

Understanding the Value of Public Affairs

June 10, 2014
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What is public affairs?

- In the U.S. Government it means “media relations”
- In many companies it means “government relations”
- In some companies it means “stakeholder relations”
- At the Public Affairs Council it means “an organization's efforts to monitor and manage its business environment.”

In other words . . .



“Public affairs is the art of crisis avoidance.”

Why public affairs matters

1. Government involvement in business is increasing

- Tax laws
- Immigration policy
- Antitrust laws
- Pension reform
- Healthcare reform
- Labor laws
- Energy policy
- Environmental rules
- Bankruptcy laws
- Telecom policy
- Homeland security
- Building codes

“Government is likelier to affect companies’ economic value than any other group of stakeholders except customers.”

– McKinsey Global Survey, January 2010

Why public affairs matters

2. Politics is a competitive sport

- Laws and regulations create winners and losers
- Sector battles over taxes and tariffs
- Mergers and acquisitions
- Codes and standards

Why public affairs matters

3. The stakes are high

- Global economic challenges
- Tight government budgets
- Policy-makers facing tough trade-offs

Spending versus taxes?

Privacy versus security?

Global growth versus domestic employment?

Economy versus environment?

Why public affairs matters

4. Business risk is on the rise

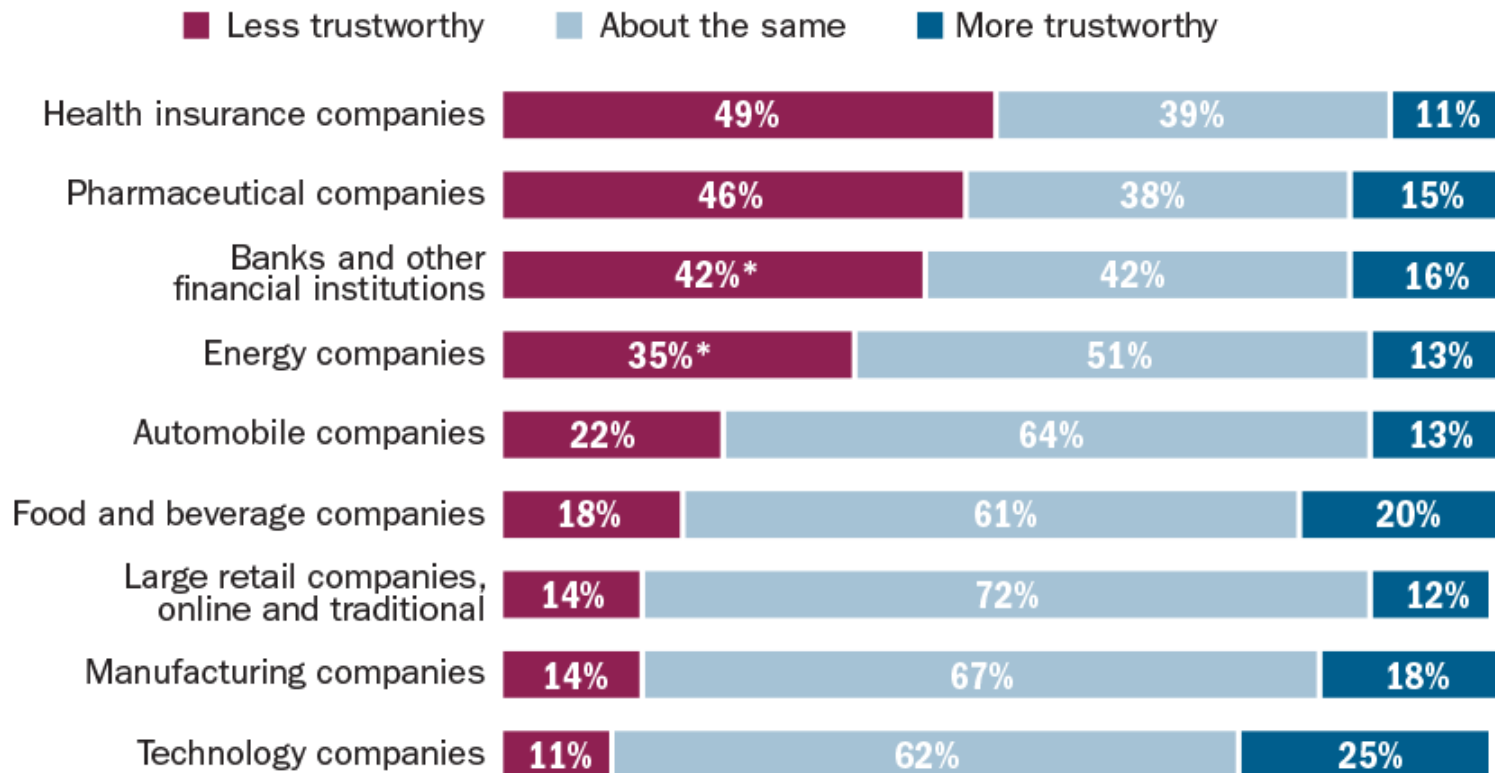
- The world is moving faster
- Public distrust of government and business
- High expectations
- Anti-corporate activism
- Unintended consequences

Distrust of government and business

- 78% of Americans say corporations have too much power
- 44% don't trust companies to “do the right thing”
- 62% have little or no trust in the federal government's ability to solve problems
- 31% don't trust either big companies or the federal government
- Trust varies significantly between industry sectors

