington office? What are the ideal organizational design principles of this office? What are the administrative and staffing considerations? The purpose of this report is to offer some answers to these questions.

Based on the Public Affairs Council’s experience working with companies, we suggest five clear focus areas in setting up a Washington office:

- I. Data gathering and evaluation
- II. Making the case to management
- III. Agreeing on organizational design principles
- IV. Administrative considerations
- V. Staffing decisions

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Let's be clear at the outset: While this report outlines key considerations for opening a Washington office, it is not a sales pitch for it. A Washington office is not for everyone. There are many ways to be involved in policy and political decision-making without being located in D.C., and many companies have done it successfully. Some do it by retaining outside lobbyists or consultants; some do it through their trade or industry associations; still others just monitor what's going on and then accept or litigate the outcome. This report is not intended as a "how-to" guide for working effectively in Washington. It provides,

as the title suggests, considerations for opening a Washington office.

It should also be noted that this report is written to cover a range of scenarios: the company looking to open a Washington office for the first time, which may or may not have experience with the public affairs function; the PA manager who is new to the company and has to learn about the company while figuring out what kind of office will suit it best; and the experienced PA manager who has to revamp an existing office by taking a zero-based budgeting approach.



# I. Data Gathering and Evaluation

In this focus area, there are six steps you should take to determine whether having a Washington office is right for your company. This model is designed for companies that are in the process of building a public affairs function by setting up a Washington office.

If your company is already active in public policy from headquarters and now has decided to have a Washington office, you should already have the information required in steps 1 and 2. You will need this information as you make your case to management and define the roles of your new Washington office.

**I.1. Familiarize yourself with your company's business strategy and objectives.** Your role is to support your company's business objectives in the public policy arena. Because your public affairs agenda is driven by your company, you must know your company's strategy and objectives. What are the risks and opportunities presented by government to achieving these objectives? In a recent global survey of business executives (McKinsey, 2010), 52 percent said they expect government to have the greatest effect on their company's economic value. Sixty-three percent said they expect government involvement to increase. If yours is a regulated industry (all industries are regulated in some way, but some are regulated because of the busi-

ness they're in), you may face exceptionally high levels of regulation. If this has a significant bottom-line impact, it may argue for more direct involvement in the process by which regulations are made.

It's not always easy to know what the company's strategy and objectives are. Not all companies have a formal, written document; and even when they do, it may not reflect the actual strategy being pursued by the business units. Moreover, strategy and objective-setting is a dynamic process that is subject to change over time. As part of step 1:

- Review companywide and business unit strategies and objectives;
- Through conversations with managers, test the real-world applicability of these strategies and objectives; and
- Do an initial assessment of where public affairs could play a role.

**I.2. Identify companywide and business unit issues.** The number and types of issues your company has will be a major factor in its decision to pay closer attention to what government is doing. It will also be a major ingredient in your ability to persuade management to invest in building public affairs capacity.



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Your company may or may not have a systematic issues management process. That's OK at this point, but as part of your decision about opening a Washington office, you do need to have a sense of your issues landscape. If you don't have an issues management process, begin with an impressionistic survey. Some of it will be immediately obvious. Is your company a large company with many business units and diverse lines of business making thousands of products? Does it operate at the state, federal and international levels? Are there tens of thousands of employees in many locations? Or is your company a small, focused organization? Is it business-to-business or mass-market retailer? Is it in manufacturing, service or mixed? The answers to these questions will be factors in your decision.

Now refine the process. There are many ways of organizing issues, but *a key consideration at this point is who will be your audience for making the case.*

In a large, diversified company, there could be hundreds of issues. Which ones you include in your survey and how wide you cast your net depends on whom you want to persuade. Is it the board? The CEO and executive management? Is it the top business unit heads?

A few ways of organizing issues are:

- According to companywide or business-specific importance
- According to subject matter — e.g., tax, trade, energy, etc.
- According to where the action or decision-making forum is
- According to bottom-line impact
- According to urgency

In the absence of a formal issues management process, doing even an impressionistic survey is a sizeable undertaking. Two words of caution:

- Define what you mean by "issue." Many managers are not familiar with the term as used in public affairs. In the absence of a clear understanding of the term, some may not be able to identify any.

- Carefully choose the managers with whom you will test the issues — according to level, function and diversity. Their views will add weight to your argument.

**I.3. Benchmark your competition.** What are your competitors doing in Washington? Do they have an office? How big is it? How many staff are there? Where is it located? What is its role? Where does it report in the corporate organization? (See sample organizational charts in Section V for a point of reference.)

There are rules for good benchmarking. The Public Affairs Council has experience in this area and can help. Remember: The purpose of benchmarking is not to copy what someone else is doing but to get a sense of best practices so you can home in on what is best for your company.

**I.4. Engage in peer-to-peer conversations.** The purpose of this step is to supplement the data you get from the benchmarking exercise. It's to add color to the data. Do this yourself in order to answer the question: Why does my company actually have to be here to get the job done? This is where you collect anecdotal evidence to support your case.

**I.5. Assess your management's appetite for being proactive.** Opening a Washington office is not the same as being proactive in Washington. There is still the question of what the role of this office is. We will discuss this later under "Organizational Design Principles." For now, it should be noted that the effectiveness of the Washington office reflects the expectations of senior management and their understanding of what it takes to be successful in Washington.

**I.6. Develop internal allies.** It is critical to know who is in favor of opening a Washington office and who may be against it among the audience you will be addressing. There is nothing as powerful as having a member of the C-suite or a senior staff member or a member of the board speak up in favor of your proposal. Even if the decision is the CEO's alone, you will have to work with the whole team, and your effectiveness will depend on your ability to get their buy-in.

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Common pitfalls in this focus area, identified by experienced corporate representatives in Washington, include:

- not investing the time to gather and evaluate data properly;
- lack of clarity about why the company wants a Washington office;
- lack of clarity about management's commitment. Although there will be opportunities throughout the process to get clarification, the more you know up front, the better off you are. Refining is always better than undoing a misunderstanding;
- not being clear about deliverables;
- misunderstandings about what constitutes public affairs. You can deal with this when it comes to agreeing on organizational design principles, but you should lay the groundwork at this stage; and
- not knowing the corporate players or the relationship between them. Especially if you are new to the company, be careful not to mistake title for real influence with those who will make the decision about the office.



## II. Making the Case to Management

**II.1. Present results of benchmark.** Be candid about the fact that not all companies have a Washington office. Fifty-three percent do, according to the Public Affairs Council's 2011-2012 *State of Corporate Public Affairs* report. The benchmark should include competitors as well as best-practice companies with comparable revenues.

It should also include companies in your industry that do not have a Washington office. Then you can explain why your company should be different.

**II.2. Present results of interviews with managers identifying key issues.** Your case is that based on your review of the company's strategy and objectives and your assessment of key issues, the company needs to be in Washington to protect its interests and advance its position.

