



Foundation for  
Public Affairs

# Trusted Advisors

Hiring and Managing Government Affairs Consultants



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## **Trusted Advisors**

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By Elizabeth Judd  
Foundation for Public Affairs

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The Foundation for Public Affairs, an affiliate of the Public Affairs Council, conducts research on emerging issues affecting the practice of public affairs.

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## Hiring and Managing Government Affairs Consultants

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## I N T R O D U C T I O N

Almost no government affairs team today functions without help from a team of outside consultants.

Finding the right consultant can be even more difficult than finding that magic internal hire. Just like the employee recruitment process, choosing a government affairs consultant requires balancing expertise and personal chemistry, and evaluating both tangible and intangible skills that make the sum of the parts worth more than the talents of each individual on the team.

Among challenges client organizations typically encounter with consultants:

- The “dream team” at the initial interview may not be the consultants working on the job once a contract has been signed.
- Turnover at consulting firms is notoriously high.
- Negotiating contracts can be tricky.
- Managing consultants can be burdensome and giving feedback is not quite as straightforward as it is with internal staff.
- Because success is so difficult to measure, companies don’t often monitor consultant performance as carefully as they should.

And yet, like most relationships in life, the more time and energy invested in getting things right, the better the outcome. After many

hours of interviews conducted for this report, the one message that comes through loud and clear is that managing consulting relationships closely is the only path to success. Even government affairs leaders with numerous, formal management processes in place are eager to consider new ways to improve these partnerships.

Many government affairs teams say more than half their work is performed by outside firms. As a result, the ethics, professionalism and know-how of these consultants are key to how a government affairs department — and an entire company — are perceived by the external world. That's why one of the most important questions to ask oneself before hiring a consulting firm is this: Would you be proud to have this group of individuals representing your organization before policymakers and the general public?

Consultants work on behalf of clients rather than directly for them, but most people outside the client organization don't realize or care about this distinction. Michael J. Behm, co-CEO and principal at Stateside Associates, a firm with expertise in state and local governments, expresses it this way: "Remember, any professionals you hire are the face of your organization, whether [they're communicating your concerns] in state capital[s], city hall[s] or Congress. So you need to make absolutely sure you're hiring the right people."

Well-sustained consulting relationships can and do flourish. Anne Crews, vice president of public affairs at Mary Kay Inc., has employed a large

international public affairs firm to augment the cosmetics company's lobbying efforts in the European Union for the past several years. When Crews could not attend an important EU product ingredients and packaging meeting in Paris, a seasoned professional from the firm took her place — and had the same level of credibility as a Mary Kay executive. Crews notes that inviting a consultant to play such a front-and-center role happens only after deep mutual trust has been established.

Douglas Pinkham, president of the Public Affairs Council, agrees: "A capable consultant should be able to represent an entire company's interests and what it stands for. Over the past 10 to 20 years, more and more clients have raised expectations for consultants to maintain the same levels of company knowledge, professionalism, integrity and collegiality as regular staff."

Since consultants are often an organization's face to the world, this report focuses on helping companies and associations manage consulting relationships so that they present the best face possible at all times.



## PART ONE: CREATING A CONSULTANT WISH LIST

**I**n the Foundation for Public Affairs' 2014-2015 *State of Corporate Public Affairs* (SCPA) survey, 84 percent of companies said their budget for consultants had either increased or remained the same over the three years from 2011 to 2014. This statistic is consistent with an overall upward trend in spending for management consulting in the U.S. more generally. According to Statista, companies spent \$142 billion on management consulting in 2014, up from \$120 billion in 2009.

There are many reasons why companies are continuing to hire consultants, or hiring them at increased levels.

Often, corporate executives lament they are being asked to do more with less — a complaint borne out by statistics. In the SCPA survey, 40 percent

of participants said their greatest challenge was insufficient financial resources, relative to 29 percent who said the same in 2011. Insufficient staff continues to be a common complaint with 50 percent of participants listing this as one of their greatest challenges.

This is not the only reason companies and associations hire government affairs consultants. They also hire them to obtain specific expertise on issues, such as telecom policy or the environment; to acquire specialized skills in digital outreach or coalition building; and to delve into the processes and strategies for expanding into new markets. When doing government affairs outside the U.S., for instance, it's common to hire consulting professionals with an insider's knowledge of how legislation becomes law, where political power resides and what demographic groups are most interested in a certain issue.

In *Selecting and Working with Consultants*, Thomas Ucko points out that for consultants hired as “doers” — to implement programs or act as staff — there are three possible functions. A company or association may engage a consultant as: (1) an expert, to advise on what to do; (2) a pair of hands, to execute on the client’s instructions; or (3) a partner, to collaborate with internal employees. Ucko recommends being clear about which of the three roles the client organization wants the consultant to play.

Pinkham urges government affairs professionals to pinpoint their rationale for hiring before embarking on a consultant search: “Once they’re on board, you’ll want to get your consultants feeling as close as possible to regular employees so they’ll do their best work.”

Choosing the right consultant is no easy feat. According to Susan B. Hirschmann, CEO at Williams & Jensen, a law and lobbying firm, “The people who get the most value out of their consultants know what they want and why they have them. They know their strengths and weaknesses. And they know how their team is going to utilize this resource.”

Since many companies now employ a large cadre of outside firms, hiring professional consultants whose ethics align with those of a company or association is an increasingly pressing concern. “The trend line in companies is that they’re not gaining a lot of new staff positions, but they are seeing their consulting budgets increase,” says Pinkham. “If you’re a

company with clear principles about performance and behavior, you had better be darn sure those who are representing you will maintain your reputation.”

Clients also seek fresh insights by hiring people who possess different areas of expertise and different life experiences. Scott Peterson, senior vice president of communications for the Nuclear Energy Institute, says he values consultants because “it’s easy to get insulated in the way you do things in an organization.” He appreciates consultants for the influx of ideas they provide from outside the enterprise.

### **Boutiques vs. Consulting Giants?**

For many companies and associations looking to hire a consultant, the first decision is: What size firm should I choose?

Large public affairs firms have traditionally enjoyed a clear advantage by dint of the sheer breadth of services they provide. Such firms offer everything from ally development programs to ongoing media outreach, and from corporate social responsibility consulting to political risk assessment. (See sidebar.)

Having a wide variety of options can make it easier for clients that choose larger consulting firms because much of the legwork and strategic decision-making are removed from the process. One firm can cater to a host of needs — even if those needs shift over time.

Global consulting firms can help companies create consistent global strategies, which is no small task

when many corporations do business in 50 or more countries. For major consumer brands or companies facing controversy on multiple fronts, this can be a big advantage. In addition, when a company or association faces a sudden public policy crisis in a remote part of the world, it is reassuring to know that a global firm with an office in that country is already on retainer.

While large, one-stop shops have dominated the advocacy world for years, many client companies are voicing a distinct preference for boutique firms, which may charge less and yet provide more personal attention. The adjective most often used to describe these smaller, newer outfits is “hungry” — and it’s meant in the most complimentary way imaginable.

Surprisingly, even many household-name companies are coming to believe that the service from a niche firm can be superior. Stephen Lemson, vice president, state government affairs, at American Express Co., has a distinct preference for boutiques. “I lean towards smaller firms,” he says. “I’d rather not be number 57 on a list of 300 clients.”

Beyond service, some worry that a single consulting firm may not be able to attend to all government relations tasks equally well. “I don’t believe in hiring international firms that say they have expertise in all 50 states, Congress and a dozen countries around the world,” says Steven Manzo, vice president of global government affairs Americas at RELX Group, formerly Reed Elsevier

## Services Provided by Consultants

One reason why it’s so hard to compare government affairs consultants is that no two offer the same services. Here are examples of some of the capabilities large and small firms in the government affairs field list on their websites:

- Ally development
- Brand marketing
- Coalition building
- Contract lobbying
- Corporate branding
- Corporate reputation
- CSR consulting
- Crisis and issues management
- Digital and social
- Engaging shareholders
- Executive communication
- Federal monitoring
- Grassroots advocacy
- Legislative and regulatory strategy
- Litigation communication
- Lobbyist registration and reporting
- Local government monitoring
- Market entry
- Measurement and evaluation
- Media relations and outreach
- Message development
- PAC strategy
- Political capital analysis
- Political risk assessment
- Regulatory compliance
- Research and analytics
- Strategic integration
- Trend analysis and reporting

Inc. “They may have some expertise in all those areas, but they’re not going to have the depth of expertise I want.”

