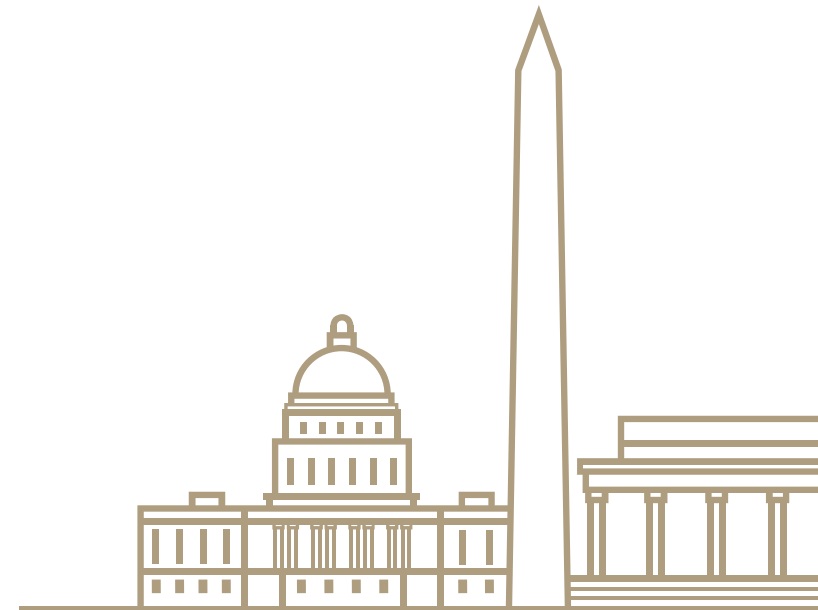


2018 Custom Report Prepared For:

# Alpha Organization

**Government Affairs Benchmarking Service**



**SEPTEMBER 1, 2018**

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# OVERVIEW OF THE INITIATIVE

## **STRATEGIC AND OPERATIONAL PLANNING AMID UNCERTAINTY**

Amid extreme policy and political risk, Government Affairs executives face significant challenges establishing appropriate resource levels for their offices. Many seek guidance on effective staffing and spending models:

- » How should we rebalance spending or headcount across lobbying, public relations and advertising?
- » To what extent do new digital tools add to—or displace—existing spend on software and services?
- » What does the increase in state legislative activity mean for staffing at the federal level?
- » Which activities should we (continue to) outsource and where should we bring talent in-house?

While some hope to justify new funding requests, others seek to validate existing budgets and headcounts, or to reallocate resources in support of critical policy activities.

## **SURFACING POTENTIAL GAPS AND IMPROVEMENT OPPORTUNITIES**

To provide directional guidance, National Journal is pleased to offer its Government Affairs Resource Benchmarking Initiative. This tailored report, available exclusively to initiative participants, compares your organization's resourcing needs and decisions to peers of similar size, industry, and strategic objectives. Detailed breakdowns of spending and staffing levels inject rigor into the planning process, facilitate budget development and help ensure the function is well-equipped to manage operations going forward.

## **RESEARCH AND ANALYSIS APPROACH**

Head-of-office participants from across National Journal's high-caliber membership were invited to complete the survey. Beyond the conventional benchmarking metrics that capture industry and size peer performance, metrics for strategy peers are presented as a separate benchmark group.

## **FOR FURTHER QUESTIONS**

If you should have any questions about this report or our other research initiatives, please contact your Dedicated Advisor.

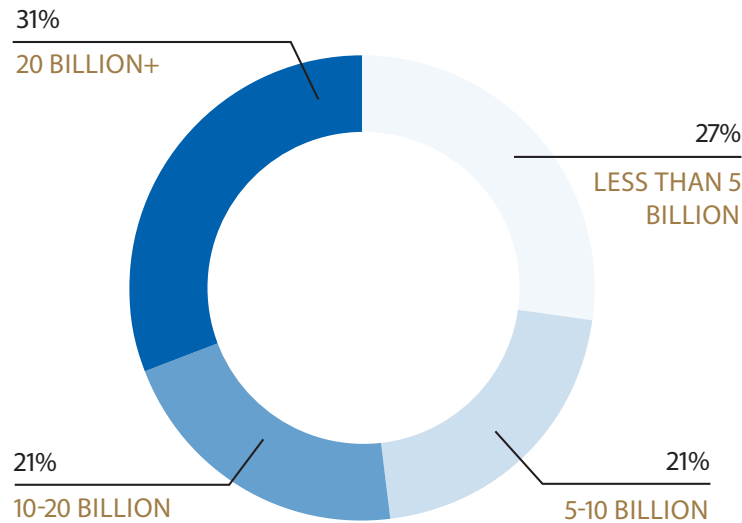
# SURVEY DEMOGRAPHICS

Across a two-week period during July 2018 over 75 organizations completed the Resource Benchmarking survey, including representatives from over 40 Corporations and more than 35 Associations. These graphs reflect demographics for our corporate participants.