**II.3. Trends in public affairs.** Trends in the public affairs function are related to changes in the government decision-making process. Issues have become more complex, legislative battles more protracted and allegiances more partisan, even as the number of players seeking access to decision-makers and the competition to be heard have increased dramatically. Companies have had to adjust to this hyperenvironment with more sophisticated tools and a commitment to long-term strategic issues management.

Ten trends that the Public Affairs Council has identified are:

- 1. Public affairs as a strategic function.** There has been increasing recognition that public affairs is both what you know and whom you know. Developing relationships, identifying issues, preparing positions, gathering data, mapping advocacy strategy, building grassroots capabilities and coalitions, and earning a positive reputation — all of this and more require strategic management. In best-practice companies, public affairs is integrated with the rest of the business. It exists to support business objectives. It has a seat at the table when decisions are made, and it coordinates with other staff functions to implement a strategy.
- 2. A continuing search for ways to measure and demonstrate value.** As companies have had to down-size and cut costs, their Washington offices have felt pressure to demonstrate value. What began as exercises in quantification, however, have turned into opportunities for public affairs professionals to show bottom-line results. In the process, these executives have also become more business-minded.
- 3. The shift to corporate business units as drivers of lobbying priorities.** As public affairs got closer to the



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business side, line managers also recognized the potential impact of government on the achievement of their objectives. Today, the agenda of the Washington office is set by business units as much as by corporate.

**4. Technology developments.** The Internet, social media and the emergence of the 24/7 news cycle have fundamentally changed the practice of public affairs. Policy issues develop more quickly, media scrutiny has increased, and more people weigh in on proposed legislation. According to the Congressional Management Foundation, Congress receives more than 300 million emails and other communications each year.

**5. Growth of responsibility for international government relations.** This trend has been identified in surveys for 20 years, but it has now really come into its own. Most companies with an overseas presence recognize that there should be an element of international government relations in their public affairs function. How robust it is depends on how international and sophisticated the company is.

**6. Commercial support/business development.** The growth of this sector has been particularly noticeable with the expansion of international public affairs. Seeking government support for commercial activity, especially in foreign markets, has become a key activity for many Washington offices. Some Washington offices spend a significant portion of their time on procurement issues.

**7. Executive branch/regulatory agency advocacy.** While legislative activity may still be the dominant area of interest for the Washington office, the work does not stop when a law is passed. It used to be that the lawyers and subject matter experts would take over and public affairs would be called in when there was a crisis. Now the trend is for public affairs to add regulatory issues to its agenda and work on them in coordination with the regulatory teams.

**8. Reputation management has become an important function of public affairs.** Best-practice companies understand that “the messenger is as impor-

tant as the message.” In Washington, trust and credibility are vital to success. If your company or your brand is unknown, you will be at a disadvantage in making your voice heard.

**9. Transparency.** While trust has always been an important element in reputation, meeting stakeholder expectations for transparency has created new challenges for corporate behavior and modes of communication.

**10. CEO involvement in public policy.** In the wake of the financial crisis and debates over major issues such as health care and energy, corporate CEOs are increasingly coming to Washington to lobby on behalf of their companies or industries. The Washington office has become the hub for senior executive engagement in the policymaking process.

**II.4. Reasons the company should be in Washington.** The argument: The role of public affairs is to advance the company’s business objectives in the public policy arena. This means being in the best position to gather intelligence, gain access to decision-makers and influence policy outcomes.

- **It’s not enough to fly in for meetings. You have to build relationships.** That takes time. It means being in the right place at the right time — when it’s important for the person you are trying to build the relationship with, not when it’s convenient for you. In fact, you need to be seen often and in diverse venues. Washington folklore has it that the chairman of a key committee does not know your name until he’s met you 10 times.

- **Consultants and outside lobbyists, so-called “hired guns,” can help you with introductions and expertise. Building relationships, however, depends on your personal involvement.** According to CVS Caremark’s Larry Burton, being in Washington is the difference between watching a television show and being in the action yourself. When it comes to representing your company, nobody can do it with the knowledge and passion of a representative from the company’s Washington office.

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- **You need to be in Washington if the outcome of government action on certain issues is so critical to your bottom line that you cannot leave it to others to “carry your water.”** Few issues are determined by a single company, but if you’re in that situation, there’s no substitute for your expertise and engagement. If it’s an industrywide issue, can you count on your competitors to make your best arguments? Furthermore, information comes to those who are active in the process.

- **Your trade association is only as good as you make it.** That means taking a leadership position and being involved on a routine basis. It means being available for committee meetings, not just the annual meeting. If you’re there, you help drive the agenda. If you’re not, someone else will, and it may or may not align with your interests. Are there issues that are worth your presence when decisions are made and lobbying strategy is set? It is important to answer this question in making the case to management that the

issue review you did at the beginning of this process is so valuable.

- **Reputation management.** Best-practice companies have come to realize that being effective in Washington is tied very much to your (and your industry’s) reputation. So how the company presents itself in Washington can affect its success in the public policy arena. And because what happens in Washington has a ripple effect to stakeholders beyond the Beltway, building a reputation here brings extra dividends. One company, Novozymes, thinks this is so important that it describes its Washington office as a “positioning office.”

- **The office must be the right size for your needs.** This is the time to show management that you understand the business imperatives. You are not recommending all the bells and whistles. You will set up an organization that fits your company’s culture and budget.



### III. Agreeing on Organizational Design Principles

If you've gotten through the first two focus areas, it's time to talk about what this office will actually do. What are its roles and responsibilities? Focusing on this topic will start with conversations, but it should end with an agreement in writing that is a contract between you and senior management. Needless to say, a lot of problems that arise later can be traced to lack of clarity in the design principles that will guide the operations of the Washington office.

**III.1. Mission, roles and responsibilities of the Washington office.** This is the time to make sure that everyone is in agreement on the mission of the office. You don't want to embark on setting up a policy shop if your CEO thinks its function should be purely representational.

Is the mission of the office to carry out the public affairs function by positioning the company with government decision-makers, building relationships and managing issues? By this definition, the responsibilities of the Washington office will include a number of subfunctions such as:

- Federal government relations
- State government relations (may also be located elsewhere)
- Issues management
- Business/trade association oversight

- Political action committee administration
- Coalition management
- Grassroots/grasstops

According to the 2011-2012 *State of Corporate Public Affairs* report, more than 70 percent of respondents had these subfunctions in the public affairs division, and according to interviews, they are increasingly based in the Washington office.

If the mission of the office is a broad one — i.e., to monitor the business environment and use a wide range of tools to position the company, engage with its stakeholders and manage issues — then it could include various other subfunctions, such as internal communications, external communications, media relations and corporate social responsibility, which often are not managed from the Washington office.

Reputation management should be an important responsibility for the Washington office. This should be done in close coordination with corporate communications, to ensure consistency of message.

