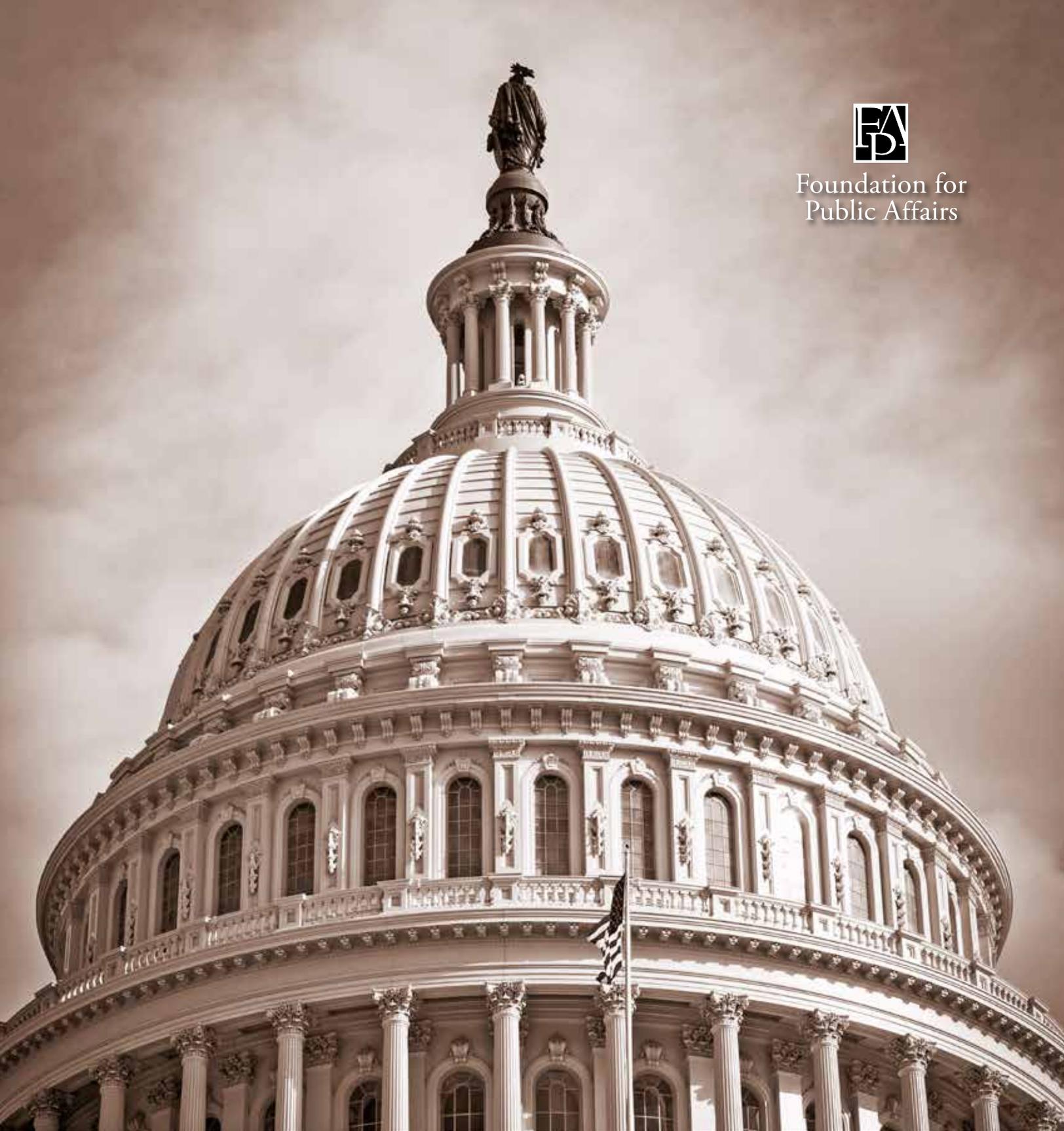




Foundation for  
Public Affairs



# **TAKING IT TO THE TOP:**

## **Engaging Corporate Leadership in Public Policy**



Foundation for  
Public Affairs

**Taking It to the Top**  
**Engaging Corporate Leadership in Public Policy**

by Elizabeth Judd  
Foundation for Public Affairs

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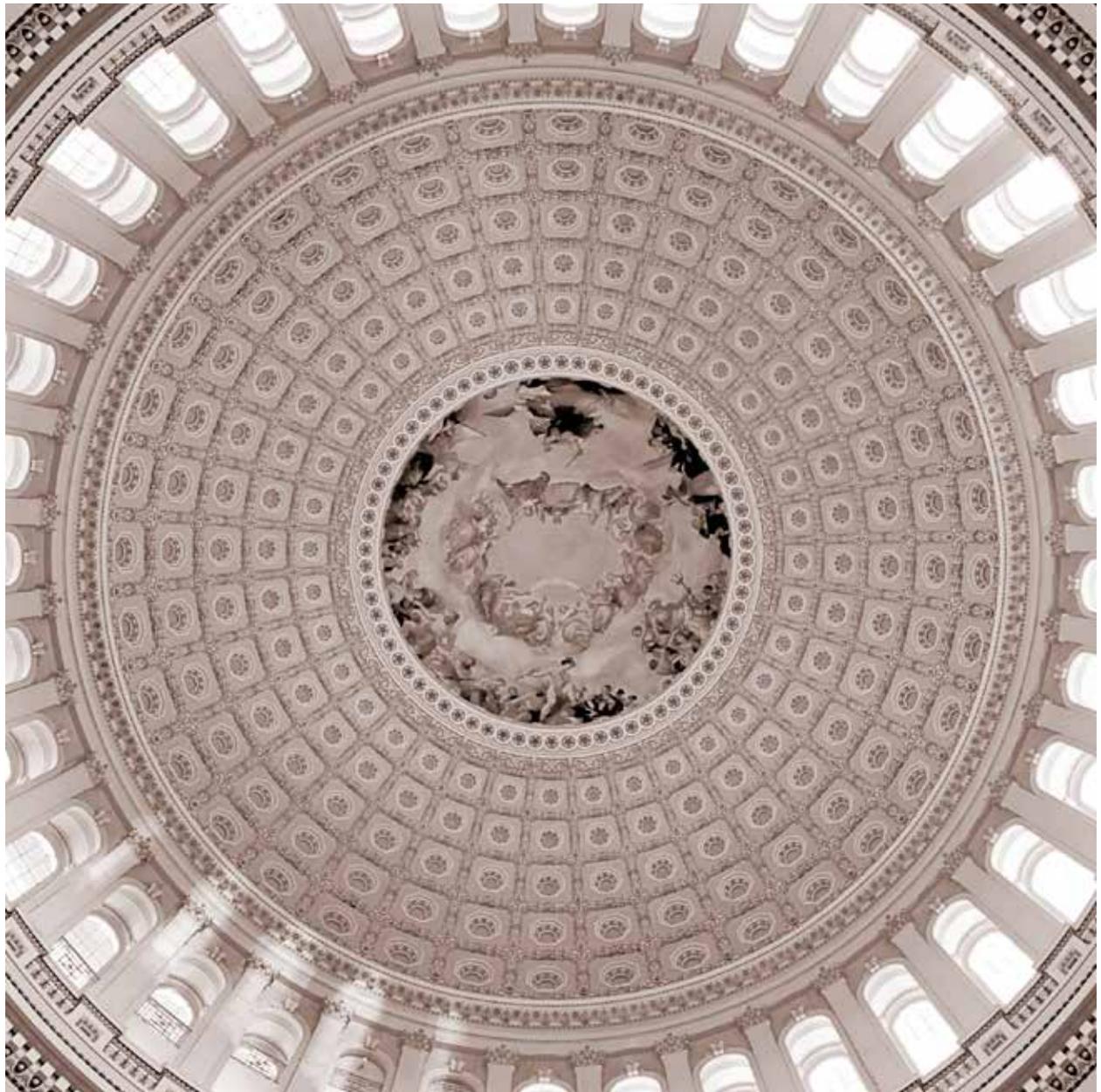
# TAKING IT TO THE TOP:

## Engaging Corporate Leadership in Public Policy

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# INTRODUCTION



**F**or top executives at Philips, the Dutch consumer electronics and medical device giant, sitting out public policy debates in the U.S. had become a deeply engrained practice. Over the years, the company had been reluctant to weigh in publicly on policy abroad because of its outsider status, says Mark Stephenson, head of brand, communications and digital for Philips North America.

The days spent on the sidelines ended abruptly in 2010, however, when the company learned of the medical device provision in The Affordable Care Act, which amounted to a 2.3 percent excise tax, recalls Stephenson. “If it’s an additional tax, it has to come as a cost somewhere else. And that may mean less resources going to research and innovation.”