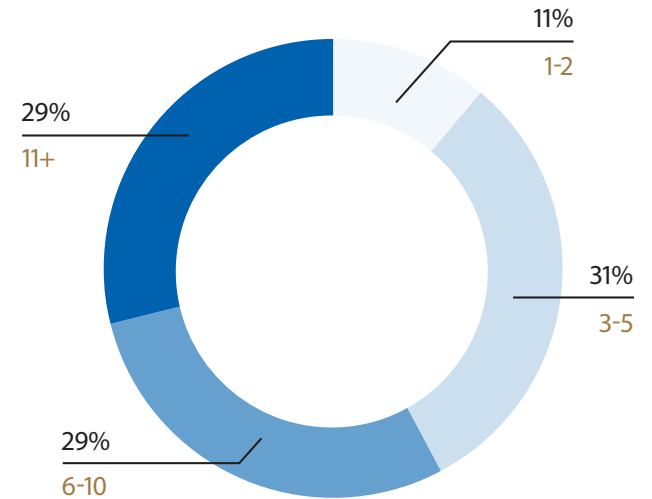
Revenue and office size data were provided by survey respondents. Based on these inputs, revenue and office size bands were derived to segment participants with comparable organizations.

National Journal Research participants also provided data on industry sector representation. Individuals could select up to three industries including “Other.” This final category includes participants from Defense, Engineering & Construction, Mining, and Professional Services, among others.

## PARTICIPANTS BY REVENUE BAND



## PARTICIPANTS BY SIZE OF OFFICE



## INDUSTRY SECTORS REPRESENTED

- » Agriculture & Food
- » Consumer Goods & Services
- » Education
- » Energy & Environment
- » Finance & Banking
- » Health Care
- » Industrials
- » Pharmaceuticals
- » Technology
- » Telecommunications
- » Utilities
- » Other

# FUNCTIONAL ACTIVITIES AND OUTCOMES (CONT.)

The graph on the right illustrates the percentage of respondents utilizing various performance metrics to report government affairs function effectiveness.

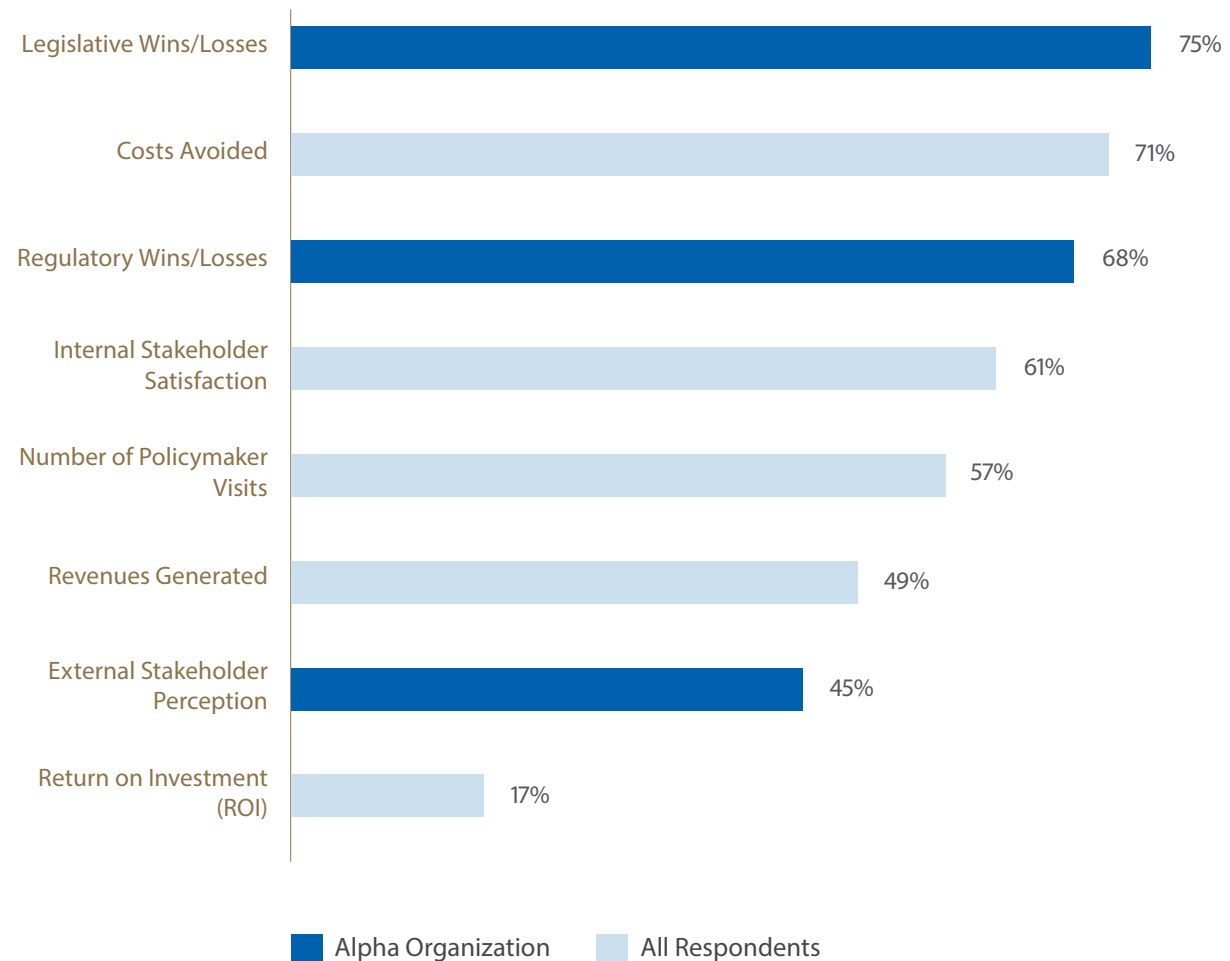
Your organization's responses are highlighted in dark blue.