If your company is doing business internationally, Washington is an important place to support its commercial objectives in foreign countries. Washington is not only the seat of the U.S. government but the place where we can

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connect most immediately with the representatives of foreign governments through their embassies. This could be done by working on bilateral and multilateral policy issues that affect the operating environment, as well as by getting government support for specific commercial activities. Your resources in Washington include both U.S. government offices that are responsible for trade and investment policies and programs and foreign embassies. Add to this the development banks, export-import facilities, offices of multilateral agencies, international business associations, NGOs and representatives of news media from around the world. A best practice for companies doing business internationally is to have highly experienced staff in their Washington office dedicated to navigating this network of international resources.

Beyond public affairs broadly and government relations more narrowly, some offices also encompass business development and support for commercial activities. Companies that do business with the government may have marketing and sales people in the Washington office. While these people are not usually part of the public affairs staff, best-practice companies know that coordination is important. For example, sales people may have need of government relations expertise when it comes to authorization and appropriations issues; or they may need political support in a competitive bidding campaign.

**III.2. Agreement on resources.** If we could keep the discussion with management to broad principles and desired outcomes, it would be easy. It's when we start talking money that we get down to business. One thing that differentiates today's best-practice companies from those of 10 to 15 years ago is that, today, companies expect the public affairs function — and this includes the Washington office — to be run like a business. They want the operation to be lean, to justify its programs and activities with reference to the bottom line and to demonstrate a return on investment.

Washington office budgets are elastic. Two guidelines are: Right-size the office, and be consistent with corporate culture. This means you should not build a complex structure if you have few issues and they are fairly straightforward.

And you should not have an opulent office if you represent a company whose headquarters is in an industrial park. According to the *State of Corporate Public Affairs*, 50 percent of reporting companies said their budget is between \$500,000 and \$2 million. The median head count for professional staff is seven and for administrative staff, two.



At a minimum, your budget should include:

- Office space
- Parking/transportation
- Build-out/interior design/furnishings
- Staff salaries, taxes and benefits
- Office supplies/equipment leasing/office maintenance
- Expense accounts/travel
- Trade/industry association dues
- Political action committee administration
- Bank service charges
- Subscriptions to publications and news/issue-tracking services
- Charitable contributions
- Insurance
- Legal fees
- Printing/mailing/shipping
- Contract staff/consultants/staff recruiting
- Professional development
- Office phone, cellphone and IT costs



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**III.3. Agreement on policies regarding the operations of the office.** Once you have agreement on opening a Washington office and on its responsibilities, you should make sure you have agreement on the policies governing the operation of that office. These should be part of the policy “manual” of the company, approved and socialized like other important company policies. Think of it this way: There’s no point in having a Washington office if no one in the company knows about it and if it isn’t meant to bring an orderly process to the company’s relations with the government.

The policy document should spell out the mission and responsibilities, authority for maintaining the policy, the rules of the road and the reporting relationships. This document may also include highlights of current political laws and any internal policies relating to employee political engagement, contributions and lobbying.

The rule that is often cited as most important and most violated is the one that makes the Washington office the “traffic cop” for the company’s interactions with government decision-makers. There are always company cowboys who aren’t convinced that their issue is getting enough attention and take matters into their own hands; company stars who had a prior career in government and think they can circumvent the system by going directly to their contacts; or people who just don’t think.

**III.4. Agreement on reporting relationships and integration into operations.** There are many models for reporting relationships. According to the *State of Corporate Public Affairs*, the following are the most common:

- 80 percent of senior PA officers are located at headquarters, with the Washington office head reporting to him or her.
- Reporting relationships for Washington office heads are as follows:
  - ▶ 46 percent report to the CEO, chairman or president
  - ▶ 30 percent report to the general counsel
  - ▶ 19 percent report to a corporate or

business unit VP

- ▶ 3 percent report to the chief communications officer
- In 50 percent of companies surveyed, government relations and communications share a reporting relationship.

This last point is particularly important because where government relations and communications do not share a reporting relationship, they have to make sure that they have informal mechanisms for coordinating their activities. Message development, crisis management and media relations are three areas where coordination is particularly important.

Experienced Washington representatives offer this basic principle on reporting relationships: Be pragmatic. Only two things matter: authority and access.

Ask: Which reporting relationship gives me the authority to carry out my responsibilities and gives me additional authority when I need it? Which reporting relationship gives me access to the people who will guide me on corporate strategy and objectives? The first question is important because you need clout — direct or derivative — to get the job done. The second is important because you have to be close to those who decide the company’s strategy and objectives.

And that brings us to the critical matter of institutionalizing the function. Deciding on the reporting relationship is not enough. You also have to develop a network of relationships that go beyond your boss, even if your boss is the CEO. This means nothing less than integrating public affairs into operations. It should not be viewed as an afterthought, to be called in after a decision is made or in a crisis.

You must have access to senior management. You must have a seat at the table — e.g., be a part of the strategic planning process, at key meetings, at discussions of major projects or changes in the company. The latter are among the most closely held decisions but also potentially the most explosive from a political point of view.



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For example, a decision to close a plant in a key congressional district can have a negative impact if you don't factor in a plan for how and when to tell the member of Congress about the decision. Another example is a decision to outsource operations of any kind. This is one of the most

sensitive topics in Washington: Members of Congress don't like surprises — least of all when they involve jobs in their districts — and both examples do just that. The result can be embarrassment, bad publicity, legislative retribution and loss of trust. A big price to pay for not having a seat at the table.



## IV. Administrative Considerations

This area may seem the least problematic, but experienced office heads have found that it requires extraordinary attention to detail. Brigitte Gwynn was surprised at how much she had to be personally involved in the details of Kellogg's new office. Even with the help of corporate real estate experts and project managers from the building contractor, there are decisions that have to be made by the person who has the full scope of the vision for the office.

Sometimes problems arise from a lack of understanding by various corporate offices whose services are needed — real estate, information technology, accounting, human resources — about what the Washington office does. This can affect their promptness in responding to your requests and their flexibility in modifying “established” company procedures to accommodate a remote-location office.

The only solution, according to TE Connectivity's Joann Piccolo, is to elevate the status of the PA function internally and to educate senior management on the mission of the office.

Lucky are the Washington office heads who have an experienced executive assistant/office manager to oversee the process.

Maria Penna of Tyco International, who has been responsible for at least five new offices, says you start with agree-

ment on the image the company wants to project.

Real estate value per square foot in Washington is determined by location and the quality of the building. So-called “trophy buildings” are the most highly valued, but there are many very good alternatives if you have a clear vision of what your requirements are.

Corporate real estate is your partner in this process, but it will probably retain someone from Washington commercial real estate to assist.

Even with all this help, you still have to do your own homework.

Talking with peers and meeting with other tenants in a building will give you a sense of whether the building will suit you.