So this time the C-suite got personally involved. “There are levels of visibility,” he notes. “You can register a concern, write letters to relevant committee members on the Hill, or you can push it bigger — into the committees or outside into the public space. We were engaged at all levels.”

Philips CEO Frans van Houten testified before Congress and connected with senior administration officials — and the company’s first foray into American policy engagement ultimately paid off. In December 2015 the medical-device excise tax was suspended for two years.

In government relations, most companies big and small agree that the gravitas and influence that a CEO, CFO or business head can bring to bear do make a tangible difference.

Chris Blunt, president of the investment groups at New York Life, is committed to public policy engagement out of a desire to “lead by example.” He says: “If you want your teams to participate throughout the process, it helps to have the leader participate. Our CEO [Ted Mathas] has set a great standard. He invests a fair amount of time and effort to [government engagement] and it translates throughout the company.”

During her nine years at Pfizer, Sally Susman, executive vice president, corporate affairs, and a member of the biopharmaceutical company’s executive leadership team, points out that the need for C-suite engagement has steadily grown because “external stakeholders, from patient groups to activists of any type, are more sophisticated.”

Because of this heightened sophistication, Susman notes that policymakers and advocates often want to meet directly with the C-suite for a “high-wattage meeting.” Whether it’s addressing patient groups, advocating for tax reform or assuming leadership of industry associations, Pfizer’s leaders actively engage in public policy debates and their efforts are supported by Pfizer’s chairman and CEO.

An engaged C-suite can be a powerful force for any company — and business leaders have come to realize the value of their involvement. In a 2016 McKinsey report titled *How to Reinvent the External-Affairs Function*, 57 percent of respondents that deemed themselves “successful” at external affairs said they were very effective at engaging their CEOs on the external-affairs agenda, versus 31 percent for companies more broadly. In addition, more than one-third of CEOs described external affairs as a top-three priority.

Similarly, in *The CEO Reputation Premium*, a 2015 research report in which 1,700 senior executives across 19 countries were interviewed, Weber Shandwick found that 81 percent of senior executives reported that external CEO engagement is now a mandate for building a company's reputation.

"Years ago, CEOs and those around them confused CEO visibility with CEO celebrity," says Leslie Gaines-Ross, Weber Shandwick's chief reputation strategist. "Today, it is not about CEO celebrity, but CEO credibility that can be built through multiple channels that adds value inside and outside the organization."

## The Charismatic CEO

The role a CEO should play in a corporation is hardly a fixed notion. Jack Welch may have been the paradigmatic imperial CEO, and his oversized personality helped define the identity of General Electric during his two-decade tenure. When Welch retired in 2001, a new paradigm emerged, and many companies looked to smart but not necessarily high-profile financial and operations executives as the exemplars for what CEOs should aspire to be.

"Now the pendulum seems to be swinging in a whole new direction," says Public Affairs Council President Doug Pinkham. "CEOs like Starbucks' Howard Schultz and Unilever's Paul Polman are not only engaged politically on core business issues, they are also outspoken on social issues. Their willingness to embrace bold positions is helping them build brands that appeal to many consumers and talented job seekers alike. When Facebook hired Sheryl Sandberg as COO, it was not in

spite of her tendency to be vocal on women's issues, it was almost certainly *because* she excelled at focusing attention on herself and her company by expressing strong and well-articulated opinions that were consistent with the company's world view."

Even for companies that don't have charismatic CEOs, there's a growing sense that public policy expertise and engagement are necessary ingredients for senior management success. Public affairs executives believe they can accomplish far more when the C-suite actively participates in shaping and promoting the public policy agenda.

In many leading companies, CEOs regularly meet with policymakers in Washington, D.C., or in district offices, seek trade association leadership positions, join the Business Roundtable and the U.S. Chamber of Commerce, provide testimony and endorse their companies' advocacy efforts when speaking with employees. "What matters," says Pinkham, "is that the C-suite talks about the importance of the government affairs function and looks for ways to be involved.

"Most Americans are cynical about politics, so I think it's safe to assume that a lot of people in business are cynical about politics, too. You don't want to support that stereotype," says Pinkham. "You want to make sure your top executives realize there are strategic, logical and ethical reasons why you want to be engaged in public policy. And if you position the role that way, your company's leaders are far more likely to get on board."

SECTION ONE

# **WHEN TO GET THE C-SUITE INVOLVED**



**J**amie Dimon, CEO of JPMorgan Chase, once famously told *The New York Times* that government relations was his bank’s “seventh line of business.” While some CEOs may “get” the importance of the function without much persuasion, others need the business case to be explicitly spelled out for them.

C-suite involvement is a way to shine a spotlight on a particular initiative and secure a critical meeting with a high-ranking legislator or regulator. Beyond that, though, having top executives engage with government helps policymakers better acquaint themselves with a company and understand the expertise it can provide. Members of Congress or governors often call on CEOs whom they’ve previously met for feedback on policies that might affect local jobs or economic growth. To become a trusted advisor “starts with a willingness to engage government at all levels,” says Pinkham.

## Leveraging the Stature of the CEO

Greg Crist, senior vice president and head of public affairs at the American Health Care Association (AHCA), believes political involvement is a necessary ingredient for making a CEO truly successful. “If public policy engagement wasn’t part of a CEO’s portfolio 30 years ago, it certainly is today,” says Crist. “A lot of times the CEO comes in and affirms the message, or is the closer. When you have the CEO there, everyone knows that’s the final authority and the final word.”

Ellie Nieves, vice president and counsel, government affairs, at Guardian, a mutual insurance company based in New York, notes that in politics, particularly at the federal level, there is a natural pecking order. “When a member of a government affairs team requests a meeting, we will typically meet with a staffer. But, when a CEO is involved, an elected official will personally take the meeting.”

Tracy Rich, executive vice president and general counsel at Guardian, offers a similar view. He notes that because government affairs, legal and compliance all report to him, it is imperative that he take an active role in public policy and encourage his peers in the C-suite to do the same. “When a CEO and other members of the C-suite engage in public policy, it communicates the importance of an issue and it encourages policymakers to personally engage in a dialogue,” he says.

Another key role for senior executives is articulating the company’s public policy views at government and NGO conferences and at universities. Julia Panzer, acting head of public affairs and sustainability for Danfoss, a Danish engineering company, says the stature of the C-suite is particularly important when it comes to speaking engagements. “Often,” she says, “I could be on a panel and drive the messages home in an efficient way because I work with these issues all the time. It’s the outside organizations that request a business leader of a certain level, usually the CEO.”

Pinkham agrees that a lofty title can be a lure, but more important, policymakers are drawn to meeting with a business unit leader or the CEO because that individu-



It's imperative that we educate the new administration," says Mary Kay's Lynda Rose. "We don't only go to government officials when we have a problem. We go to share with them the wonderful impacts of our industry."

al represents jobs in a district or state. A CEO responsible for 10,000 jobs is automatically taken seriously and treated as an important stakeholder. "If you're the government affairs person, yes, you can talk about potential job losses or gains, or the economic impact of your philanthropy, but the CEO is going to have more impact — and there's real value to that," he says.

## CASE STUDY

### Engaging Senior Execs When Change Is Afoot: Mary Kay

Lynda Rose, general manager of Mary Kay's Canadian operations, knows that senior business executives have an even larger role when major political change is occurring. In Canada, Rose has devoted more time to government relations because a Liberal government took power under Prime Minister Justin Trudeau in November 2015. At the same time there was a changing of the leadership guard at the Direct Sellers Association (DSA) of Canada.

For Rose, transitions represent an opportunity to tell her company's story afresh. "More times than not, the government official is not educated on direct selling or the impact that it has on his or her voting base," she says. "I'm able to share the story of 36,000 consultants in Canada, or personal stories about the woman who started [selling Mary Kay cosmetics] part time and is now driving a pink Cadillac."

To illustrate the power of forging relationships with government officials, Rose notes that in 2015 she was introduced to Dr. Kellie Leitch, minister of status of women in the Conservative government. Leitch invited Rose to sit on the Canadian government's Advisory Council on Women

*Entrepreneurs and Business Leaders. Through her relationships on the council and other outreach, Rose was able to forge a deal with the Bank of Montreal to assist independent contractor beauty consultants in securing funding to start businesses. By September 2016, 15 percent of new Mary Kay recruits were turning to Bank of Montreal for the necessary support to launch their businesses.*

"By opening that door a little bit, it offered greater benefits to our consultants," says Rose.

With a Liberal government now in power, Rose is once again setting aside many hours to meet members of Parliament and tell Mary Kay's story. "It's imperative that we educate the new administration," says Rose. "We don't only go to government officials when we have a problem. We go to share with them the wonderful impacts of our industry."