Manzo recommends selecting the firm with the most direct expertise in whatever area the company is looking to master; for instance, when seeking a state lobbyist, one should check out the individual’s reputation among state legislators and other companies doing business in that state. He’s also wary of congressional lobbying firms that say they have strong relationships with both Republican and Democratic members. “It’s true,” he says, “firms have expertise on both sides, but when you dig down, you usually find they’re stronger on one or the other side of the aisle.”

Boutiques may look more appealing now that so many small firms have been hired by Fortune 100 companies and have attracted positive attention. One global affairs professional noted that as soon as these firms began “putting points on the board,” it was no longer a difficult sell internally to hire an upstart over an internationally recognized firm.

On the other hand, executives at some companies and associations worry that small firms might lack the “bench strength” or resources to handle complex issues or crises that flare up suddenly. Kevin Keane, senior vice president of policy and public affairs at the American Beverage Association, points out that boutique firms can be a strong choice as long as they can demonstrate the bandwidth to handle a client’s projects. He engages such firms often.

The Public Affairs Council’s Pinkham believes the shift in attitudes about boutiques comes from subtle changes in both corporate management and the consulting firms themselves. While it takes more oversight to hire and supervise five small consultants rather than one big one, technology has greatly improved everyone’s ability to stay in touch and coordinate activities. In addition, technology has made it easier for talented public affairs consultants to set up shop on their own.

There has also been a shift in priorities when it comes to the best hires — particularly for contract lobbying firms. Gone are the days when “gray hair and an expensive suit” and a famous name on the door connoted top quality, says Pinkham. He points out that many companies are hiring consultants precisely to bring in new ideas and an intimate knowledge of social media, digital advertising and grassroots organizing — subject areas that some older, more established consultants might not fully appreciate. “Clients have the assumption that they need more grassroots, video and community-building around social media. That has made them open to the idea of hiring small firms run by a bunch of 20- and 30-year-olds,” he says.

## A New Lobbying Paradigm

Lobbying spending has decreased over the past five years, according to official disclosure reports analyzed by OpenSecrets.org. In fact, spending for the first quarter of 2015 was \$804.8 million, relative to \$836.2 million for the same quarter in 2014 and \$930.3 million in 2010.

### Top 10 U.S. Lobbying Firms and Their Revenues

When it comes to contract lobbying, large and medium-sized firms still account for the lion's share of the business — despite growing interest in boutique practices. According to reports filed with the Senate, these were the top 10 lobbying firms in terms of revenues received in 2014:

Akin Gump Strauss Hauer & Feld.....	\$35.6 million
Squire Patton Boggs .....	\$31.6 million
Podesta Group.....	\$27.3 million
Brownstein Hyatt Farber Schreck .....	\$23.8 million
Van Scoyoc Associates.....	\$21.9 million
Holland & Knight.....	\$19.7 million
Capitol Counsel.....	\$18 million
K&L Gates .....	\$17.4 million
Williams & Jensen.....	\$16.7 million
BGR Group .....	\$15.8 million

But that doesn't mean traditional lobbying is dying a slow death. Rather, Pinkham and others believe the profession is being transformed.

"The days are gone when if you had one firm or one person, you could truly drive a result," says Steve Radke, vice president of government relations at Northwestern Mutual Life Insurance. "I hear stories of days of old, where you could have a 'stopper' or someone who could whisper in the right ear, and, boom, an amendment would happen. I don't know if there's anyone like that out there these days." He believes that hiring a lobbying consultant is less a matter of searching for "a magic bullet," and more a matter of identifying the skills a company or association needs to achieve success.

Pinkham agrees: "Hiring a really expensive Washington insider to advance legislation is not always effective, and it's not everyone's first thought these days." He says the most important questions to ask are: He says the most important questions to ask are "What is the expertise we need?" and "How best can we accomplish our goals?"

Whether a client is looking for issue knowledge, specialized skills or the right connections, "It's really all about the people," says Keane. "The best firms are those that are able to make you feel like you're their only client and you're the priority — and deliver results. Because frankly, at the end of the day, that's what they need to do."

In another shift, when companies are extolling the virtues of the people they hire as consultants, they're increasingly not talking about a marquee-name former elected official. Over the years, the influence of well-known advocates has waned somewhat as

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companies rely less on “network lobbyists,” or people with the right connections, and more on “knowledge lobbyists,” “individuals who have valuable specialized skills or necessary expertise in policy, procedures and strategy.

When Sandra Beaty, formerly executive vice president of corporate affairs at Zoetis, worked for a previous employer, the company held a briefing to help country managers from across the world work better with government and hired a prominent contract lobbyist and former governor to deliver a talk on the ABCs of good government relations. “It was common-sense advice,” she recalls, “but sometimes it’s good to have an external expert come in and say those things.”

On the other hand, Beaty cautions that some former government officials make lackluster contract lobbyists. “Sometimes, big-name consultants are not the right choice,” she says. “I have spent time telling them what was going on so they could write what we told them in our report.” She noted, however, that in some regions of the world the only way to get a meeting with a government official is to hire a well-regarded, high-profile consultant.

With some exceptions, Beaty has found that a highly skilled consultant — who may have no name recognition whatsoever — is often a better fit because most day-to-day lobbying, especially in the U.S. Congress, involves staffers and not the members themselves.

Pinkham agrees. “There are ex-members of Congress who are effective lobbyists. But if you’ve been the center of attention as the senator or the congressman, and now all of a sudden you’re sitting across the table from a legislator and you’re the advocate, you may not be the most effective person for the job. You’ve got to spend more time listening than talking — and this might not be a person’s strength.”



## PART TWO: **HIRING THE RIGHT CONSULTANT**

Once an organization has crafted the profile of their ideal consulting firm, the next step is to identify the right candidates to submit RFPs and interview. Often, companies use word-of-mouth recommendations and media reports to come up with a list of candidates. When hiring a contract lobbyist, “the very first bar to get through is the ethics side,” says Norm Johnson, director of government and external affairs at Robert Bosch LLC. Johnson “prequalifies” firms by using Google to search for ethical violations or other red flags involving the firm and the principals who will be working on the account.

Another approach is to speak with prospective consultants on a regular basis so when a need arises, you’ll have a list of plausible candidates to approach.

Marc Scarduffa, vice president of U.S. government relations and public affairs at Pfizer Inc., says the government relations team at his company reviews consultants and contract lobbyists annually, and also meets with other lobbying and public affairs firms on a regular basis to learn about their capabilities.

Chris Bender, head of public affairs and communications at Novozymes North America Inc., looks at which consultants’ ideas are trending in the industry as a way of accruing the “social intelligence” necessary for putting together a list of possible consulting candidates whose expertise aligns with the company’s needs. He refers to news articles, conference presentations, industry awareness and other similar factors.

Reading the bios of all the individuals on the team is also an excellent way to gather intelligence

and ensure the relationship will be a good fit. Consultants themselves draw a distinction between those who are former political staffers and those who worked as legislators and regulators, and those who were never in government, explains Andrea Serlin, partner at Serlin Haley LLP, a Boston-based law firm that represents clients at various governmental levels.

Finding a contract lobbyist in a state can be trickier than at the federal level, simply because even the most well-connected government relations professional won't know all the important policymakers and advocates in multiple states. Jean Cantrell, vice president-state and local government affairs at Philips Electronics North America Corp., relies on personal recommendations whenever possible; however, she points out that in some states, doing so takes some digging. She begins by looking at who's registered to lobby in that state and their client lists.

Eight or nine years ago, Cantrell recalls searching for a contract lobbyist in West Virginia without any real leads. Reaching experienced consultants is critical, says Cantrell, because "I don't want the learning curve to be on my dime." Under circumstances like this, she turns to companies that market for state lobbyists, such as The Advocacy Group and State Law Resources. MultiState Associates Inc. and the LobbyUSA Network also do this type of work.

Similarly, Rusty Ring, vice president of government affairs at Roche Diagnostics Corp., has identified

state contract lobbyists through McGuire Woods Consulting LLC, a Virginia-based law firm that has built relationships with lobbying firms in a number of states. Turning to an umbrella group for help, especially at the state level, makes sense because these groups perform due diligence on the consultants they recommend.