Penna also suggests that you review the directory of tenants: Are there competitors in the building? Are there companies that may be a lightning rod for demonstrators? Are there some whose presence may be at variance with the image your company is trying to project?

We used Penna's office preparation checklist, along with recommendations from others who've opened D.C. offices, to build a comprehensive checklist in preparation for any Washington office opening.

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These can serve as guidelines to help you in your own initiative:

- Develop a budget for construction/renovation costs and/or relocation
- If any construction or renovation is required, hire an architect and a project manager. The real estate agent can provide contacts and references. These vendors can help you with designing or reorganizing a space with your company's specifications in mind as well as determining other vendors who can do the following:
  - ▶ Schedule the electric company to handle wiring requirements (power boxes, furniture system connections, lighting relocations, etc.)
  - ▶ Set up your audio-visual needs for a conference room or other areas of the office
  - ▶ Set up the installation of network cables for your IT infrastructure
  - ▶ Select a furniture vendor
  - ▶ Select an IT consultant
- Develop an internal project team/decide who is doing what
- Select a company or companies to provide your telephone, fax and Internet needs
- Furniture inventory
  - ▶ Identify all equipment/furniture to be relocated
  - ▶ Order any additional furniture
  - ▶ Determine a plan for any furniture disposal (movers may be able to help)
- Establish your new address and phone number
  - ▶ Order new printed material: business cards, stationery, envelopes
  - ▶ Develop a plan for external and internal notification of new address and move date (email, newsletter, website, etc.)
- If necessary, cancel and re-establish service contracts for all local vendors
- Prior to moving, encourage staff to purge any unnecessary items in your current office, from outdated files to excess/unused equipment
- Select a moving company
  - ▶ Schedule relocation of furniture (get a layout plan for each office and number each office)
  - ▶ Schedule relocation of equipment (copiers, faxes, mail machines, etc.). This may require contacting the vendors for the various machines
  - ▶ Request building move restrictions/procedures from landlords
  - ▶ Order moving supplies from movers
  - ▶ Issue move instructions to staff
- Specify signage from corporate
- Specify artwork
- After completion of construction or renovation, complete a final walk-through with executive staff for final punch list
- The week or two prior to the move:
  - ▶ Pack/label boxes and furniture according to movers' instructions
  - ▶ Number rooms at the new facility for the day of the move
  - ▶ Dispose of excess furniture/items
- Receive/install new furniture at new location
- After move-in:
  - ▶ Set up computer equipment
  - ▶ Issue parking spaces to staff
  - ▶ Issue new building keys/cards to staff and return old keys/cards
  - ▶ Receive and install signage
  - ▶ Receive and install artwork
  - ▶ Update address on website, staff signature lines, etc.
  - ▶ Clean-up and walk-through of old facility/lease close-out





## V. Staffing Decisions

Focus on staffing may or may not take place at the same time as the physical and administrative activities surrounding the setup of a Washington office. There may already be staff in place; whether they are the right people will be a question you have to address. There are several key considerations in staffing a Washington office.

**V.1. Insider or outsider?** There is no right answer to this question. Corporate culture has something to do with it. Some companies are more comfortable — indeed insistent — that staff should come from the inside. In this case, the theory is that it's more important to know the company, its lines of business, its culture and its operations than to know Washington. Those who hold this view think it's easier to teach someone how Washington works than to teach them about the company. Those who hold the opposite view think it's more important to know the institutions, politics and folkways of Washington. You will have to assess how flexible the company is on this, what the experience is of outsiders coming in and, most important, how deep the company's experience is — with public affairs and with Washington.

**V.2. Consultants.** If you have decided to go outside the company, you need to decide whether to use a consultant

to help with the search. There are several excellent executive search firms specializing in government relations. The best are management consultants — i.e., they help you define the criteria of the position before they search for candidates to fill it. They can be very expensive, but those who have used consultants find that they are worth it, especially for the higher-level positions.

**V.3. Key competencies and attributes.** Many assume the Washington office head is a pure political player, but it's equally important that he or she have keen business, management and interpersonal skills, such as:

- Familiarity with key institutions and stakeholders and the relationship among them
- Keen understanding of the political process
- Experience in corporate representation/business-government relations
- Experience with advocacy
- Expertise in key issues affecting the company and/or industry
- Experience in managing issues
- Experience in managing public affairs programs, especially grassroots and political action committees

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- Effective communication skills
  - Demonstrated good judgment
  - Strong diplomacy and negotiation skills
  - Experience in building effective coalitions and bringing disparate parties to the table
  - Commitment to ethical business practices
  - Understanding of legal guidelines for advocacy and political events and contributions
  - Good reputation
  - Party affiliation depends on whether the office is organized along party lines or staff is expected to work both sides of the aisle



# Sample Washington Office Organizational Charts

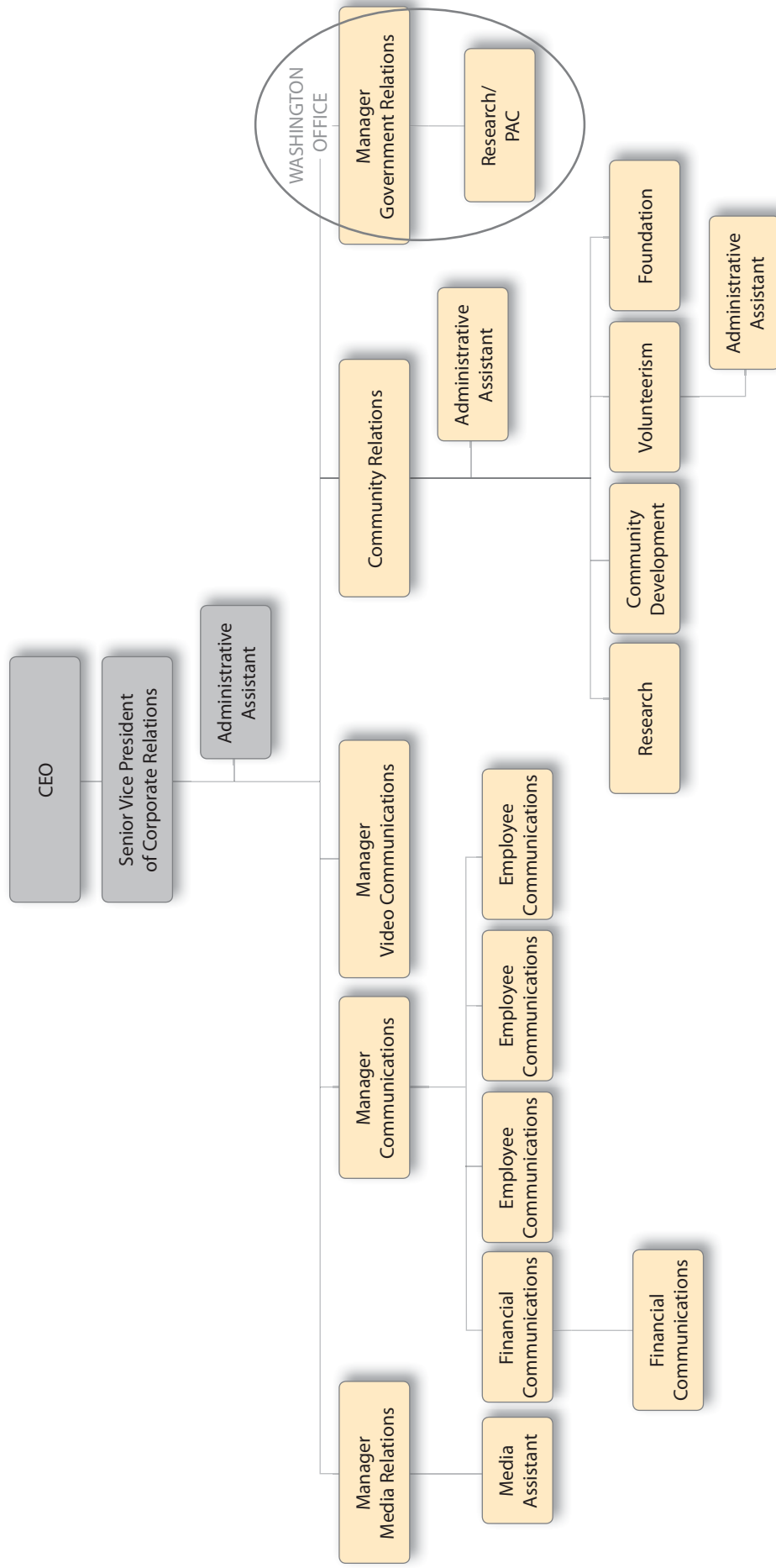
On the following pages, you will find a host of sample organizational charts highlighting the structure and reporting relationships for Washington offices in several industries. These charts also show the general structure for the overarching government relations or public affairs department.