Rose notes that the Conservative government in Canada was highly centralized, while the new government is far more decentralized. This change alone elevates the role of senior executives. "It becomes more imperative that as a member of the C-suite, the voice of Mary Kay is being heard," she says. In the decentralized model, she calculates that it may take 20 meetings to accomplish what two would have done in the past — so she is redoubling her efforts.

Recently, Rose met with a member of Parliament to express concerns over the American duty-exemption limit, also known as the "de minimis threshold bill." While today Canadian purchases from the U.S. valued at less than \$20 are not taxed and carry no duties, this bill would raise that \$20 figure to anywhere from \$80 to \$200. "When you're dealing with cosmetics products, many of the average sales our consultants make would be under \$100," explains Rose, "so this rule could allow a consumer to start purchasing

*from someone in the U.S. versus a Canadian independent beauty consultant. This law can directly impact the earning power of our Canadian consultants.”*

*When meeting with government officials, Rose explores how a higher de minimis threshold would affect the 750,000 Canadians who participate in direct selling. If these sellers’ customers began purchasing from the U.S., “that’s lost revenue for the Canadian government, too,” she says, “and many members of Parliament honestly haven’t thought about that.”*

*Long-term political relationships based on mutual trust often give an executive a seat at the policy table, says Rose.*

*“It’s important to meet with all of these people because you never know when your paths will cross again.”*

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## Expertise and Industry Considerations

For Adam Jedrzejczak, Danfoss’ president for Eastern Europe, the best analogy for the critical role he plays in creating new business opportunities is “a trampoline” because smart ideas can be a springboard for success. “Government affairs,” he explains, “is a trampoline to use existing practices and solutions in the market to create an understanding of global warming and the need to decrease CO<sub>2</sub> emissions.”

With many Eastern European cities facing regulatory mandates to cut CO<sub>2</sub> emissions, Danfoss is serving as an expert, advising on potential technological solutions. In Poland, for instance, building owners are undergoing mandatory energy efficiency audits to help

them decrease energy consumption. Because Danfoss was involved in public consultations on proposed regulations, the company can help building owners with these audit exercises.

Jedrzejczak notes that the Danish embassy in Poland, where he is based, has introduced Danfoss to city council members and mayors in several cities who are working to understand the “total cost of ownership” of buildings. Calculating the total costs into the future means considering the effects when new efficiency measures are employed. Additionally, by cooperating with the United Nations Environment Program, Danfoss is working with Banja Luka in Bosnia-Herzegovina, Belgrade in Serbia, Warsaw in Poland, Kiev in Ukraine, Riga in Latvia and Tallinn in Estonia.

Serving as an expert is important for Danfoss, Jedrzejczak says, because the company’s thought leadership may someday translate into future sales.

How top executives use their technical knowledge to further policy goals can differ by industry. Anthony Bawidamann, director of government affairs and advocacy at Bristol-Myers Squibb, points out that because of the complexity of pharmaceutical products, he needs “folks with the right expertise” to make a convincing case to regulators and politicians. In addition, the Food and Drug Administration imposes restrictions on which individuals can discuss a given topic. “My CEO is a doctor so there are issues he can talk about that I can’t,” says Bawidamann. “I can’t speak about drugs, but he can because he’s been trained in these issues.”

Technical proficiency is one critical reason the C-suite may participate more actively in public policy at some

companies. Another is the degree of regulation within an industry. In heavily regulated industries, top executives fully understand the importance of meeting with governing bodies that oversee their businesses in order to protect their license to operate.

George Nichols, senior vice president in charge of the office of government affairs at New York Life, notes that “legislative and regulatory issues” are the second among the top five risks his mutual life insurance company faces. “When you’re in a regulated industry, this can make or break your business.” According to Nichols, “It’s not difficult for us to get our CEO or president or the heads of our business units to D.C.”

New York Life’s Blunt agrees, noting that the ethos of an organization makes a huge difference. “We’re a heavily regulated business and there’s been a culture that executives take part in government affairs and help educate [policymakers],” he says.

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impact can take the form of mitigating risk or paving the way for new business opportunities.

Bawidamann puts it this way: “If it’s a high-impact issue and we think the C-suite can move the needle, then we engage them.” To assess potential impact, he notes, government affairs professionals should think beyond today and evaluate likely importance for the future, too.

Pinkham suggests that conversations about impact should be couched in the business terms that CEOs,

CFOs and COOs regularly employ. “When you talk to top executives, you’ve got to use their language,” says Pinkham. “You’ve got to talk about ‘risk mitigation’ and ‘market opportunities’ and ‘measuring return on investment.’ That’s better than getting lost in the details of legislation.”

The strategy of making a case for the ROI of a given public policy initiative can be extended to justify why the investment of *having* a government affairs function is worth protecting.

## Which Issues Merit C-Suite Involvement?

Obviously, it makes the most sense to involve the C-suite in issues in which the outcome stands to have a major impact on a company’s bottom line. This im-

Jay Rosenblum, senior vice president and chief human relations officer at Guardian, makes a pragmatic argument for C-suite involvement. Once a company has made a decision to invest in a government affairs function, he says that “you should then be committed to the success of that function, and in order to succeed, C-suite engagement is critical.”

“I’d argue if you want to get a return on your investment in the government affairs function,” he adds, “you need the C-suite to be engaged.”

CEOs have come to recognize that their involvement has a direct and meaningful impact on a company’s bottom line. In McKinsey’s *Connect: How Companies Succeed by Engaging Radically with Society*, Robin Nuttall suggests that engagement with stakeholders is worth about 2 percent annually in terms of superior stock market performance.

In the McKinsey report, John Browne, chairman of L1 Energy and former CEO of BP, addresses the risks of not engaging and thereby eroding goodwill. Browne notes that in his analysis, failing to engage can put approximately 30 percent of the value in any company at risk. “That is an extraordinary amount of value. It needs to be protected,” he says.

Another important argument for engagement is the growing sentiment that CEOs should step forward and take principled stances. In a Weber Shandwick report, *The Dawn of CEO Activism*, 38 percent of Americans said they believe CEOs have a responsibility to speak out on hotly debated issues. Those CEOs who do speak out are viewed more favorably by 31 percent of respondents versus 22 percent who view outspoken CEOs less favorably. However, when the issues are not directly linked to the business, the reverse has been shown to be true; 32 percent then view the CEO less favorably for speaking out, versus 20 percent who view the CEO in a more favorable light.

Of course, convincing the C-suite to engage with government officials often hinges on communicating effectively the benefits of their involvement. Courtney Geduldig, executive vice president for public affairs at S&P Global, warns against providing esoteric arguments when making the case for a top executive to play a public policy role.

“The key to getting the C-suite engaged is distilling the issue down to impact to the company and really coming up with high-level bullets about why it matters,” contends Geduldig. “If it’s a shareholder issue that Congress is getting involved in that is going to impact one of our regulated businesses, then we need to take it up to the 50,000-foot level and address how it impacts our business.”

## Persuading a Reluctant CEO

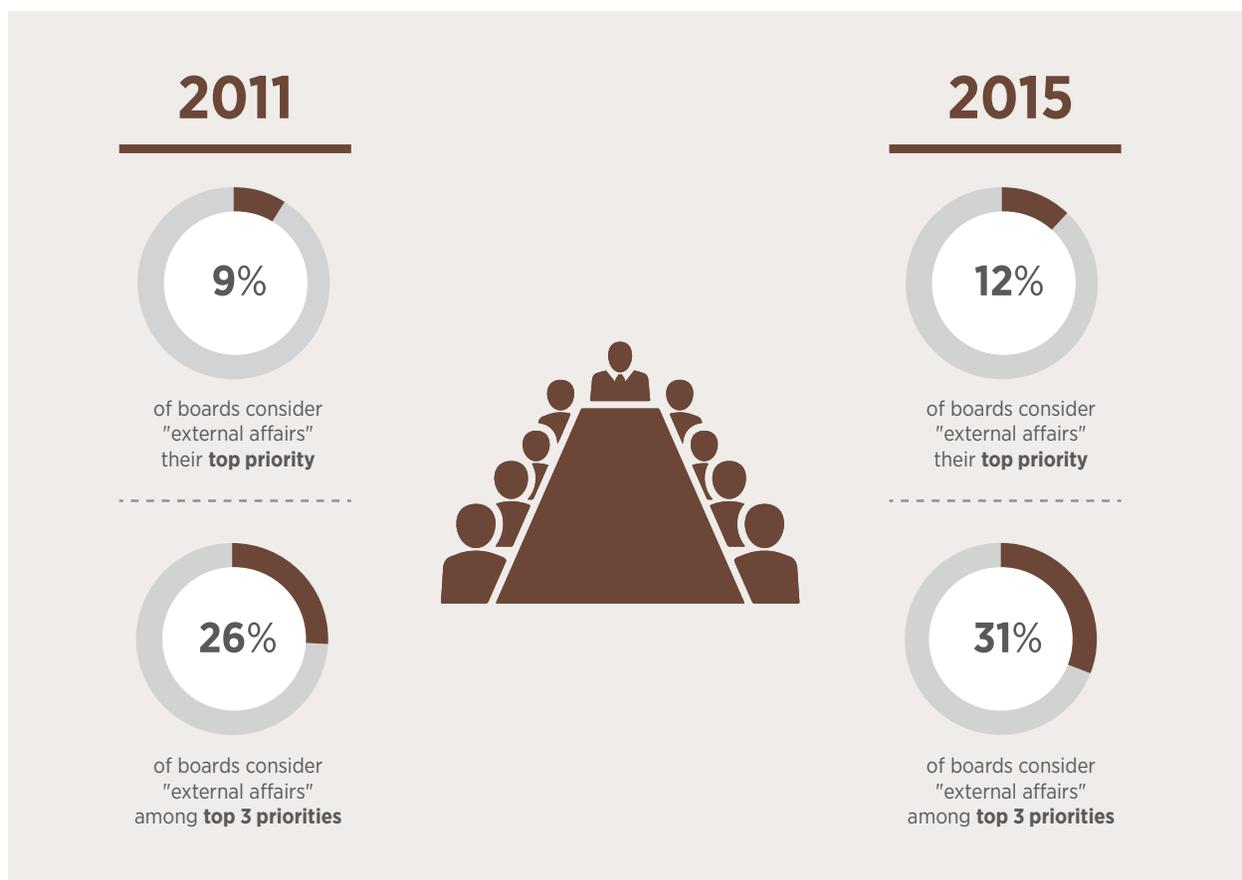
When senior executives are wary of stepping up to the plate, it always helps to be selective. Instead of bombarding an individual with options, the government relations professional ought to pick just one important initiative and then argue why this particular issue needs top-level support.