Faced with a similar challenge in finding state contract lobbyists, Frank Ryan, director of state government affairs for the American College of Cardiology, has generated names by contacting associations that deal with related issues, such as the American Society of Anesthesiologists or the American Dental Association, where he has worked in the past.

### **RFPs: Pros and Cons**

Some companies have procurement departments that demand a formal RFP process for hiring consultants. Others issue RFPs because they like the rigor of asking candidates to fill out a detailed written description of how they'd tackle a given assignment, specifying who would work on the project and how it would be accomplished.

Arguably, RFPs lend themselves particularly well to coalition work or to associations because there may be numerous decision makers weighing in on the ultimate hire.

Roche's Ring, for instance, says that when managing a coalition, an RFP provides an excellent way to carefully define objectives and later to "get

buy-in from all the participants.” He continues: “It helps alleviate any misunderstandings about what type of lobbyist you’re looking for — and what type of organization.”

Erik Hower, vice president of public affairs at AT&T, finds that RFPs let him clarify his own objectives, a critical step given that public affairs strategies run the gamut from lobbying and PAC work to grassroots organizing and digital PR. “We try to provide as many details as are appropriate on the issues we’re working on, the audience we’re trying to communicate with, and what specific role we want the firm to perform,” he says. When responses come in, Hower uses the RFP to weed out those firms that use the same boilerplate language over and over again.

Scott Peterson of the Nuclear Energy Institute likes RFPs because they give him “a chance to look at how different firms would approach the same issue — and what resources they’re going to bring to bear.” He finds the RFP an excellent way to let consultants react thoughtfully to his objectives and metrics, and to judge which candidate might approach a project in the best way.

Many have argued that RFPs are not particularly suited to hiring consultants, which are neither vendors nor contractors, as John B. Cox pointed out in a September 2008 article for the Center for Association Leadership. He notes that RFPs are terrific for narrowing a confusing field of consultants quickly, but because each consultant will respond to the same challenge with a unique approach, it’s

difficult to make direct and meaningful comparisons among candidates.

Another knock on RFPs is that they’re time-consuming for both the client organization and the consultant. Bosch’s Norm Johnson has issued RFPs when the purchasing department insists, but otherwise he relies on personal recommendations and interviews. “The RFP is a bureaucratic process that bogs us down, and without them, we still get to the same result,” he says.

Jonathan Grella, executive vice president of public affairs at the U.S. Travel Association, characterizes RFPs as make-work exercises. As a former consultant at Edelman, he says: “I hate to make my brethren jump through a whole bunch of hoops. I’d rather just put them to work. It’s most efficient to know someone is good at their craft and then just hire them.”

### **Crafting an Outstanding RFP**

Love ‘em or hate ‘em, RFPs should be thoughtfully drafted.

As a starting point, companies and associations might want to read the best practices identified by the PR Council, an association of communications agencies. The organization has developed an RFP Builder (<http://rfp.prfirms.org>) that helps the user identify needs, develop a timetable and draft RFPs. Although the tool is designed for hiring public relations firms, many of the principles still apply to hiring other types of consultancies.

Evan Kraus, president and managing director of operations for APCO Worldwide, the second-largest independently owned PR firm in the U.S., points out that clients who are clear about the scope of the project — outlining everything from the magnitude of resources available to the desired outcome — allow consultants to craft a strong, tailored pitch. Later, that clarity helps the company make meaningful comparisons among candidates. “With a very clear brief, we can decide how to attack the problem. It lets the best ideas win,” says Kraus. “But without a budget, you’re comparing apples and oranges.”

Gloria Dittus, chairman of Story Partners LLC, a strategic public affairs firm based in Washington, D.C., agrees that when it comes to RFPs, the more specificity and structure, the better. She notes there are clever ways to make sure the RFP is detailed without inhibiting a candidate’s creativity. A company might, for instance, spell out a budget, but then ask for additional recommendations and activities were more dollars to be allocated later. “That kind of question,” she says, “would allow a responding agency to demonstrate strategic creativity and an understanding of how to get a job accomplished in the best, most efficient way.”

George Nichols, senior vice president, office of governmental affairs, at New York Life Insurance Co., only hires consultants with sufficiently in-depth industry knowledge to help him shape strategy. He asks for a written analysis of the life insurance industry, covering everything from the marketplace to hot issues and trends. During the interview, he

quizzes candidates on their life insurance experience and on the answers provided in the RFP.

Robert Cresanti, executive vice president of government relations and public policy for the International Franchise Association, recommends including what he calls a “capture clause” in any RFP. “The capture clause at the end of the RFP basically says if you think we’re asking the wrong question here, answer this in a way that you think is best,” he explains. “That’s provided us the most useful feedback and has caused people to be hired.”

The RFP can also be a way to impress upon candidates a company or association’s stance on ethics. Within the RFP, Bosch’s Johnson requires firms to indicate whether they’ve had any ethics complaints, and he then does his own background research to make sure they’ve answered truthfully. “When ethics is right up front, it says this is a high priority,” he maintains.

### **Conducting an Effective Interview**

The interview provides the perfect opportunity to make critical judgments about expertise and experience. Although there’s no magic number, AT&T’s Hower says he strives to interview more than three or four candidates and fewer than eight or nine.

For Novozymes’ Bender, a telling interview question is: “How will you be able to define whether or not you’ve achieved success?” He continues: “We don’t want to bring someone on

with a soft sense of what needs to be done, who might secure a meeting and consider the work done. That's not success. Success is achieving a specific priority that we set out to achieve."

Roche's Ring steers clear of consultants who provide "too general" responses in an interview, and clearly haven't done their homework on the client's organization or its most pressing issues.

Asking about case studies and experience is critical, but some clients try to put the brakes on empty braggadocio. American Express' Stephen Lemson says he wants to know a candidate's experience with lobbying, good and bad. Losses, he says, can be just as telling when trying to figure out how a consultant operates.

Jason Price, author of *TheThirstyDogBlog.com*, where he writes about the consulting industry, published a brief guide to interviewing consultants in April 2015. He warns against hiring any candidate who needs to be the smartest person in the room. "A bit of ego and arrogance can be good in a leader; but too much will often lead to mutiny and sink the ship," he writes.

Peter Slone, senior vice president of corporate public affairs for McKesson Corp., points out that case studies are terrific, but clients need to ask tough questions to discern whether the consultant was really "a difference-maker in the outcome." Often, he says, companies and trade associations hire many consultants to engage in issue advocacy, sometimes

with redundant or ambiguous assignments, and each and every one takes credit. "Try to figure out who really got it done," says Slone. "Who devised the strategy? Who wore out the most shoe leather in the trenches, making the case? Who found the legislative champion in the room when the final deal was cut? Who was willing to fall on their sword for their client?"

More than anything else, the interview lets companies consider chemistry — and how consultants might interact with the internal team. Sebastian Gerlach, senior manager of external affairs at Microsoft Corp.'s EU office, says sometimes, "those consultants that appear weak during a pitch may be good consultants, but they're not able to sell themselves very well. A lot is an emotional gut feeling that tells you if you want to go for that consultancy."

Gerlach compares evaluating consultants to finding a doctor: "It's very much a personal relationship, and what really matters is the chemistry." He continues: "Consultants — especially large consultancies — have shiny PowerPoints, and they try to use their PowerPoints to show how great they are, but you never really know until they work for you."

The interview is a golden opportunity to gauge passion for the project. "One question that doesn't get asked often enough is: 'Why do you want our business? What makes us exciting to you as a client?'" says APCO's Kraus. "Clients want to hire someone who's as invested in the outcome as

they are. So why not ask that question?” Kraus is convinced that clients can tell when a consultant is sincere: “I think if the answers aren’t authentic, you’ll be able to sniff it out.”

Kraus remembers one client who asked to conduct the final interview in APCO’s offices, instead of its own, and to meet individually with each member of the team. Kraus praised this approach: “It was a good way for that client to learn more about the team and about our chemistry, rather than the formality of the pitch.”

Price offers a similar suggestion. He often takes candidates out of meeting rooms and into public settings — without announcing his plans ahead of time. Not only can he gauge how the candidate behaves socially, but he gets a different sense of what makes the person tick. “I can also see how they adapt to a change in expectations and the interview environment (both critical consulting traits),” he writes.