As you can see, where the D.C. office sits within the broader structure of the company varies, although most

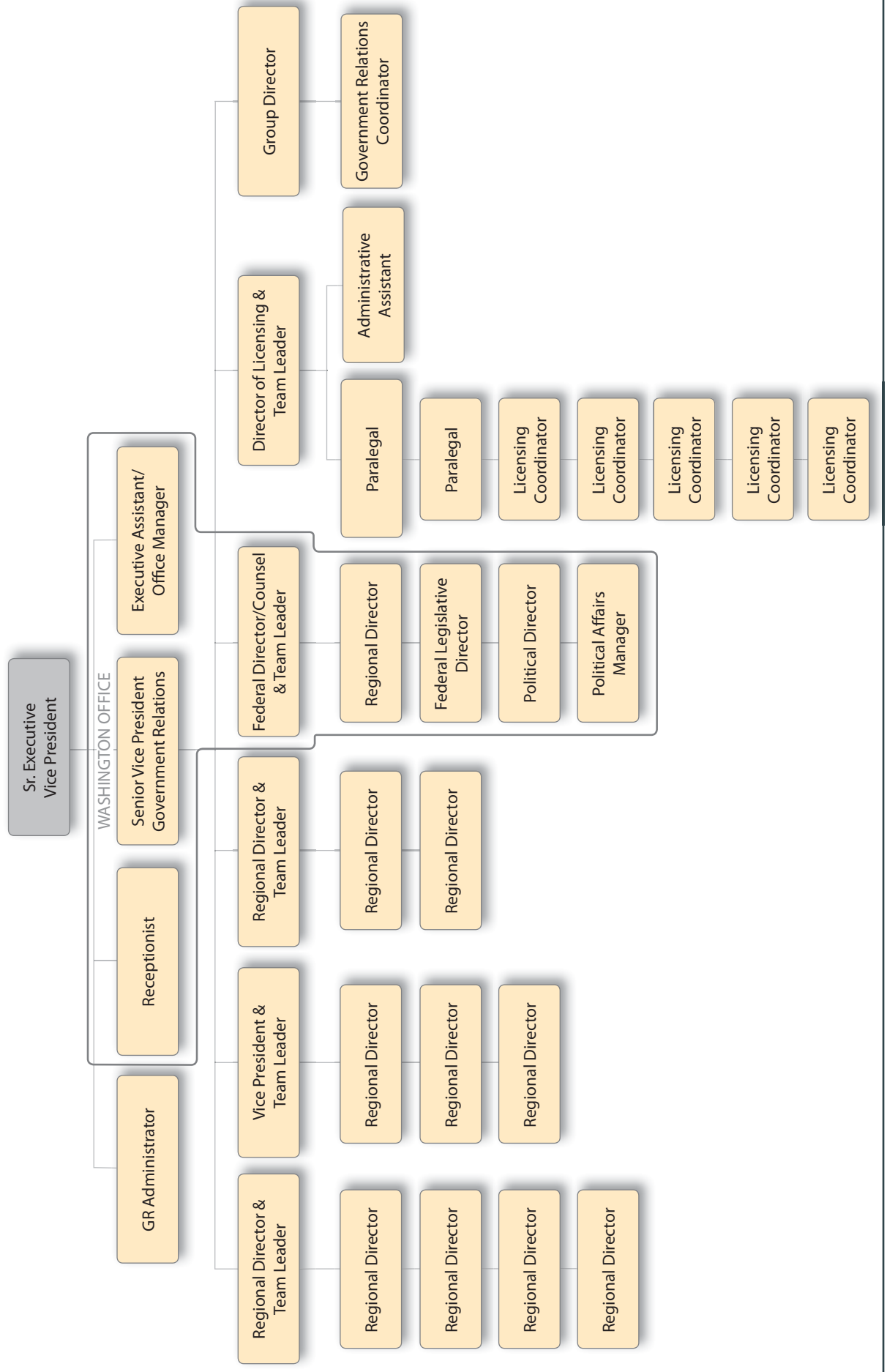
Washington offices report to a senior vice president of the function, who reports directly to the CEO.

The charts also illustrate that the composition of Washington office staff varies, as do staff sizes. Washington offices can range in size from one part-time staff member or contractor to as many as 25 full-time staff.