It also helps when the issue or function is strategically important to the board. Guardian’s Nieves notes that her company’s top executives have historically been quite active but are expanding their public policy roles because the company’s board signaled this as a priority. “Our board recognizes the external pressures that companies in our industry face as we seek to ful-

fill our obligations to our customers. Some of the biggest uncertainty that we face is in the legislative and regulatory arena at both the state and federal levels," she explains.

Guardian's board is not alone. In McKinsey's study *How to Reinvent the External-Affairs Function*, 12 percent of boards in 2015 listed "external affairs" as their top priority and 31 percent listed it among their

Results from the McKinsey study *How to Reinvent the External-Affairs Function* show the growth of external affairs as a top priority for boards from 2011 to 2015.





You want to make sure your top executives realize there are strategic, logical and ethical reasons why you want to be engaged in public policy”  
— Public Affairs Council President Doug Pinkham

top three priorities, compared with 9 percent and 26 percent, respectively, in 2011. In other words, board interest is growing and this heightened interest can serve as a powerful motivator for senior management involvement.

Other companies persuade reluctant executives by spotlighting the active engagement of their peers. Take AHCA’s Crist, who notes that in Washington you don’t want to be regarded as a “slow adopter” of best practices. “This town is full of people who want to present themselves as thought leaders,” he says. “To be on the vanguard or to be an industry leader, you need to be attuned to public policy.”

The Public Affairs Council’s Pinkham agrees: “The best way to convince CEOs to be involved is to let them know that if they’re not involved, they’re outliers.” Examples in this report and elsewhere show that “it’s much more common than not for top executives to play a key role in public policy advocacy,” he says.

But Pinkham warns it can actually be detrimental if top executives get involved grudgingly. “When this happens,” he says, “you need to say very delicately, ‘If you’re not going to do this with a full heart and some real commitment, it’s better not to do it at all.’”

He maintains that government relations should clearly paint a picture of why the CEO’s involvement is imperative by saying: “We really need your commitment and time. We appreciate it and it’s very important.” Humoring an executive by emphasizing how few meetings are scheduled before he or she can return home — or sympathizing with his or her dislike for

politicians — “feeds the cynicism that some CEOs already feel about Washington.”

## Engaging Through Associations

Although many government affairs professionals would thrill to see impassioned company leaders walking with them through the halls of Congress, that’s not the only way for the C-suite to play a significant role. In fact, at many leading companies, executives get involved through more indirect means.

At Guardian, asking the CEO, CFO or general counsel to engage in policy decision-making through trade associations has proven to be an effective strategy. For instance, CEO Deanna Mulligan served as chairman of the American Council of Life Insurers in 2016 after spending a year as chairman-elect. Holding these types of positions can extend an executive’s influence in the public policy realm.

Nieves notes, however, that public policy engagement through an association has its own challenges because the interests of members can be quite diverse.

“In the course of our everyday government affairs work, we’re concerned about how an issue impacts our company,” says Nieves. “But when you’re in a leadership role of a trade association, it’s important to understand how an issue impacts the industry as a whole.”

Engaging through associations, she argues, “takes a lot more time, a lot more energy, and a lot greater



When you're in a leadership role of a trade association, it's important to understand how an issue impacts the industry as a whole."

— Guardian's Ellie Nieves

need to engage with our peers on a continual basis in order to achieve consensus." Fortunately, though, the rewards are considerable.

Guardian's Rosenblum agrees: "If my CEO or I take a lead position in my trade association, I can help dictate what the association is going to say. And if the association says what I'd otherwise have said, I've just amplified my voice exponentially."

Association events also represent a prime opportunity for meetings with high-ranking officials. Marc Scarduffa, vice president, government relations and public affairs, at Pfizer, notes that CEO Ian Read sits on the Pharmaceutical Research and Manufacturers of America board and that he and other executives "will build in time around association meetings when they're in D.C. to talk with key members of Congress and administration officials to discuss our public policy opportunities."

Opportunities also exist to schedule meetings with other key stakeholders in Washington. Scarduffa explains, for instance, that the head of the vaccine business may meet with vaccine advocates and the leader of the oncology business might schedule time with breast or colon cancer patient advocates. "Association meetings can be a very good chance to educate and engage with [other] stakeholders."

Scarduffa says a dedicated government relations team member always staffs and supports any company executive engaged in public policy efforts. "Government relations works with a cross-functional team across the organization to pull together the briefing

materials," he says. "When there's Hill engagement, the legislative lead for that party and chamber is responsible for preparing the briefing materials and the message points." In addition to a written brief, there's typically a conference call or in-person briefing beforehand "so the executive is fully prepared before going in," he says.

One key reason that government relations should fully support senior executives in policy engagement is that these meetings should always be as easy to prepare for as possible.

## Engaging out of the Spotlight

Not all CEOs, CFOs or business unit heads are temperamentally or even ideologically suited to engage with politicians and regulators. When a top executive is the wrong person for the role, government relations may decide to take a different tack. AHCA's Crist says: "I tell CEOs, 'Sometimes you're not the best spokesperson. Yes, it matters to have those three letters after your name, but if you're a technocrat CEO, communicating may be a challenge.'"

Pinkham points out that nothing is gained when government affairs recruits an ill-prepared or unwilling executive to carry the company's message. "If you're really going to have your top executive get into the weeds with public policymakers, you have to send them prepared, otherwise you'll hurt them and yourself." In some instances, he says, company leaders are

simply too busy to devote the time necessary for success. “If they don’t have the bandwidth to know the subject really well, maybe you’re better off working with another executive who *has* the bandwidth to be conversant in the issue.”

Other important venues for an executive interested in getting his or her ideas across are national or state task forces and commissions. Meanwhile, some executives wield influence by serving on the board of the Business Roundtable, the U.S. Chamber of Commerce or the National Association of Manufacturers.

Kristen Morris, chief government and community relations officer at Cleveland Clinic, says she finds asking her top executives to testify before Congress is not always the most effective strategy. Instead, she favors more personal forms of advocacy, such as one-on-one meetings with members behind the scenes, or even having top executives show up when an elected official is in town. “I frankly prefer to have the C-suite be the host to policymakers when they’re visiting us rather than our going and visiting them,” she says. “Very rarely do I bring them to Capitol Hill to do the rounds.”

SECTION TWO

**CEO ENGAGEMENT THAT TURNED  
INTO INDUSTRY LEADERSHIP**



**S**ome CEOs are redefining the chief executive role in public policy engagement by being outspoken on hot-button issues. Think Tim Cook at Apple and his stance on LGBT issues, Facebook founder Mark Zuckerberg and his creation of Fwd.us to promote immigration reform, and Richard Branson, founder of Virgin Atlantic Airways, who created the Carbon War Room in 2009 and has campaigned against the death penalty and wildlife poaching and trafficking.