### **Building a Team**

One of the most common complaints when hiring consultants is that the “dream team” at the initial pitch often is not the team who eventually performs the day-to-day work.

Peterson puts it this way: “There’s a lot of bait and switch that goes on, especially when you deal with law firms or lobby shops with former members of Congress. They may bring a rainmaker and other top strategists to the initial meeting but then you never see those people again.” Peterson therefore

advises initiating a candid conversation at the pitch interview about who will do the actual work. If payment will be based on anything other than a retainer, he recommends asking not only which individuals will be on the project but also their billable rates.

Most companies are acutely concerned with gaining an honest portrayal of what a consultant is offering. “When I hear someone wants a boutique firm, what I hear is that the lobbyist who closes the deal is the one they want to do the work,” says Michael Behm of Stateside Associates. “They don’t want to go to a large firm and get lost with no personal attention, and they don’t want to be another name on a client list.”

Even consultants acknowledge that the team paraded out in the pitch might not be directly servicing the client. Susan Hirschmann of Williams & Jensen advises companies to ask consultants some tough questions at the initial pitch, including: “How will I interact with all of your team members on a regular basis?” She advises clients to then go around the room and individually ask each person sitting there: “What role would you see yourself playing in our activities? And how much time would you see yourself spending on our issues?”

Similarly, Mike Buttry, vice president for public affairs and communications at Capella Education Co., often assigns a consultant a discrete project for a relatively modest payment. “Before I hire you, let me get your advice on X. How would you think about this problem? Put them to work.” When Buttry

hired one firm recently, he says he “just started asking them questions and treated them like my consultants before I hired them.” The fact that the firm provided clear value and was also eager to work clinched the deal.

### **Ethics: A Non-Negotiable**

When interviewing prospects, “the ethical match is the priority,” says the American Beverage Association’s Kevin Keane. “You have to make sure the firm has a strong reputation in town and you’re going to be proud to say that they’re your consulting firm,” he says. “They also have to be proud to say that you’re their client. It has to work both ways.”

Philips’ Cantrell agrees: “Companies can’t align themselves with people with bad reputations. It bleeds onto your own reputation.”

Ensuring that any consultant hired is ethical begins with the first meeting. New York Life’s Nichols says, “At the interview, I explain our company’s values. And I expect [the candidate] to already have done the research and say: ‘We understand.’” Nichols emphasizes that he wants his internal and external teams to exceed stated corporate ethics codes and attend to appearances, as well, because “the optics of how things are accomplished” matter, too.

Erik Hower of AT&T spells out his company’s ethical stance and its belief in citizenship and sustainability practices at the initial meeting. He tells prospective consultants: “We see you as an extension of our team and our family. We expect that you’ll follow

our ethics and we hope that you, in your business practices, reflect our values relating to citizenship and sustainability practices.” He says this approach helps to ensure consultants are comfortable with AT&T’s principles.

Requiring contract lobbyists and other consultants to sign onto the same ethics codes as full-time employees is important, both domestically and internationally, maintains the Public Affairs Council’s Douglas Pinkham. “Even if you’re working in developing countries where they have different legal systems, the really smart global companies still maintain certain core principles,” he explains. “A small-budget consultant in a far-off land can cause a global scandal.”

### **Weighing the Cultural Fit**

When Hower selects consultants, one of his top criteria is teamwork. “Do you work well with us as a client? And do you work well with other consultants?” he asks. Since consultants may come from different generations or corporate cultures, promoting harmony isn’t always easy, says Hower. Because rivalries do flare up, he takes steps to emphasize teamwork and camaraderie “as part of the culture we expect.”

Beyond competition for plum assignments, consultants often have opposing party affiliations — another source of potential friction.

It’s hard to define what makes for a good cultural fit, which means public affairs executives often have to

rely on their gut instinct. Philips' Cantrell expresses it this way: "I usually don't hire people I don't like. If I get a bad vibe from someone, even if that person comes highly recommended, I'm hesitant. I think: 'How am I going to work with this person?'"

Hiring a firm the government relations lead likes and respects makes sense, but Story Partners' Dittus points out that it's not necessary for the company and consultant to come from the exact same cultures. In fact, she says, often what a company wants from a consultant is diverse views. As an example, she cites an oil company signing a consultant to make an environmental pitch: "In that case, a consultant with a different culture may be the winning combination, rather than finding a group of consultants that think and act just like you do."

Similarly, when hiring consultants for overseas advocacy, companies and associations are specifically searching for local knowledge and an altogether different set of sensitivities, says Gerlach. In this case, he says, "I'd need a consultancy that can advise me on cultural differences," adding that the finer points of how "things are done and not done elsewhere" can be invaluable.

Nichols actively seeks diversity of race, gender, and opinion in the consultants he hires. "Don't bring five white guys in to me — I don't want to see that," he says. Nichols, who is African-American, is also displeased when consultants invite a single African-American consultant who sits quietly through the

pitch, and when pressed, says that he specializes in working with the Congressional Black Caucus. "What I want you to do is show me the importance of presenting diversity by recruiting a woman or an African-American who knows members other than the Congressional Black Caucus," he says. "Then I'm pretty impressed."

Pinkham agrees on the importance of diversity: "If I were hiring a firm, I'd want to see a variety of people — a diversity of background, personalities, talents and approaches." What's more, he points out that the majority of Congressional staffers are 24- to 30-year-olds, and the Millennial generation is not only increasingly diverse, but has a progressive philosophy about inclusion. "If your lobbyists are all older guys with a traditional view of lobbying," he adds, "you probably won't be as effective as when you have representatives who are from a cross-section of society and who relate well to young people."

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## CASE STUDY

### **Bosch: Finding a Lobbyist Who Understands Engineers**

*For Norm Johnson, director of government and external affairs at Robert Bosch LLC, which mass produces leading technologies in home appliance and automotive supplies, finding a lobbying consultant that can adapt to and appreciate a company of engineers is a prime consideration.*

*"Some lobbying firms can talk politics all day, but that*

doesn't translate for a company of engineers," says Johnson. He often views his job as akin to that of a linguist: interpreting engineering concerns for lobbyists and then interpreting the political world for engineers.

*Layer on top the cultural differences that arise from operating in an organization with a German-based parent company, and the challenges multiply. Johnson takes a lighthearted approach to addressing these differences. "I have two cartoons," he says. "One shows a scientist, and that's how Germany and Europe tend to work. The people in Europe are technical experts. In the U.S., I show two kids fighting. That's how the U.S. is set up. It's checks and balances, but it's a conflict-based governing system."*

*"The cultural fit is important," he concludes. "Consultants have to be technologically savvy because Bosch is a technology company. But the most important thing is to have dialogue so there's mutual understanding."*

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## The Vetting Process

Making sure that a top-choice consulting candidate will succeed at your firm isn't always easy. American Express's Lemson points out that for financial institutions, the regulations surrounding engaging someone to act on a company's behalf with a government official are rigorous and must be thoroughly understood.

Just as there's an art to running an effective interview, there's an art to checking references.

The Association of Executive Search and Leadership Consultants defines a reference check as comments, oral or written, from current and past employers or colleagues concerning a candidate's strengths and weakness vis-à-vis the proposed position.

Michael McGarry, senior vice president of public affairs at Cruise Lines International Association, points out that he gets the most candid — and probably the most targeted — information from references rather than the pitch interview.

Chris Bender from Novozymes says he checks one reference that the consultant selects and one that the consultant has not named but he finds through word-of-mouth or published client lists. (As a courtesy, he checks with the consultant before making this type of call.) Bender emphasizes that conversations with people he's selected at random usually prove the most revealing.

Bosch's Johnson observes that his experience conducting opposition research in the political world has stood him in good stead for researching consultants. He references quarterly lobbying reports as background checks, and expressly delves into the timing of a consultant's experience, making sure that what's been mentioned at the interview is recent enough to be useful.

Reference checks are also an excellent way to make sure that the consultant being considered is ethical. Rusty Ring from Roche goes beyond doing Web searches of prospects and calls several

of the consultants' associates, and even sometimes legislators, to ask: "Off the record, can you tell me what's this firm's reputation? Are they good and do they ever skirt the edges of the ethics laws?" A nuanced perspective is difficult to discern from a pitch or initial interview, and so, says Ring, "you've got to pick up the phone and make personal calls."