# Bank Corporate Relations Department

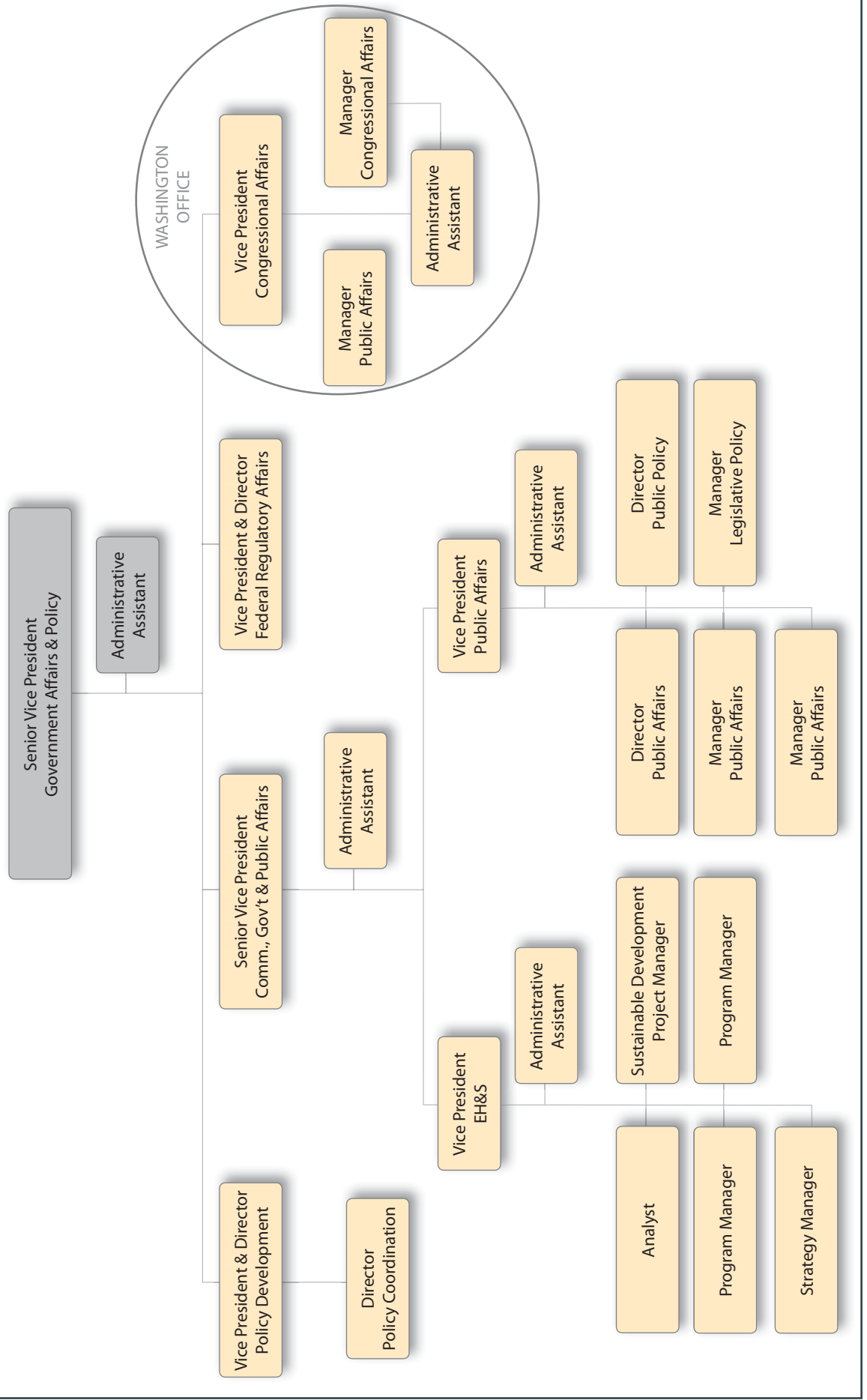


# Bank Government Relations Department



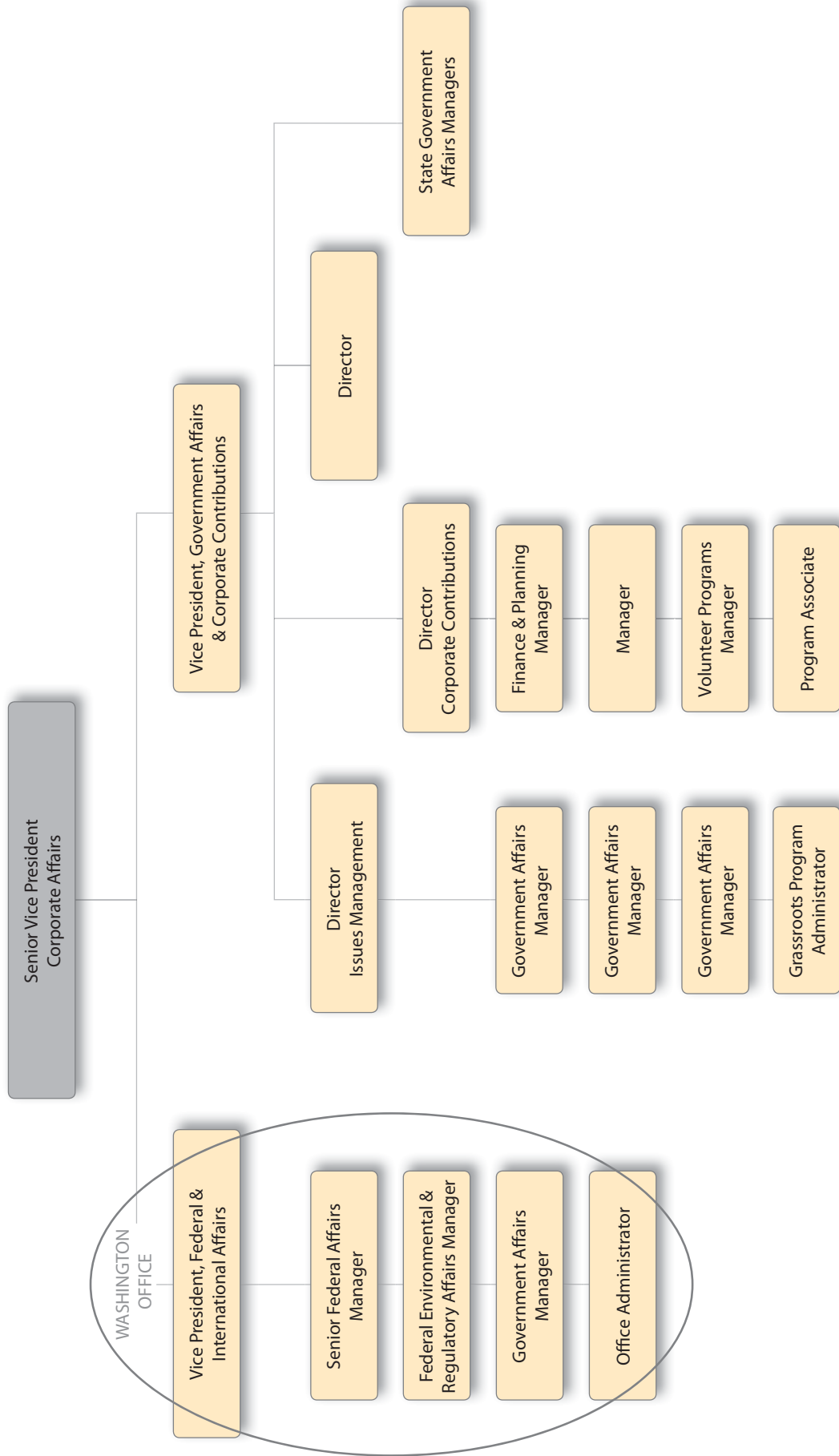
# Energy Company

## Government Affairs & Policy Department



# Forest Products Company

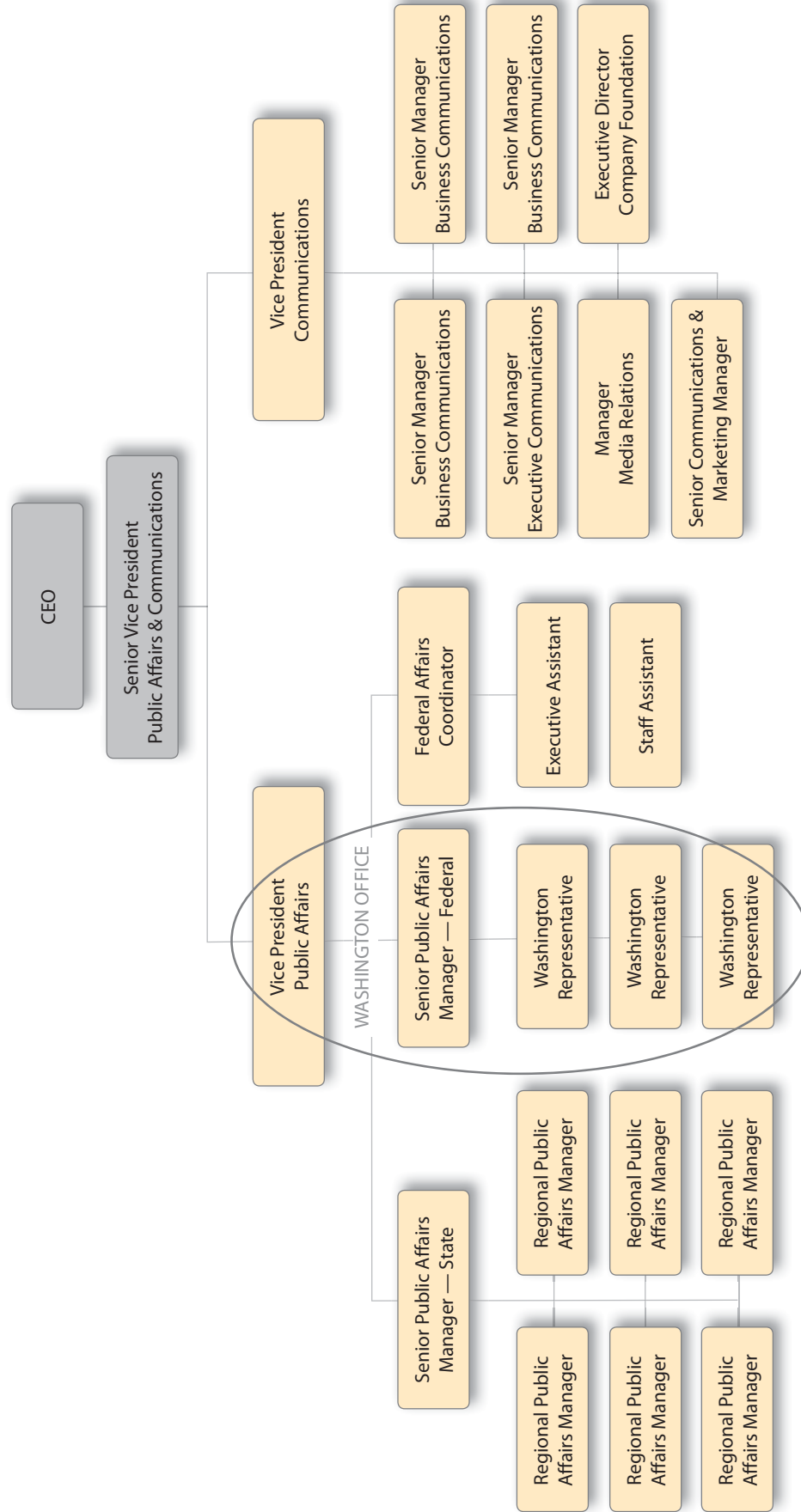
## Corporate Affairs Department





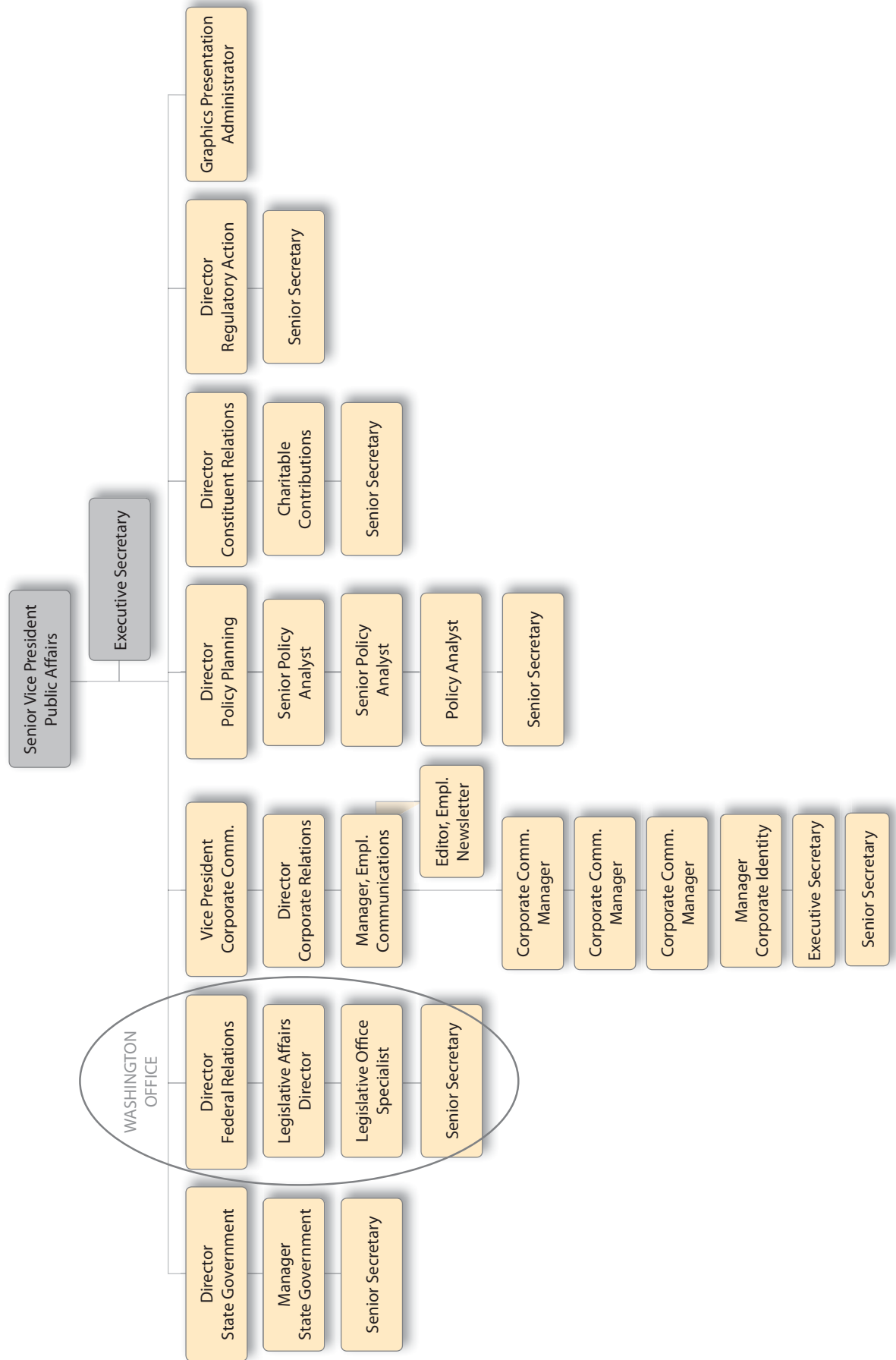
# Forest Products Company

## Public Affairs & Communications Department



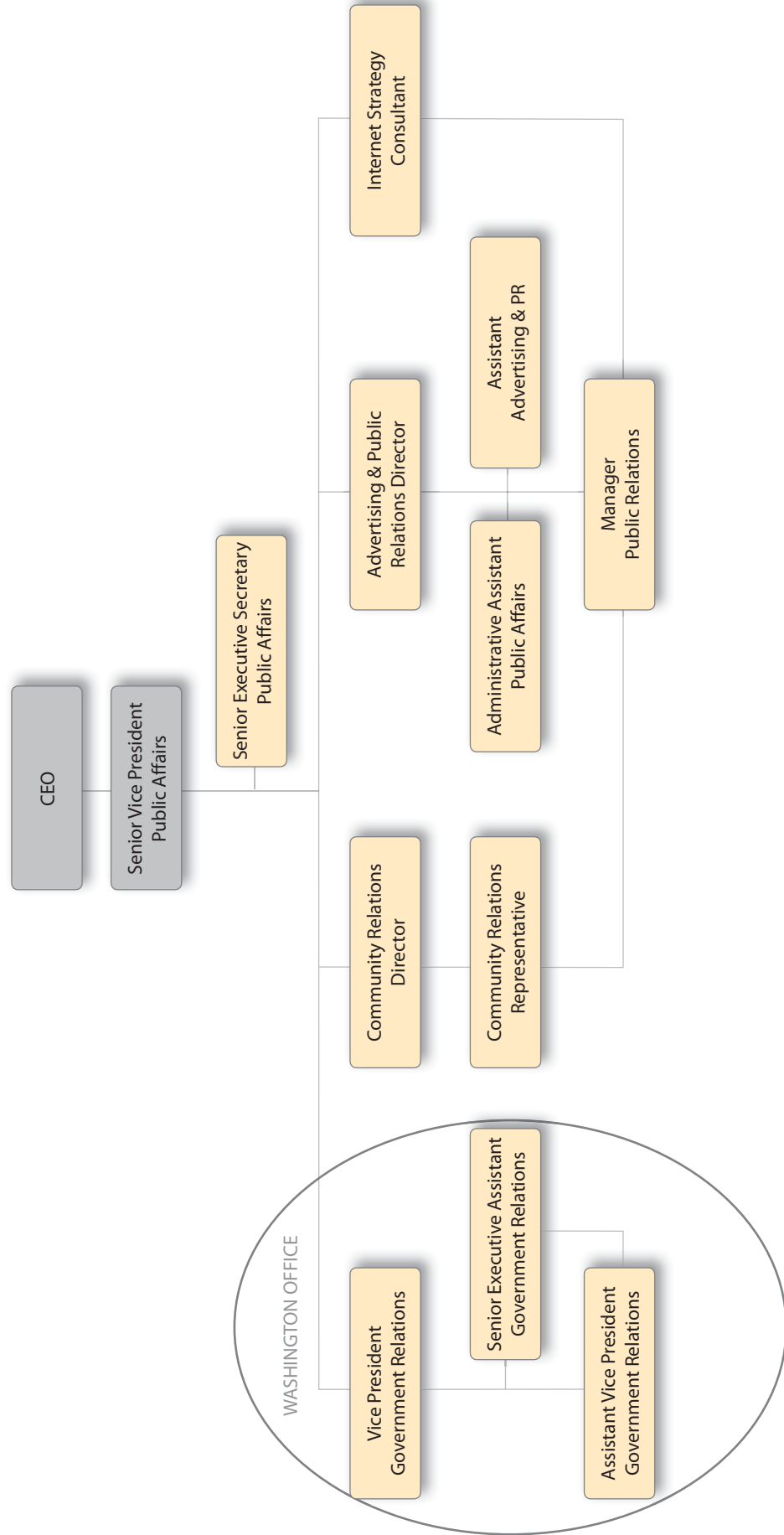
# Health Insurance Company

## Public Affairs Department



# Life Insurance Company

## Public Affairs Department





## Conclusion

According to United Technology's Gregg Ward, a highly experienced and respected Washington office head, CEOs today realize that Washington affects more financial decisions than Wall Street and that companies need to be here to affect those decisions.

We began this management report with the proposition that opening a Washington office is a strategic decision. We conclude by highlighting the important role the head of the office plays in managing the activities of that office.