In *Taking a Stand: How Corporations Speak Out on Social Issues*, the Public Affairs Council surveyed 92 businesses and found that 60 percent of respondents had experienced pressure over the past three years to get involved in social issues; moreover, 74 percent expect that pressure to grow in the near-term.

The Council found that the majority of companies surveyed have responded in some way to calls to social activism. Fifty-nine percent said that they were involved in recent efforts to end discrimination based on sexual orientation, while others took stands on discrimination by gender (54 percent) and by gender identity (52 percent).

That said, the public may not fully recognize these efforts. In its 2016 *Public Affairs Pulse survey*, the Council found that roughly half of Americans believe corporate action on discrimination issues has made no difference at all.

A tendency to discount CEO activism exists even when corporate advocacy is widely reported by the media. Several hundred chief executives and business leaders — including Bank of America CEO Brian

Moynihan, Cisco Systems CEO Chuck Robbins and Salesforce.com CEO Marc Benioff — signed a letter to North Carolina Gov. Pat McCrory calling North Carolina House Bill 2 (the infamous bathroom law) “discriminatory legislation.” Even so, 46 percent of Americans in the Council’s Pulse survey said that business efforts to reduce gender identity discrimination have had no impact.

Roughly the same percentage said major companies have made no difference in efforts to reduce discrimination by race, gender, sexual orientation or disability. Even more people said business has made no difference in reducing discrimination by religion (59 percent) or age (53 percent).



Source: 2016 *Public Affairs Pulse survey*

A CEO who espouses an opinion on societal issues may have his or her actions ignored, but worse still, he or she risks alienating stakeholders. In 2012 Chick-fil-A CEO Dan Cathy took a stance against same-sex marriage. In a 2014 article in *The Atlanta Journal-Con-*

stitution, he said that he hadn't changed his views but that he would no longer be weighing in on controversial issues. "Consumers want to do business with brands that they can interface with," he said. "And it's probably very wise from our standpoint to make sure that we present our brand in a compelling way that the consumer can relate to."

Many executives fear they lack the know-how for managing external issues. In McKinsey's *Connect: How Companies Succeed by Engaging Radically with Society*, Robin Nuttall found that only 21 percent of CEOs feel their organization has the ability to engage stakeholders effectively.

The challenge, Nuttall says, is "upgrading that whole skill set" for upper management. One solution she suggests is cycling the "top 20 percent talent" through a company's corporate-affairs and regulatory and government-affairs departments. Were more future C-suite executives to have hands-on government relations experience, they might then be better equipped to engage in public policy issues once they finally secure a corner office.

Although few CEOs are weighing in publicly on social issues, many more are making their opinions known on tax reform, trade regulations and other policy matters.

Although few CEOs are weighing in publicly on social issues, many more are making their opinions known on tax reform, trade regulations and other policy matters.

Pfizer CEO Ian Read, for instance, has been an impassioned proponent of comprehensive tax reform, arguing in op-ed pieces that the U.S. tax code puts American companies at a disadvantage in the global marketplace. In an April 16, 2016, op-ed in *The Wall Street Journal*, Read discussed his company's efforts to work with Congress to make the tax system fairer. He argued that for foreign companies with research labs in Cambridge, Mass., where Pfizer also has a

facility, it is "often as much as 25 to 30 percent cheaper than every dollar we put into research and jobs" because of what he describes as the United States' "broken tax system."

Meanwhile, Doug Oberhelman, CEO of Caterpillar Inc., called for tax reform in his first public comments as chairman of the Business Roundtable. In the *Peoria Journal Star* on Feb. 17, 2016, Oberhelman said: "I don't think you can take [comprehensive tax reform] piecemeal. You've got to have revenue on the table, lower tax rates and simplification."

In the same speech, Oberhelman confirmed he would not shy away from controversial issues when he called for passage of the Trans-Pacific Partnership trade agreement.



Gas South’s decision to pay all employees what we feel is a fair and living wage will in no way impact the rates we charge customers. We see this as a positive investment in our employees and also our customers.”  
— CEO Kevin Greiner

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## CASE STUDY

### Raising the Minimum Wage: A Hot-Button Issue that Some CEOs Have Publicly Embraced

*In September 2016, Gas South in Atlanta raised its corporate minimum wage to \$15 an hour, more than twice the federal minimum wage of \$7.25. CEO Kevin Greiner issued this statement: “Gas South’s decision to pay all employees what we feel is a fair and living wage will in no way impact the rates we charge customers. We see this as a positive investment in our employees and also our customers, and we expect the wage increase to reduce our costs because it will lead to higher retention and more motivated employees.”*

*Meanwhile, in February 2016, Costco CEO Craig Jelinek increased his company’s minimum wage to \$13 an hour. Jelinek has publicly supported minimum wage hikes, according to a March 15, 2016, article in CEO.com.*

*Perhaps no company made quite the media splash that Wal-Mart did when CEO Doug McMillon announced that the nation’s largest private employer would be paying its workers at least \$10 an hour in February 2016.*

*“We just decided this is a really good moment to be more bold,” McMillon told CNBC on Feb. 19, 2015. “Right now we want to make sure everybody is crystal clear how vital our store experience is to our future... Today’s cashier*

*is tomorrow’s store manager. Tomorrow’s store manager may have my job, so we want to make sure that opportunity is there for people, as it has been for so many of us in the past.”*

*Although Wal-Mart’s decision to boost wages and increase training opportunities arguably raised the bar for other companies, Eric Brewer, senior director of public affairs and government relations, says “the decision we made was market-based and was a decision for Wal-Mart.” He says Wal-Mart’s corporate executives are often asked to testify about wages more generally — and have declined. “We’re comfortable staying in our lane,” says Brewer. “That means talking about the reasons Wal-Mart acted for our own business model. We haven’t weighed into the larger argument because it needs to be decided by government.”*

*That said, Brewer notes that top executives are happy to help policymakers and regulators understand Wal-Mart’s business as a way of better comprehending the economy as a whole.*

*“I don’t think this is overstated, but we’re a bit of a canary in a coal mine about what working families are going through,” says Brewer. “Our ability to share data points or anecdotes and insights about what those working families are doing when they shop at Wal-Mart, or what small businesses are doing when they shop at Sam’s Club, is a real value for government officials. And that can’t come with the same amount of gravitas from a public affairs rep as from the person who actually runs that business on a daily basis.”*

## Public Policy Engagement: A Cornerstone in the War for Talent

“One of the biggest shocks for new CEOs in their first 100 days is that although their expertise may be great, that’s not really what their new job is all about any longer. It’s about indirect influence, communicating internally and externally,” contends Weber Shandwick’s Gaines-Ross.

To illustrate, Gaines-Ross quotes Michael Porter from “Seven Surprises for New CEOs” in the October 2004 *Harvard Business Review*: “The CEO’s greatest influence shifts from direct to indirect means — articulating and communicating a clear, easily understood strategy; institutionalizing rigorous structures and processes to guide, inform, and reward; and setting values and tone.”

So while government relations professionals may be wary about impinging on a CEO’s busy schedule, taking part in public policy is one of a CEO’s primary responsibilities today and has gained in importance, contends Gaines-Ross. She points out that the media and other stakeholders want to gain the measure of the CEO, and job applicants want to get a glimpse from the chief executive as to the culture of their prospective employer.

Gaines-Ross says CEOs who are reluctant to wade into policy engagement are often persuaded by the argument that doing so helps the company in an increasingly fierce war for talent. “A company that has

a CEO who has some visibility, whether it’s on social media or in some public forum, has an advantage over a company that has no external engagement whatsoever,” she argues. Gaines-Ross also notes that the cachet of a company with an engaged CEO is particularly compelling to younger jobseekers.

Studies support the widespread sense that attitudes toward CEO activism have a very real generational component. In *The Dawn of CEO Activism*, Weber Shandwick found that millennials (18-35 years old) are the demographic most likely to favor CEO activism.

Other studies bear this out, as well. In *The Deloitte Millennial Survey 2016*, 56 percent of participating millennials said their organization’s purpose was part of the reason they chose to work where they do.