During the vetting process, companies and associations typically discuss potential conflicts of interest, an issue that Ring feels has loomed larger in recent years. "I think companies are more particular about conflicts of interest and want to make sure they're not going to hire someone who's going to say, in the heat of battle: 'Oh, by the way, I can't help you on that particular issue because I have a conflict with another client.'" Ring finds that law firms, in particular, tend to "slice and dice a conflict so many different ways" that their representations are not always helpful. Ring has begun asking for lists of current conflicts, but beyond that, he poses the question: "If a conflict does arise, how will that conflict be resolved?"

Slone says that to avoid any ambiguity, he provides consultant candidates a list of companies/competitors that they cannot work for upfront. This way, he says, "the onus is on the consultants to contact us before they represent any other client interests that could potentially be a conflict." Slone also peruses any prospective consultants' client lists to know more about the company his consultants keep. "If you're going to represent a ruthless dictator, that's not a conflict, per se, but it

offends our ethical sensibilities," he explains.

Jeff Mascott, CEO at Adfero, a strategic communications firm based in Washington, D.C., notes that some clients may ask the consultant "to disclose whether they've ever worked for a specific industry in the past, and there's an explicit provision saying the consultant is prohibited from working with that industry." An example might be a medical association that will hire only consulting firms that don't work for the tobacco industry.

## Negotiating Fees

For the majority of companies and associations, retainers are the preferred way of structuring consulting payments. In numerous conversations with public affairs executives, almost no one expressed a fondness for billable hours, primarily because they fear meetings will be overstaffed with expensive consultants and they find budgeting simpler with retainers.

Although most retainers tend to cover a year or more, almost everyone agrees that a 30-day opt-out clause is prudent. Cresanti notes that political winds can shift and a consulting project might end abruptly. In other instances, funding disappears for coalition work, so a contract may need to be rewritten or even canceled.

Others find retainers problematic because the company or association is paying the consultant each month whether there's any work to be done or not. "With retainer relationships, clearly defined

expectations on deliverables and regular reviews are needed to avoid situations in which retainer invoicing is automatic but the ROI is not apparent to the client,” says McGarry. “A project-based relationship can often be better in that regard.”

AT&T’s Erik Hower tends to have consultants work on a retainer basis, but he sees the wisdom of

per-project payments, especially for organizations that don’t necessarily have enough issues to keep consultants consistently occupied. “If I were talking to someone at a company that didn’t have as many issues in front of them as AT&T, I’d definitely say a project fee might be the best way to go.”

### Sample Contract Language for a Consulting Relationship

Below is the language used by one major company in its contract with a state lobbyist and procurement consultant in Massachusetts.

#### General Scope of Work

1. Serve as liaison between THE COMPANY and the Legislature and several executive agencies, authorities and officials of the Commonwealth of Massachusetts and the municipalities therein.
2. Analyze and monitor legislation before the Massachusetts Legislature that may be of interest to THE COMPANY and, in consultation with its designated representative(s), take appropriate action in the best interest of THE COMPANY.
3. As may be required by THE COMPANY, advise and assist in the development and preparation of position papers, legislative testimony and other written material for presentation to legislators, legislative staff and executive agency and authority officials.
4. Seek to expand THE COMPANY’s presence in the Massachusetts market by identifying opportunities to introduce THE COMPANY to officials in state and municipal agencies that may be potential customers for THE COMPANY various technologies, products and services. Said agencies shall include, but not be limited to, the Executive Office of Energy and Environment, Executive Office of Health & Human Services, the Division of Capital Asset Management and Maintenance, the University of Massachusetts Building Authority, the Massachusetts Port Authority, the Massachusetts Department of Transportation and the Boston Housing Authority.

## Sample Contract Language for a Consulting Relationship *(continued)*

### Key Deliverables

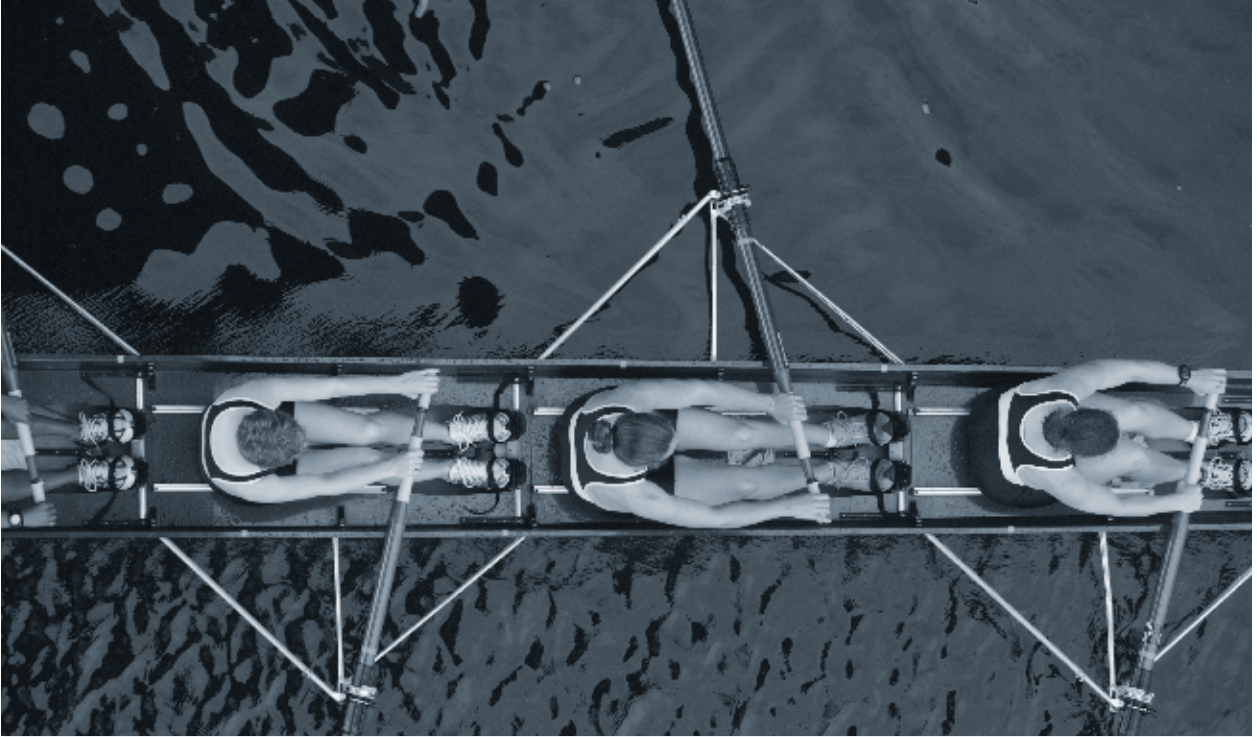
Deliverables	Date/ Frequency
1. Interact weekly with THE COMPANY's state government relations team, and provide proactive strategies and solutions to advance and achieve THE COMPANY's objectives.	Weekly
2. Telephone updates on THE COMPANY's issues to provide guidance and feedback on collateral materials used to support THE COMPANY's policy and procurement opportunities. Provide their professional opinion on the best political strategies for each policy and procurement matter	Weekly
3. Attend meetings and hearings with state officials as directed.	As They Occur
4. Spend five hours interacting with state officials on behalf of THE COMPANY and communicating and deriving follow-ups from those interactions.	Monthly
5. Provide THE COMPANY immediate communications on emerging or existing developments as they arise.	Daily
6. Work on 1-2/month ad hoc projects as they arise, which if designated as priorities by THE COMPANY'S state government relations team, take precedent over all other issues.	Monthly

## What's in a Lobbying Contract?

Here are some issues addressed in a typical lobbying contract or agreement.

- Start and end dates
- Scope of work
- Base fee
- Allowable expenses over the base fee
- Fees for additional services
- Payment schedule
- Conflicts of interest
- "Out" clause

*Source: Stateside Associates*



## PART THREE: HOW TO MANAGE CONSULTANTS

**T**he more thoroughly consultants understand one's business, the more helpful they will be. That piece of conventional wisdom is grasped — and acted on — by a host of seasoned companies that excel at managing consultants.