Whether the office is basically a government relations office or whether it houses the full range of public affairs activities, representing a company's interests and shaping the policies that affect its operating environment is a management function.

It requires, on the one hand, a continuous dialogue with operating management and, on the other, a strategic deployment of resources.

The role of the Washington office head, Ward notes, is to be a manager. We will leave to other management reports the subject of how to run an effective Washington office.

For now, we note three areas where the office head really has to function as a manager, distinct from his other roles as the company's chief lobbyist or representative.

These three areas are:

1. To oversee the mission and responsibilities of the office. This means executing on the agreement with operating management that we discussed in the "Organizational Design Principles" section. The focus here is to ensure that the Washington office is connected to the business of the company.
2. To manage the deployment of a broad range of tools and resources to achieve the company's objectives. This means ensuring that the resources are available when needed, building capacity and exercising judgment in deploying them.
3. Finally, to educate the company's managers continuously as to the value of a professional public affairs staff in the nation's capital.

Seasoned public affairs practitioners advise that 50 percent of the job for the office head is inside the company — informing and educating line management to understand why the company has invested in a Washington presence.

It all comes down to this, says Larry Burton of CVS Caremark, a former executive director of the Business Roundtable: "If you want to affect the social and political environment in which you operate, you have to be part of the conversation in Washington."



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