Source: Deloitte Millennial Survey 2016

### CASE STUDY

#### Pfizer’s CMO Engages on Biden’s Cancer Moonshot Mission

In his last State of the Union Address on Jan. 12, 2016, President Barack Obama tasked Vice President Joe Biden with a national “Cancer Moonshot Initiative” to double the rate of progress in fighting this deadly disease within the next five years. Just as Obama understood the importance of tapping a high-profile leader like Biden to spear-



This company that we couldn't get access to now has the mandate from the top to work with us more closely because they see us as a leader in the climate and energy field." — Danfoss' Julia Panzer

*head this effort, Biden has signed on industry heavyweights, including Pfizer's Chief Medical Officer Freda Lewis-Hall, for his Cancer Moonshot Task Force.*

*While holding roundtables and town halls, Biden requested engagement from companies in the healthcare business, and Pfizer stepped forward. Sally Susman, Pfizer's executive vice president, corporate affairs, explains that Lewis-Hall's responsibilities included meeting with Biden and his team, participating on panels and providing written input. In June 2016, for instance, Lewis-Hall spoke at the Moonshot Summit at Howard University in Washington, D.C.*

*Embracing Biden's cancer initiative is part and parcel of Pfizer's government relations strategy of briefing, engaging and sharing information with key stakeholders, including patient advocacy and provider groups.*

*Susman says the biopharmaceutical giant regularly polls key stakeholders and from the results "it's clear that visibility is important." Thus, it's not difficult to get the C-suite to agree to participate in high-level initiatives like this one.*

*Another benefit of taking a leadership role in efforts like the Cancer Moonshot is that it helps Pfizer cement its reputation with today's jobseekers, many of whom profess an interest in working for organizations that contribute positively to society.*

*"We want to attract the best scientists. Scientists care about their work, and they want to be at a place that shares their values," notes Susman. "So being out in a public space advocating on behalf of patients and on be-*

*half of innovation has a meaningful impact for all our colleagues, and especially our scientists."*

## CASE STUDY

### Danfoss Creates a Virtuous Circle from U.N. Climate Talks Engagement

*In December 2015, when Niels B. Christiansen, CEO of Danish manufacturing giant Danfoss, decided to attend the Paris Climate Conference known as COP21, he could not have predicted the many benefits that would accrue, both externally and internally, says Julia Panzer, acting head of public affairs and sustainability at Danfoss.*

*While speaking at COP21, Christiansen spent two days meeting with politicians, decision makers, NGOs and CEOs of peer companies, and this participation created "a different narrative of what our company was known for," says Panzer. In fact, two months after Christiansen met with the CEO of another company with which Danfoss had hoped to work more closely, a colleague told Panzer: "This company that we couldn't get access to now has the mandate from the top to work with us more closely because they see us as a leader in the climate and energy field."*

*In addition, Danfoss expanded its support for the United Nations. At COP21, Christiansen met with Achim Steiner, former executive director for the U.N. Environment Program, and soon after Danfoss' Foundation decided to support the public-private partnership with a grant. Today, Christiansen is an ambassador for the project.*

*Internally, notes Panzer, the benefits were equally impressive. In April 2016, Danfoss hired Helge Schramm as a life cycle assessment expert, thanks to the company's cooperation with the U.N. Environment Program and specifically Sustainable Energy for All, an initiative led by U.N. Secretary-General Ban Ki-moon. "I came across Danfoss while working on a project for my study program on sustainability, and we looked at Sustainable Energy for All," says Schramm. "Danfoss is a very active partner and works via their public affairs department with the U.N. So I got curious and applied for a job."*

*Above all, says Panzer, high-profile achievements are making it far easier to convince other executives to participate in policy engagement, too. For instance, Danfoss' North American President John Galyen spoke at Climate Week in New York in September 2016, while two years ago, he might not have even attended, she says.*

*The more active and successful a government relations or public affairs program, the easier it is to convince the C-suite to participate going forward. "It's like a circle," says Panzer. "The more executives are involved with working with public affairs, the better they understand the value of public affairs and the more opportunities we can bring them in the future."*

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## Preparing for Public Engagement Abroad

In a truly global economy, public policy leadership frequently extends beyond the borders of one's home country.

Convincing top executives to participate in public policy engagement abroad can, however, be a particularly difficult sell.

For Chris Swonger, senior vice president of global government relations at Smiths, a global engineering company based in the U.K., educating British executives about the political system in the U.S. sometimes requires an enormous effort. This is especially true for an issue like political contributions. "In the U.K., they don't have a political process like ours in the U.S. and political contributions are viewed with skepticism or a sense that they're inappropriate," Swonger explains.

Nonetheless, Swonger is convinced that educating the C-suite on political processes beyond one's home borders is critical. He explains to the heads of Smiths' five business units that PACs and contributions are a "normal course of business in the U.S. and are managed by the Federal Election Commission so that we ensure all contributions are made in a transparent, appropriate and ethical way."

Danfoss' Panzer notes that the level of public policy engagement can vary widely from country to country, even within the European Union. Born in Germany, Panzer has found that Danish companies tend to engage far more proactively in public debates than their German counterparts.

"In Denmark," says Panzer, "the collaboration between the public and the private is really working very well. Both see the benefits of being engaged." Danfoss CEO Christiansen is, for instance, chairman of the Danish government's Energy Commission,

which was established by the Ministry for Climate and Energy.

Meanwhile, Philips' Stephenson points out that Dutch companies rarely engage with government directly, preferring instead to participate through associations. For the C-suite at many European companies, meeting individually with politicians and regulators is unfamiliar terrain.

"It may be the nature of the Dutch people not to stand out," says Stephenson. "We're more apt to be a signatory along with the rest of the industry in doing something that represents a cross section of the industry than to meet directly."

## When the C-Suite *Should* Remain on the Sidelines

Although no one speaks with quite the authority of the CEO, that power can be a double-edged sword. Experts agree that there are plenty of circumstances in which it's preferable for C-level executives to sit out an issue.

Bristol-Myers Squibb's Bawidamann notes that involving your CEO "ups the stakes for both the issue and for the legislator," and therefore can be a risky proposition. "If you're bringing your CEO to a legislator at the state level or the federal level, it had better be an issue that impacts you. If it doesn't, you're now elevating the issue externally and you may be giving it life that you don't want," he contends.

One government relations professional raises a practical objection to involving the CEO in meetings with policymakers who almost certainly have an agenda of their own. Often, she says, an "ask" is made of the CEO, and refusing can be awkward. These "asks" tend to range from creating more jobs in a state to speaking at an event where it might not be advantageous to appear.

Determining whether a C-suite executive is the appropriate face for an issue requires some adroitness and plenty of preparation. Government relations professionals suggest talking with the chief of staff or another member of the policymaker's team well before the actual meeting to obtain an understanding of what issues will be aired.

Pinkham also points out that CEOs and business heads aren't always the best spokespeople when it comes to controversial community issues. Public opinion of CEOs is generally quite poor, he notes, while companies themselves often enjoy far better favorability ratings.

For this reason, Pinkham is rethinking the conventional wisdom about having the CEO show up in person for community outreach when a new facility such as a chemical plant or refinery is being proposed. Twenty years ago, he says, companies routinely sent top executives to "be the face of the company" and to persuade the community that a new facility would be an asset. The dilemma, he says, is that "even if you've got the greatest CEO in the world, that CEO has a big trust deficit the moment he or she enters the room."



If an issue is extremely important to an association or a company, it's a good idea to throw everything you can at it." — AHCA CEO Mark Parkinson

Given widespread levels of distrust, a better strategy for making the pitch might be dispatching a middle manager who has been a longtime community member to represent the company's perspective. "This person can assure others that he or she works for a great organization that takes safety and environmental protection seriously — and that has the ability to bring jobs to the community. There's still going to be opposition, but they're not going to dislike that person the moment he or she walks through the door," Pinkham says.

He adds: "I think you really have to look at public opinion and distrust of CEOs when you think about where a CEO can add the greatest value."

## CASE STUDY

### Lessons Learned from Both Sides of the Fence

In April 2015, when Mark Parkinson, CEO of the American Health Care Association (AHCA), learned that a bill designed to revamp Medicare payments to doctors, known as "the permanent Doc Fix," had suddenly

gained bipartisan and presidential support, he spent the next four days personally phoning key legislators to explain why the measure would be disastrous for his member companies.

Parkinson, the 45th governor of Kansas and a former Kansas state legislator in both the House and Senate, acted quickly.

"Over about a four-day period," he recalls, "I had multiple conversations with then-Speaker [John] Boehner and his staff and with Leader [Nancy] Pelosi and her staff."

For Parkinson, getting personally involved in a matter that represents "a material threat to all healthcare providers and their funding" makes good sense. He describes an instance when as governor, he was approached about an issue on which he was ambivalent. "The company hired every lobbyist in town and was relentless. I finally gave in on something I was okay with but not terribly enthusiastic about," says Parkinson. The moral of the story? "If an issue is extremely important to an association or a company, it's a good idea to throw everything you can at it," he says.

Parkinson shared several other kernels of wisdom for C-suite engagement:

#### ***Make sure the policy you're advancing is sound.***

"We've seen recent examples on the Hill of people who've been sent up to testify on what are probably indefensible situations," says Parkinson. "You want to make sure that you have great policy arguments that your CEO is capable of delivering in an impressive way before you go up to the Hill."