Source: 2013 Public Affairs Pulse survey

Trust by industry sector



Source: 2013 Public Affairs Pulse survey

Where companies succeed and fail

Successes

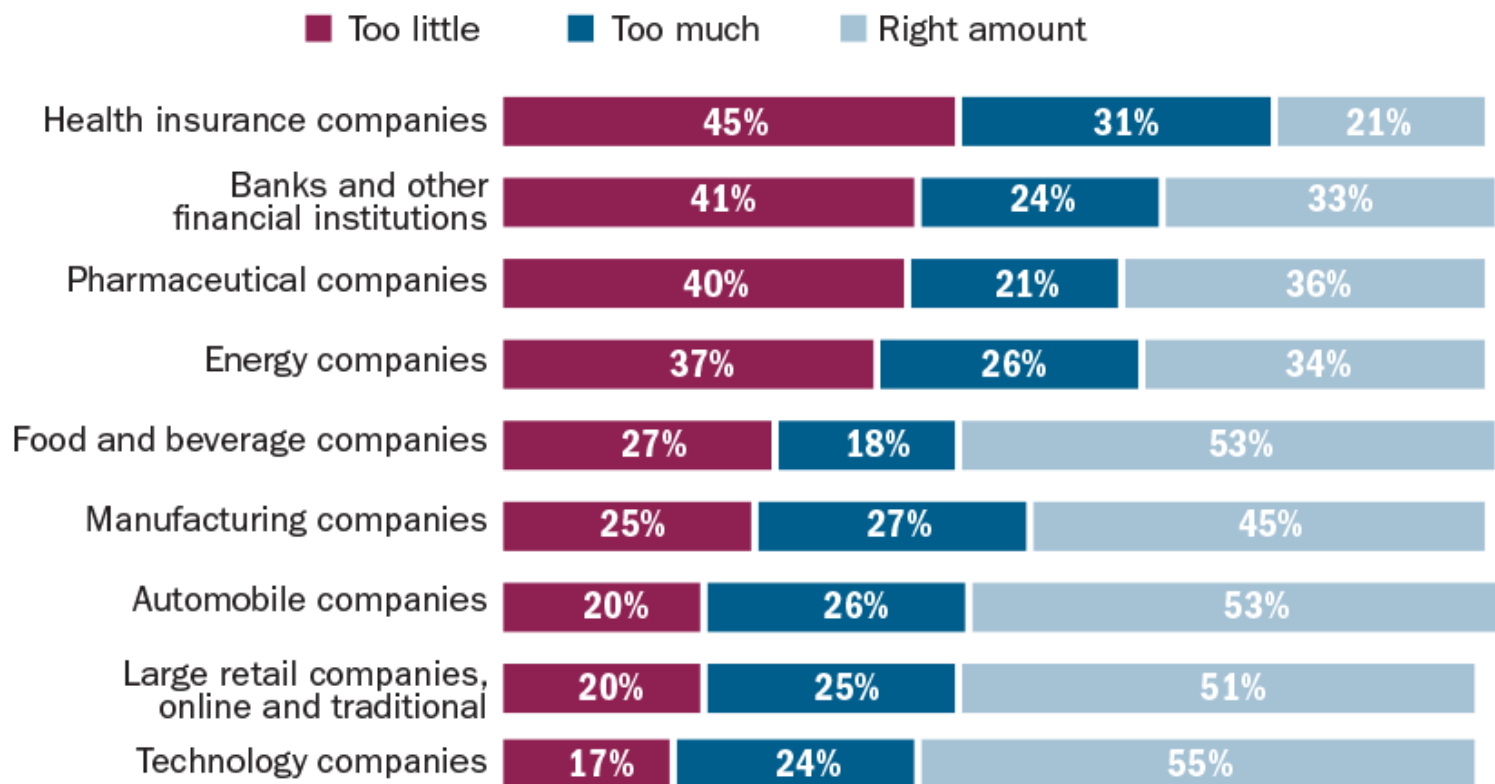
- Providing useful products and services (73%)
- Serving customers (65%)
- Serving stockholders (63%)

Failures

- Creating jobs (39%)
- Protecting the environment (39%)
- Paying employees fairly (36%)
- Paying top executives fairly (26%)

Source: 2013 Public Affairs Pulse survey

Who needs more regulation?



Source: 2013 Public Affairs Pulse survey

Big expectations for big companies

Americans want the private sector to assume more financial responsibility for helping solve the nation's problems:

- 70% believe companies should provide community services
- 64% believe companies should improve the quality of education
- 62% believe companies should improve the quality and affordability of healthcare
- 57% believe companies should provide disaster relief

Source: 2013 Public Affairs Pulse survey

How can public affairs help?



Managing political risk

How can public affairs help?



Opening up business opportunities

How can public affairs help?



Protecting your brands
and reputation

How can public affairs help?



Navigating your
organization through
dangerous waters

Common reporting relationships

CEO, chairman or president	46%
General counsel	30%
Corporate VP/SVP/EVP	13%
Business unit/divisional VP/SVP/EVP	6%
Chief communications officer	3%
Chief marketing officer	2%
Other	3%

Source: 2012 *State of Corporate Public Affairs* survey of U.S. companies

Preferred career experience

Corporate government relations	62%
Government (legislative branch)	35%
Corporate communications	29%
Government relations outside the company	29%
Government (executive branch)	25%
Corporate law/general counsel	22%
Association	21%
Business operations	13%
Public affairs consulting firm	8%
Communications firm	7%

Source: 2012 *State of Corporate Public Affairs* survey of U.S. companies

Public affairs management trends

- Learning to join the conversation rather than control public opinion
- The rise of “knowledge lobbyists” and the decline of “network lobbyists”
- The importance of grassroots programs and other tools of the “outside game”
- Social media and analytics
- Dealing with controversy: campaign contributions, corporate influence and CEO pay

Preparing yourself for the future

- Understand business strategy
- Get professional training in related fields
- Become well-versed in social media
- Broaden your network
- Adopt an issues management system
- Learn how to measure the value you provide

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