Capella's Mike Buttry, for instance, says, "Getting consultants up to speed takes time, energy, and effort. Sometimes I hear people ask: 'Why do I have to explain all this stuff?' Why? Because consultants have to understand the context around decisions, and you want them to be good at what you hired them to do."

### **Best Practices for Project Management**

There are many approaches to communicating with consultants. Some believe in regular, informal

contact. Buttry, for instance, favors "relentless emails" throughout the day, each usually quite brief, followed by "a biweekly state-of-the-world conversation." Prior to this phone call, which typically lasts around 30 minutes, he sends a written agenda to ensure that key topics are covered.

Kevin Keane, senior vice president of policy and public affairs for the American Beverage Association, also advocates constant communication. "If you have a consulting firm and you're not talking substantively very often," he says, "that's when you should start thinking whether you still need that firm, especially if you have them on retainer."

Pfizer takes a disciplined approach to communicating. Its legislative and regulatory team holds a one-hour, in-person meeting with all its

consultants on a weekly basis. The team uses the time to provide updates on emerging government relations priority issues and coordinate which consultants will reach out to specific offices.

Norm Johnson of Robert Bosch LLC also favors establishing a communications schedule. “Unless there’s a clear deliverable and accountability structure, consultants will not devote as much time as they should,” he says. Johnson has recently begun asking all consultants to write a one-page report with bullet points, describing what progress they made on a given issue each week.

When managing consulting relationships, the key to success might be leaving nothing to chance. Sandra Beaty, formerly of Zoetis, emphasizes the importance of expending enough internal management time on the relationship for it to run smoothly. Without that internal management, she points out that relationships will quickly go “awry.” A good best practice, she says, is an hour-long phone call with each consultant once a week. She recommends pasting all action items into a calendar and then following up on each and every one during the next call.

Naturally, the onus for communicating should not fall fully upon the client. Consultants also need to make efforts to stay in very regular touch. “For a consultant, the most important technologies are the telephone and the airplane,” says Robert Hoopes, president of VOX Global, a strategic communications firm. “I tell our consultants to talk to clients and go see them.”

McKesson’s Peter Slone consciously fosters a sense of mutual trust and collegiality among various consultants, encouraging them to work separately from time to time — without the company — on strategy and information exchange. He also recommends assigning each consultant a unique role so that they don’t vie for the same assignments. “When companies double up on roles,” he says, “there are tensions. Then the consultants expend way too much time and energy worrying about who’s on first.”

While communication is unquestionably central to a productive relationship, Slone points out that communication for its own sake can become a problem. “There’s nothing worse than someone managing consultants who convenes meetings for their own ego gratification, to have all these high-priced consultants around their conference table,” he says. “I don’t want infighting with the sharp elbows for the choice assignments and the credit. I want a much more collegial set of relationships between and among the consultants and our internal team. Sometimes excessive meetings or calls are a deterrent to getting the real work of advocacy done.”

### **Making Consultants Part of the Team**

While everyone agrees that including consultants in government relations team meetings makes good sense, successfully bringing them into the fold takes forethought and consideration. Some government relations leads send clippings and other news items to consultants, just as they do for full-time employees. Letting consultants know of product

launches and other internal announcements can also help foster a sense that consultants are part of the corporate family.

Jean Cantrell from Philips Electronics North America Corp. recalls that when she worked for another technology firm, the team would host a meeting for all contract lobbyists every 18 months. She knows of large companies that host similar gatherings, and finds this a highly effective strategy for companies with 10 or more contract lobbyists on board. Ideally, Cantrell recommends, the event would last for a day and a half and would incorporate social activities as part of a program that educates consultants on a new technology or some other development of keen interest.

Erik Hower of AT&T welcomes consultants on many of his company's public affairs retreats. "It's very important they're involved," he says. "I expect our consultants to make the company's objectives their No. 1 objective, the same as I would expect of an employee."

Integrating consultants within the team can be more daunting in large, highly matrixed companies simply because the internal employees work from several locations. Hower points out that from the first day, he wants a consulting firm to know who's in charge (specifically, who will be grading performance) and who the other key players are.

"At AT&T, there are a number of people instrumental in the success of that consultant," says Hower. "It's

our responsibility as the hiring company to not only define the expectations, but to tell consultants who their supervisors are and who the individuals are whom they should be working with and the specific things they should be working on." He notes that because AT&T has large lobbying, public affairs, regulatory and legal teams, figuring out whom to contact for any issue can be tough. Hower tries to provide as many explanatory documents and org charts as possible.

Adfero's Jeff Mascott notes that a road map explaining staff roles and accountabilities can be enormously helpful. At a recent kickoff meeting, he included an agenda item designed to help everyone understand the organizational structure of the client company. The client then spent 45 minutes in front of a whiteboard, explaining the reporting relationships and where various responsibilities were housed. "We got a sense of who 'Jim' is, for instance, and why when we had to run something by him, it was important," recalls Mascott.

## CASE STUDY

### **New York Life: Making Expectations Clear from Day One**

*For George Nichols, senior vice president of the office of governmental affairs at New York Life Insurance Co., being crystal clear about expectations is the best way to orchestrate a successful relationship.*

*Nichols hires outside consultants to advise on strategy. "If you want to add value to me, you should call and*

“If you’re a consultant,” George Nichols concludes, “and you can get me to say, ‘I like you,’ it’s because you’re doing a really good job.”

*tell me what my strategy should be,” he says. To help consultants achieve this goal, he invests a good deal of time and energy into educating them on his company and his priorities.*

*The types of insights Nichols values are specific to the life insurance industry and to his most vexing problems. Therefore, Nichols devotes a full day to educating new consultants to help the incoming team scale the learning curve quickly. “If you set that tone early on in a relationship, and they know that I’ve let firms go that weren’t providing value, firms want to work with you,” he says.*

*At the initial orientation, the company’s chief tax counsel lists critical issues and business line heads discuss the intricacies of life insurance and annuity products. Nichols believes that taking the time to make sure consultants meet with true company experts pays off.*

*After the full-day orientation, Nichols assigns each of his six internal government relations professionals responsibility for one or two contract lobbyists — and, among other things, staff are evaluated on how well they manage these relationships.*

*New York Life then meets with outside advisors every two weeks at sessions for which the consultants dictate the agenda. “If you really know my business, you ought to be telling me what I ought to be talking about,” says Nichols. “You can tell me we shouldn’t have a meeting. If you’ve proven to me that you’re really on top of things, there are times when there’s a lull and nothing is going on, and that’s all right.”*

*Each quarter, when the internal lobbyists gather, one order of business is evaluating external consultants’ performance. Nichols believes that having these discussions on a regular basis is critical. “I don’t want someone to be upset for three months and then let another three months go by,” he says. “You could be ruining a relationship that could be saved.”*

*In the end, Nichols’ “tough love” approach to consultant management means outside firms are positioned to deliver what he wants and score the types of victories that help them advance professionally.*

*“If you’re a consultant,” he concludes, “and you can get me to say, ‘I like you,’ it’s because you’re doing a really good job.”*

## Clients from Hell

As in all close relationships, each party may sometimes harbor secret grudges against the other. We asked consultants to share some off-the-record war stories about the most difficult types of clients they've encountered:

- **The Client Who Keeps Changing the Project:** If there is one type of client that makes consultants apoplectic, it's the client who does not know what he or she wants — and keeps issuing conflicting instructions.
- **The Client Who Doesn't Know Him or Herself:** "Sometimes clients ask us for our biggest, boldest ideas, when they'll never do the biggest, boldest thing," says one consultant. "We'd rather hear: 'This is our reality. This is the problem we want to solve. Help us solve it.'"
- **The Client with a Hidden Agenda:** "Sometimes, we're used as proxies to be a change agent in the company," says one consultant. "We're asked to do an audit, but they've already written the report for you."
- **The Non-Responsive Client:** A client might push hard for a meeting, and then say he or she isn't available once the meeting is arranged. "The client wants immediate action, but when asked for immediate response, they're not available to come in," one consultant says.
- **The Time-Wasting Client:** "It's annoying when we're invited on a weekly call, but the call becomes a waste of our time because it's not relevant to what we're doing," says one consultant.
- **The Client Who Doesn't Understand His or Her Company's Procurement Process:** One consultant has found that after agreement has been reached on scope and payment, some procurement departments will then argue for very different terms.