*(continued on next page)*

### ***As CEO, choose your battles.***

“A lot of CEOs are positive about their product or their cause and they want to get deeply involved in the really granular issues,” Parkinson says. “At first, we’d have an important issue at CMS [Centers for Medicare & Medicaid Services] but one that wasn’t earth-shattering, and government relations would politely say: ‘Hey, it’s probably better you don’t come over for this. We want to save you for something that really matters,’” he recalls. A strong government relations team understands the nuances of issues and so “you should use these folks and not micromanage.”

### ***Keep the arrogance of some C-suite executives in check.***

“A mistake that a CEO can make is to just come in and say: ‘By virtue of our size or by virtue of our political involvement, you should give us this project or tax abatement,’” says Parkinson. “No matter how big a company is or how much they’ve done politically, they need to make a strong policy case for whatever ‘ask’ they’re making.”

### ***Less is more.***

When preparing for an important meeting, Parkinson recommends giving a CEO or CFO just one or two talking points. “Governors, mayors or members of Congress will have 30 meetings that day, and they’ll only remember a limited [number of arguments] so you really want to go in with your major points,” he says.

### ***Engage in role play.***

Parkinson recommends rehearsing before any important meeting. “If you’re going to make an ‘ask’ in Virginia, the government relations person might play the role of Gov. [Terry] McAuliffe. Figure out what’s your spiel, talk it through and get some hypothetical responses before the meeting begins,” he advises.

### ***Brief the C-suite well before an issue arises.***

A savvy government relations team will monitor potential issues and keep the C-suite informed. “We pride ourselves on the ability to respond to a situation almost instantly,” says Parkinson. “Even though the permanent Doc Fix and the possibility of its passing developed literally overnight, we were ready for it because we plan out contingencies for various situations well in advance.”

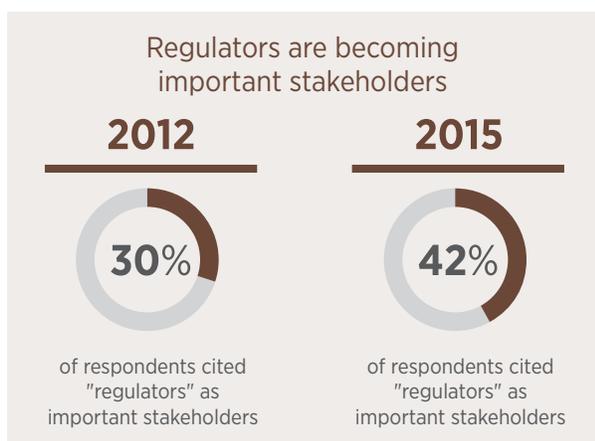
SECTION THREE

# PREPARING SENIOR EXECUTIVES FOR ENGAGEMENT ROLES



Naturally, a government relations professional's ability to convince the C-suite to actively participate in the function depends on access. That's why Guardian's Nieves and other members of the company's government affairs team are delighted to have standing meetings every month with the CEO and other key leaders to discuss pressing initiatives and to follow up on perennial issues, as well.

Evidence suggests that executives are heeding the message that communicating with government entities and regulators counts. In *How to Reinvent the External-Affairs Function*, McKinsey found that in 2015, 42 percent of respondents cited "regulators" as important stakeholders, up from 30 percent in the 2012 survey.



Source: *How to Reinvent the External-Affairs Function*, McKinsey

More important, roughly two-thirds of all executives in the McKinsey survey predicted that government and regulatory involvement will increase in the coming years. In highly regulated industries — such as financial services, energy, healthcare and pharmaceu-

ticals — that figure soared to a whopping 80 percent of respondents who anticipated greater public policy engagement in the future.

## Government Relations Training for C-Suite Executives

Government relations training can accomplish far more than its admittedly worthy aim: preparing the C-suite to participate more actively and more effectively in public policy engagement. When done right, training also offers a tutorial in — and justification for — the function itself. In other words, once the senior executives understand the power of government relations, they are far more likely to fund the function and support its efforts going forward.

Explaining the opportunity side of the equation can be conceptually difficult, but executives that proactively engage with government often discover innovative possibilities, such as Mary Kay's Rose did when her engagement led to a partnership with the Bank of Montreal. (See case study on page seven.)

Smiths' Swonger believes hands-on education is the best way to introduce the C-suite to how government relations actually works. "Most people have a bad taste when it comes to the political process," he says. "If you just watch the news in the U.S., the inherent frustration of dealing with the political process turns off most people."

His antidote to cynicism is finding ways for executives “to experience the opportunities and the challenges of engaging directly.” While gaining access to a member of British Parliament can be prohibitively difficult, securing a meeting with an American member of Congress is relatively straightforward. “You’ve got to get the C-suite to understand the U.S. political system. And the only way to really do that is to take them to Capitol Hill or to a meeting with the administration.”

Start small, advises Swonger. Recently he brought a senior executive from the U.K. to a meet-and-greet with a senator. “It was a ‘hello’ and a photograph, but it was fun for him,” Swonger recalls. “Sometimes it’s the easy stuff that can make a big difference.”

New York Life’s Nichols prides himself on his government relations function’s formal issues management process; it was designed to educate function-

al experts throughout the company on “how we in government relations look at and evaluate issues and the information we need to collect in order to set a strategy for having influence.” As part of this process, Nichols identifies the top 100 functional experts in his company in tax, finance, investments and life insurance. “We know who the lead people are, and we walk them through how we evaluate whether there’s a policy issue — legislative or regulatory — that affects the company,” he says.

Nichols credits this educational process with raising the level of the executives’ game. “Everyone begins to understand: ‘Okay, from a public policy perspective, this is how we look at things,’” he says. “We try hard to understand what our executives do, and we try to get them to understand what we do so that when we have a major situation, we can address it together.”

## Five Tips for Making Sure Your C-Suite Is Well-Prepared for Engagement.

### *Know your executive.*

Some CEOs like to digest 20-page policy papers; others appreciate succinct bullet points; and some prefer a 10-minute, face-to-face briefing. The key is knowing *your* executive and how he or she absorbs information best.

“We can prepare monumental briefing books, and we have folks who will look at it for two seconds and say: ‘What do you *really* want me to know?’” says Wal-Mart’s Brewer. “Others get a briefing book and pore over it like they’re reading an encyclopedia.” Brewer recommends creating an execu-

*(continued on next page)*

tive summary and highlighting two or three major points. Then you can reinforce the key messages in a brief face-to-face conversation shortly before the meeting begins.

### ***Think like the government official.***

Guardian's Rosenblum advises the government relations team to brainstorm possible questions before a meeting — and then draft sample answers for the executive. Only by having thorough responses “can you accomplish what you want to accomplish” and set up the executive for success, he says. If the CEO or COO gets caught flatfooted, Rosenblum thinks he or she is unlikely to do such meetings again.

### ***When in doubt, err on the side of too much preparation.***

Knowing the informational preferences is a great idea, but if you're not sure, overpreparation is the safest bet. “You have to prepare the CEO for everything that will happen or could happen,” maintains Rosenblum. “Who's going to be there? What should you say? What questions might you receive? How should you respond? . . . Not everything on which you're working is black and white, so you have to give them the gray.”

### ***Address your executive's communications shortcomings — tactfully.***

Skilled government relations professionals will often coach a CEO or COO to help him or her avoid communications pitfalls. “There's a tendency to get nervous and get too weedy,” says one such “coach.” Here's her advice for working with a longwinded executive: “We generally say: ‘The value here is listening to what's on the mind of the member. He doesn't have much time for this meeting, and so we want to be direct, to the point and use our elevator speech.’”

### ***Be honest about the time commitment involved.***

Bristol-Myers Squibb's Bawidamann recommends blocking out ample time for any meetings and for all associated travel *before* asking a C-suite executive to commit to a public policy initiative. When estimating the extent of the time commitment involved, he says to be sure to budget for educating the executive on the issue at hand. “You want them to see success and movement so the next time you call and ask the CEO or CFO to get involved, he's going to go do it,” says Bawidamann.

## Effective Meeting Prep — and What’s Involved

In an interview at the inaugural session of the Wharton Economic Summit 2013, General Electric CEO Jeff Immelt was asked about how businesspeople should think about direct engagement with policymakers. Immelt said that “businesspeople fail when they don’t see context. Businesspeople frequently want to go to Washington and just say, ‘Here’s what you should do.’ That’s not helpful. That’s why people in Washington, maybe rightly, sometimes don’t like businesspeople. Instead, they should say, ‘Here’s what I would do if I were you.’ It’s key to develop a better understanding of context.”

Perhaps the most important role a government relations professional plays in C-suite engagement is ensuring an executive is up to speed on the nuances of an issue. Here, success lies not in quantity but in quality. Given how busy most policymakers are, the secret is to boil down a message to a few, extremely powerful arguments.

In McKinsey’s *How to Reinvent the External-Affairs Function*, research is highly prized. “When setting the external-affairs agenda,” the report says, “respondents at the most successful companies are 2.5 times likelier than their peers to say they’re very effective at building fact-based narratives to support their positions.”

Beyond possessing the necessary facts and figures, executives need to understand with whom they’ll be meeting. Briefs on government officials should include everything from political ideology to time in their current role, demographics of constituents and constituents’ most pressing concerns.

Bristol-Myers Squibb’s Bawidamann says the place to start is educating executives on the politics of the senator or representative’s home state. “To be successful,” he says, “you’re always going to have to connect your case back to their district or state, if you can.”

This means tailoring points, whenever possible, to jobs, education, healthcare and any other local concerns.

Bawidamann also believes in presenting government officials as well-rounded individuals, not just politicians: “Educate your executives on who these legislators are as people,” he advises. “Where do they come from? What

was their line of work? Were they trial lawyers or doctors?” Bawidamann’s business is grounded in science, but he still believes it’s important to understand and respect those who dispute generally accepted facts. “Some people think vaccines and water fluoridation are bad,” he says. “You can talk about the science, but if you’re not talking with a science person, you have to tailor the message.”

Beyond possessing the necessary facts and figures, executives need to understand with whom they’ll be meeting.

## Sample Template for a Public Policy Meeting

Kristen Morris, chief government and community relations officer at Cleveland Clinic, has developed a template so that any C-suite executive who is meeting with legislators or regulators can be given a high-level

summary of how the meeting should unfold. She emphasizes that once the details are included, the briefing should run no more than three pages so it's easily skimmed and digested.

EVENT (e.g., Roundtable, Site Visit, etc.) .....

DIGNITARY .....

AGENDA AND SUGGESTED TALKING POINTS .....

.....

DATE, TIME .....

LOCATION .....

ATTENDEES .....

OBJECTIVE (e.g., to hold an informal roundtable discussion where a discussion item is teed up, but all attendees contribute. A successful event will: 1. 2. 3.)

.....

.....

BACKGROUND: How this event came to be. Why this event/meeting is of value. Other points of interest.

.....

.....

AGENDA:

- Welcome and Introduction (Name)
  - Welcome (Dignitary)
  - Allow attendees to introduce themselves
- Cleveland Clinic Background (Name)
  - Highlight exciting developments at Cleveland Clinic. (Name)
  - Describe our physician employment model. (Name)

- Suggested Talking Points
  - (e.g., health care reform) (Name)
    - » Talking point
    - » Fact
    - » Data
  - Q: What are your observations regarding ....?
  - Q: How can we work with you....?
  - Next topic (Name)
    - » Talking point
    - » Fact
    - » Data
- Should Time Allow, Consider the Following Suggested Questions:
  - Q:?
- Closing and Thank you: (Name)

Bios Attached: .....

Source: Cleveland Clinic

## CASE STUDY

### New York Life Executives are Never Lobbyists

Many companies struggle to convince their CEOs or business heads to travel to Washington, D.C., to engage on public policy. “That may be, but that’s not us,” says George Nichols of New York Life.

Chris Blunt, executive vice president and president of New York Life’s Investments Group, tells a similar story, noting that since joining the company 13 years ago, his appreciation for government relations has steadily grown. “The first time I went down to D.C., I wondered: ‘Is this pointless? Do these meetings have any impact?’ But the more time you spend with folks in Congress and you think about what they’re tasked with, you realize they need to



In order for the CEO to have credibility as an expert, I don't want him to be viewed as a lobbyist," says New York Life's George Nichols.

be 800,000 miles wide and an inch deep on most topics," he says. "They welcome the opportunity to hear from those who are affected by these issues on a day-to-day basis."

At New York Life, enlisting Blunt and other members of the C-suite in public policy engagement has been honed to an art. "In order for the CEO to have credibility as an expert, I don't want him to be viewed as a lobbyist," says Nichols. Julie Herwig, senior vice president and head of federal government affairs at New York Life, agrees that senior executives are most effective when they are "viewed as authentic in their roles."

## A Tag-Team Approach

Preparation is essential. Says Blunt: "We send executives down to meet with senators and congressmen, but that's only effective if your government affairs staff is doing a great job of education so you're all on the same page." While Blunt appreciates the detailed briefing memos, issue papers and bios of the people he's scheduled to meet, he finds particular value in the counter-arguments that the government relations team also supplies.

"You have great credibility with members of Congress if you can educate them on both sides," says Blunt. "I try to tell legislators and regulators: 'Here's why we think this issue is important. Here's the counter-argument, and here are the people who support the counter-argument and why.' If a government official supports an issue, [he or she wants to know] where the criticism is going to come from."

Another key aspect of preparation is planning for the unexpected. When Blunt travels to D.C. or a state capital, he wants a day packed with worthwhile appointments. He

therefore appreciates that his government relations team always furnishes a backup plan. "There are days when two or three people cancel. So are there other people you can see on short notice so you feel like you didn't make the trip down to D.C. for two meetings but you had a full day?" he asks.

Nichols warns that conversations can go off the rails for any number of reasons — but it's government relations' responsibility to make sure a company leader's time investment pays off nonetheless.

"If the member of Congress has had a bad day, I don't care what your talking points are, you're not going to succeed with your issue," says Nichols. "So how do you build the relationship and become a resource and a resident expert on various issues, even if you've got a member who's not wanting to talk about your subject matter? A government relations person is always there. We figure out how to re-direct the conversation and make the meeting count."

## Timing Engagement for Maximum Impact

Although there is a tendency to treat C-suite executives as the cavalry that can be brought in once an agreement has nearly been reached, many government relations professionals have found the crucial moments for engagement often come early.

"If there's a legislative issue that's truly emerging, and there's legislative risk at stake, having our executives involved at the outset is important," says Anita Eoloff,

executive vice president, federal government relations, Wells Fargo & Co. “They set the tone, and they establish the evolving relationship that is managed by government relations. Bringing them in at the last hour is not likely to produce results.”

Nieves emphasizes the importance of an initial, high-level meeting. “Once the C-suite gets directives from the principals, then the staff comes in and we start working out the details of particular proposals or legislation,” she says.

Guardian’s Rosenblum maintains that convincing the C-suite to participate in public policy engagement

over the long haul depends on letting executives witness successes early. He acknowledges that policy work can be angst-inducing, especially for those executives not well versed in the function.

In the end, though, executives usually enjoy engaging in public policy. “They love the fact that just by virtue of being a CEO, they get an audience,” Rosenblum explains. “Executives have a point of view and most of them want to communicate it.”

CONCLUSION

## WHAT THE FUTURE HOLDS





At trying moments,” says the Public Affairs Council’s Pinkham, “regulators and policymakers will listen to what you say because they know you have a good organization that does the right thing.”

**G**overnment relations teams that strategically involve the C-suite in public policy are well positioned on many counts. This is particularly true when an organization faces a crisis, which it inevitably will. “At trying moments,” says the Public Affairs Council’s Pinkham, “regulators and policymakers will listen to what you say because they know you have a good organization that does the right thing.”

Pinkham believes that encouraging the C-suite to participate in public policy discussions can also be an enormous advantage when addressing big issues that are only beginning to surface. “You want to train senior executives so when a conversation comes up on trade or healthcare reform, they may not be an expert but they’re far enough along that you can send them to an important meeting with confidence,” he says.

Many companies understand the arguments for persuading senior executives to play an active role in government relations. Less understood, however, is that executive involvement helps raise the profile of the government relations function within an organization — allowing it to be more effective in the future. In *How to Reinvent the External-Affairs Function*, McK-insey writes: “To succeed in external affairs, organizations need the right structure and people to support it. For many companies, this requires a rethinking of the function’s setup, so its work is more visible in the organization and more strategic, too.”

Another important reason to engage the C-suite in public policy, and even to give them responsibility for keeping abreast of key policy issues, is that it helps executives in their own professional development.

Knowing policy issues that are only now emerging lets them function far more effectively in their day-to-day jobs.

Pinkham applauds forward-thinking companies that make senior executives individually responsible for keeping up with a few key public policy issues, and then task government relations with supporting the C-suite in their efforts.

“That awareness is going to help them as leaders and strategists to understand both the market and non-market challenges they face,” Pinkham says. He argues that a company extending its manufacturing overseas or introducing a new, innovative product will be in a far better position if top executives are thinking about the regulatory implications of these moves and envisioning how the public will respond.

“If top executives are aware of the public policy realities in the areas where they do business,” says Pinkham, “over time they’ll start thinking of these things on their own and they’ll embed that thinking into their overall decision-making.”

The greater the number of talented senior executives who understand the importance of government relations, the better positioned a company will be. “You don’t want government affairs to come in at the last minute and say: ‘Hold it. We have a huge political problem,’” Pinkham warns. “You want a government-affairs mentality baked into the entire process at the earliest stages.” ■



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