The best companies and associations realize that consulting relationships are a two-way street. Frank Ryan, director of state government affairs for the American College of Cardiology, puts it this way: "You've got to remember to be a good client, too. You can't expect consultants to be available every second. They don't work in the next office."

## How Do You Measure Results?

Last year, Northwestern Mutual's Vice President of Government Relations, Steve Radke, tried something new. He asked all consulting firms on retainer to devise their own action plans, and then be accountable at the end of the year for how successful they were implementing those plans.

Although Radke believes that such an idea should work in theory, it was difficult to implement. For him, creating a way to measure consultants without dreaming up "artificial ways of judging," such as counting meetings or phone calls, is a challenge he has yet to resolve.

Given the critical role that consultants play in government and public affairs, it's surprising that many companies have yet to develop metrics for evaluating consultants. In the FPA's 2014-2015 *State of Corporate Public Affairs* survey, only 35 percent of companies said they had a formal process for evaluating contract lobbyists and consultants. Of those that have such a process, the most common areas to measure are:

- Results achieved on priority issues;
- The consultant's overall effectiveness with key decision makers;
- Availability and responsiveness; and
- Credibility.

Those that do provide evaluations emphasize the importance of establishing performance indicators at the outset of the relationship. Ideally, says Michael

McGarry, senior vice president of public affairs at Cruise Lines International Association, metrics will be created collaboratively and finalized before the contract is even signed. "Going into the relationship, there should be a meeting of the minds in terms of expectations and what's achievable."

Scott Peterson, senior vice president of communications for the Nuclear Energy Institute, agrees. He works closely with a major public affairs firm, for instance, to spell out how many state trips will be made and how many new membership recruits have been brought on board during a given timeframe. Peterson says the metrics are revisited each year and then memorialized in the next contract. In this case, his consultant furnishes an annual memo specifying what metrics might be most appropriate.

When the International Franchise Association's Robert Cresanti worked for SAP, the German technology giant evaluated consultants on a scale from one to 10. The average score assigned to consultants could not average higher than seven, so if one consultant got a "10," that meant another would have to receive a lower score. "The process was non-scientific, but it worked," he says. Most important, he's found that an analytic tool like this one forces fruitful discussions.

Radke compares the challenge of establishing an evaluation process for consultants to proving the value of the government relations department to senior management. In many ways, measuring

“We want to have a dialogue throughout the process — not only on strategy but on our ability to effectively execute a plan,” Paddi LeShane says.

a consultant’s value is difficult precisely because measuring the intangible value of government relations and public affairs is difficult, too. When asked by a new CEO to find ways to demonstrate whether government relations had a good year or a great year, Radke began articulating a clear plan for his group, which he then used to evaluate how successfully he executed on that plan at year’s end.

Going forward, Radke would consider sharing his internal goal-setting with his consultants as a way to get everyone to consider constructive ways to contribute to the overall plan. Consultants might, for instance, ultimately be evaluated on how they advance the department’s mission.

In fact, consultants are keen to be evaluated. “We make sure that we’re getting feedback on a regular basis — right after something big happens,” says Paddi LeShane,

CEO at Sullivan & LeShane Inc., a government and public affairs consultant based in and specializing in Connecticut. “We want to have a dialogue throughout the process — not only on strategy but on our ability to effectively execute a plan.”

Evan Kraus, president and managing director of operations for APCO Worldwide, welcomes feedback, and he believes this feedback should arrive quarterly or semiannually. In a few instances, he says clients have asked his firm to provide feedback on them and to suggest possible improvements. “When that happens,” he says, “I think it’s fabulous.”

## PUBLIC AFFAIRS CONSULTANCY EVALUATION FORM

SCOPE OF WORK: (communications, grassroots, paid media, reputation management, etc.)

CAMPAIGN ISSUE/INDUSTRY TOPICS TO BE COVERED:

The following scale is used in this part of the evaluation form:

1= EXCEEDED EXPECTATIONS    2= MET EXPECTATIONS    3= DID NOT MEET EXPECTATIONS

### EFFECTIVENESS:

(circle one)

Was there a desired and demonstrable public or government response to the issue campaign? ..... 1 2 3

Did the communications outcome meet your expectation? ..... 1 2 3

If your goals were not met, does your current position for future action meet your expectation? ..... 1 2 3

### EFFORT:

Did the amount of time the public affairs firm spent on the organization's behalf meet your expectations? ..... 1 2 3

Did the level of importance the firm placed on the issue meet your expectations? ..... 1 2 3

Were expected metrics met regarding the placement of communications on paid or social media? (If applicable) ..... 1 2 3

Was the desired level of outreach attained via grassroots channels? (If applicable) ..... 1 2 3

### QUALITY:

Did the quality of the work by the firm meet your expectations? ..... 1 2 3

Did accuracy of the strategic advice given by the firm meet your expectations? ..... 1 2 3

Did the accuracy of the firm's assessment of the current issues facing your industry meet your expectations? ..... 1 2 3

Did the firm have an acceptable knowledge base or learned understanding of your industry's issue(s)? .. 1 2 3

### TIMELINESS:

Did the firm's management of the timing of the events meet your expectations? ..... 1 2 3

### COMMUNICATIONS:

Did the firm's responses to your inquiries meet your expectations? ..... 1 2 3

Were regular reports provided and did they meet your expectations? ..... 1 2 3

Did the firm's availability meet your expectations? ..... 1 2 3



## PART FOUR: MANAGEMENT TIPS FROM EXPERTS

**I**t's inevitable that companies will need to find effective ways to deal with consultants who fail to deliver the desired results. From coping with consultants who seem “stale” to renegotiating financial terms, keeping a strong consultant relationship alive can be a true challenge.

### Common Bumps in the Road

RELX Group's Vice President of Global Government Affairs Americas Steven Manzo has experienced problems when the lines of reporting for the consultant are vague. “People throughout the company see we have a consultant on retainer, and they begin to go ask him to do what they want done,” he says. “With four or five people going to the consultant independently, the consultant doesn't know: ‘Who am I really trying to please here? And which of these five projects is the priority?’”

To resolve this, Manzo now assigns one internal individual responsibility for managing each consultant retained and lets that individual establish priorities and timetables for the consultant. “If somebody within the company wants to use that consultant, instead of going directly to the consultant, the individual goes to whomever was assigned to manage that consultant,” he explains. “If consultants have five different masters, which way should they go?”

A problem that associations sometimes encounter is a consulting firm that tries to ingratiate itself with high-profile members. As one executive notes, the firm must see the association, which is signing off on the consultant's invoices, as the client, and not view the association as a “stepping stone” for business from member companies. A similar dynamic can

play out when working for corporate clients. “You don’t want the consultant going to your boss all the time,” the executive explains. “You start to feel cut off and marginalized.”

Bosch’s Norm Johnson oversaw a related situation: Internal and external lobbyists became so territorial that they were unwilling to cooperate. At one point, Johnson tried to co-locate his two internal lobbyists in Washington, D.C., with his external lobbying firm. The resulting tension, he says, “was not healthy for teamwork” and the consultants all began bypassing the internal employees and bringing problems directly to him. “Because there was so much tension, I ended up changing it so they all reported to me,” he recalls. The moral of the story? While “collegiality” remains the ideal, achieving that ideal isn’t always possible.

Jonathan Grella, executive vice president of public affairs at the U.S. Travel Association, suggests that public affairs executives stop and think about how they relate to internal and external people and whether they treat both groups equally. “Your staff is watching to see how you treat consultants versus them,” he says. “If they perceive that you think the consultants are smarter, or that you give employees the hard work and let the consultants bloviate, that’s a problem.”

In addition, many companies mentioned they sometimes feel consultants are constantly upselling, renegotiating for additional work and higher fees.

Some consultants over-service the account, spending too much time trying to drum up business rather than completing the activities the client set forth.

Worse still, says Grella, consultants sometimes pick tense or extremely busy moments to initiate a discussion of money. “If a consultant is raising the topic of the contract when there’s really important work to be done, it may feel like a power play and like they’re capitalizing on an opportunity,” he says.

Again, sibling-like tensions may rear their head, especially when money is concerned. “Not too long ago,” relates Grella, “I had a consultant say he’d gotten wind of the fact that we were paying another firm — one we’d been working with for years — more than we were paying him, and he said: ‘Usually, we’re the highest-paid consultant.’” Grella told the consultant that “you don’t point to someone else in the room and say, ‘I want to be paid on par with him,’ when you don’t know what the other agency brings to the table.” He believes candor was necessary when facing this problem: “I’m a big believer that you should try to mend it before you end it.”

A separate difficulty emerges when consultants get “stale,” losing that creative edge and fervor for the project they once possessed. APCO Worldwide’s Evan Kraus likens some situations to “a Stockholm syndrome with the client,” where consultant and company grow so close that new ideas are discouraged. In scenarios like these, he says, “Companies get frustrated and they tend to look outside instead of challenging those agencies

to bring in new resources and new ideas.” Kraus points out that a large, well-staffed consulting firm can easily supply fresh talent or take other steps to spur creativity, provided the company voices its reservations before the relationship has truly deteriorated.

### **Renegotiating Terms**

One government relations expert compares consultants to “managers in baseball — you hire them to fire them.”

Sometimes companies need to redefine a relationship, but when these changes mean cutting a consultant’s retainer, the conversation can be difficult. Sandra Beaty, formerly executive vice president of corporate affairs at Zoetis, says she once approached a consultant to say she was facing internal budget cuts and the issues they were working on no longer were top priorities. The consultant offered to have the retainer cut — and to continue doing the same work. “It was mind-boggling to me, and I was skeptical, but they were great,” she says.

Kevin Keane, senior vice president of policy and public affairs at the American Beverage Association, maintains that for consultants, being let go is almost inevitable because of the timeline of projects, budget limitations and the very nature of their line of work. “If you have to let them go, I like to look them in the eye and explain what’s going on and why. I like to be as straightforward as I can,” he says.

Especially when a problem has arisen, Keane emphasizes the importance of honest feedback. “Don’t let your budget be an excuse if you’re letting them go for poor performance. You owe it to yourself, as well as to them, to say: ‘We’re letting you go because you’re not meeting our needs,’” he says.

Philips’ Jean Cantrell points out that companies should come prepared for an array of reactions when they plan to dismiss a consulting firm: “People don’t always have an awareness when they’re not meeting your needs, and they’re taken aback when the shoe falls.”

Beaty agrees. She once cut a high-profile, international firm, and got repeated calls from the head of the New York office, asking what had happened. Beaty explained that the consultant didn’t return phone calls and had given inaccurate information. “I was upfront with him, and he appreciated it,” says Beaty. “He’s running a big multinational firm, and he doesn’t know where his problem spots are unless somebody tells him.”

Often, the most serious problems come not from the consultants one hires directly, but from those one inherits. Gregory Knopp, executive director, political affairs, for the American Council of Engineering Companies, faced a dilemma at a previous employer over a consultant who wasn’t performing but who had a strong personal relationship with a senior executive. “We needed to pull the plug,” says Knopp. His advice? “Be true to the goals of both the project and the organization and don’t let personalities sway you.”

“People don’t always have an awareness when they’re not meeting your needs, and they’re taken aback when the shoe falls,” says Jean Cantrell.

Severing inherited consulting relationships can be tricky, especially when the government affairs executive is the newcomer. Douglas Pinkham of the Public Affairs Council recommends trying to figure out why a given consultant is on the payroll and then making a thoughtful assessment. “It may take a year or two to judge someone’s performance and then make changes, but you shouldn’t feel the need to clean house unless you see obvious incompetence, a lack of responsiveness or potential ethics violations.”

### **The Right (and Wrong) Way to Hire Away a Consultant**

When it comes to the delicate issue of hiring away a consultant to work in house, companies and associations express a wide range of sentiments.

Anne Crews, vice president of public affairs for Mary Kay Inc., points out that “it’s a natural for outstanding individuals working with consulting firms or industry associations to get hired away by companies who are impressed with their talent.” She continues: “It’s a great reflection on the consultant’s business that respected companies want to hire their talent away. It means they’ve done a good job of nurturing this talent.”

Sebastian Gerlach, senior manager of external affairs in Microsoft’s EU office, underscores that the temptation to bring a consultant in-house can be great, especially in an age of inflated resumes and headhunters with hefty price tags. “When you buy a product, you can read consumer ratings magazines and you can test the product yourself, but with a consultant you can’t do that,” he says. “If you recruit a consultant that worked for you already, you’ve spent time together, and you know they deliver excellent work. It’s a great way of avoiding the hassle of hiring the wrong person.”

Having worked in the House of Representatives and as a contract lobbyist before joining Bosch, Johnson views the situation from multiple perspectives. “I like a mutual no-poach approach,” he says, “but I had the opportunity to bring our best outside lobbyist in-house. She approached me, and the situation was amiable.” In this instance, he says, Bosch was working with a lobbying firm within a law firm; because the law firm performed so much legal work for Bosch, its main concern was preserving the primary relationship.

AT&T’s Erik Hower, who was hired away from a consulting firm doing work for AT&T at the time,

“If there’s a right fit, there’s no better way to get to know a person than working alongside them for a number of years,” Erik Hower suggests.

acknowledges that he’s enticed people away from consulting firms during his in-house career: “If there’s a right fit, there’s no better way to get to know a person than working alongside them for a number of years,” he says. “Seeing a consultant in action has helped me make some very good and informed hires.”

That said, Hower rarely “poaches” talent out of respect for the consulting firm. When he has done so, he begins overtures with “an early and frank conversation with their boss.”

“I’m comfortable going to any of my firms, and saying: ‘I’d like to hire this person.’ And I think they’re very comfortable saying: ‘No way.’ Or, ‘That’s a good opportunity; take them if you’d like.’ And I’ve had both answers multiple times.” Twice in the past, Hower has been told “no way,” and he dropped the matter.

Contractual language can prove pivotal when trying to hire away a consultant. Beaty points out that consultants often write clauses in their contracts prohibiting poaching of talent. Of course, a company’s procurement department may strike

such clauses. “Once you mark it out, it’s kind of on the table,” she says.

Even if consulting firms generally dislike losing consultants to clients, as APCO’s Kraus says: “You really can’t stop it. No one is at our agency against their will.” On the other hand, he says that in-house employees at several clients have asked him whether APCO is hiring. “The moves can happen both ways,” he adds.

## CONCLUSION: BUILDING A SPIRIT OF PARTNERSHIP

Given the high stakes of public policy debates, the desire to manage budgets closely and the increased need for specialized talent, it becomes clear that companies and associations will rely more and more on outside consultants in the future.

Digital communications has received a great deal of attention in the consulting field simply because many clients don't possess the requisite expertise to succeed in this arena. "What's different now," says the Nuclear Energy Institute's Senior Vice President of Communications Scott Peterson, "is the pace of change being driven by digital communications. It's imperative that the consultants in the public affairs and government affairs worlds stay up to speed on what those changes are from a digital perspective."

Marc Scarduffa, vice president of U.S. government relations and public affairs for Pfizer Inc., agrees: "There's a whole social media element to lobbying now." If a legislator supports a bill you support, "you thank them on their Facebook page and in their Twitter feed."

Pinkham notes that digital communication is not only making consultants ever-more valuable for companies and associations; it's underscoring the importance that all hires — even outside consultants — reflect one's corporate values. "The Internet has made everything much

more transparent,” he says. “In the past, when something went wrong, you often had a chance to correct it before the story went into the news and public awareness. That’s not true anymore.”

Whether it’s for social media or more traditional government relations projects, clients that express the greatest satisfaction with their consultants almost always attend to the ethical and cultural aspects of their relationships — and they manage those relationships diligently and forthrightly.

“For a client and consultant relationship to work, you really need to work closely together,” says Michael McGarry of Cruise Lines International Association. “You’re going to get the best work out of your consultant if you include them as part of the family.”

An understanding of how important it is to foster a near-familial relationship is expressed not only by companies hiring consultants but also by the consultants themselves.

APCO’s Kraus puts it this way: “There should be a spirit of partnership and mutual respect that underpins all these relationships.” And Stateside Associates’ Michael Behm observes that those companies that are very good managers of contract professionals — setting clear goals and objectives for the engagement and then consistently monitoring and managing the relationship — achieve the greatest success over time.





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