Across all organizations, "legislative wins / losses," "costs avoided," and "regulatory wins / losses" were the most frequently-cited outcome measures for government affairs departments, with over two-thirds reporting their utilization.

More than half report using "internal stakeholder satisfaction" and "number of policymaker visits" as indicators used to assess functional performance.

## METRICS USED TO MEASURE GOVERNMENT AFFAIRS' EFFECTIVENESS

Frequency of Response (Multiple Choices Permitted)



# GOVERNMENT AFFAIRS STAFFING

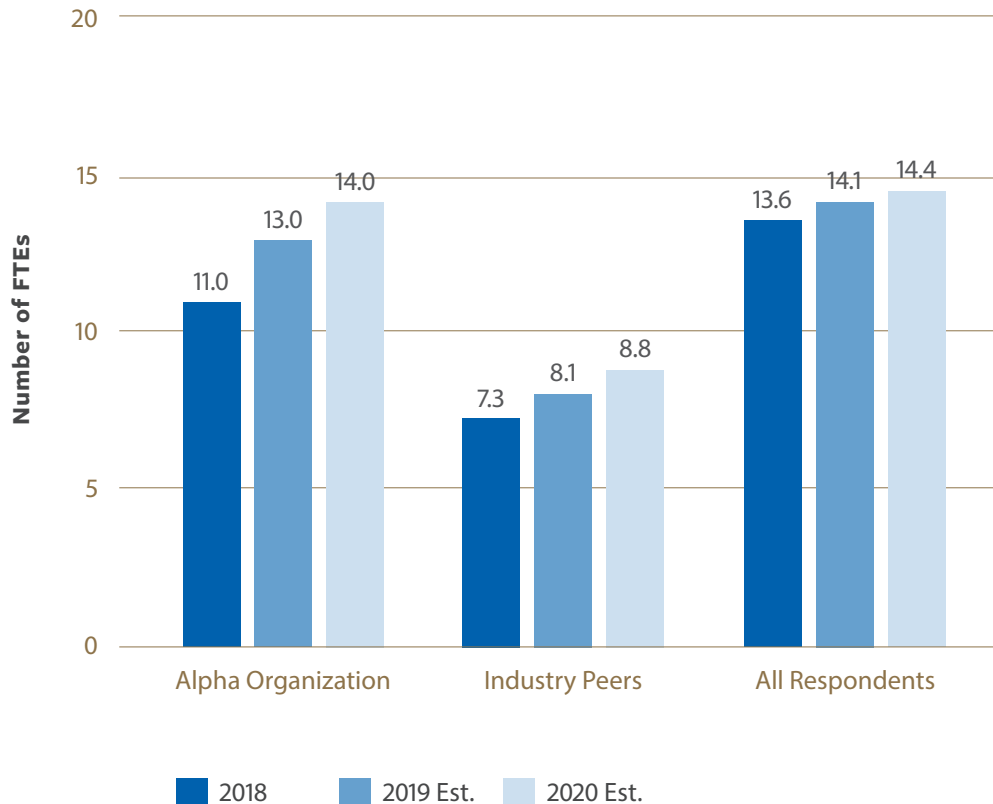
The graph on the right compares your government affairs staffing relative to industry peers and all respondents. Your current FTEs (full-time equivalents) are plotted against estimates for 2019 and 2020.

On average, government affairs headcount is expected to increase slightly in 2019, though the majority of organizations (around 60%) plan to keep staffing levels flat.

The extent of any increase depends on organization-specific needs. As a result, to better evaluate headcount differences, organizations should examine benchmarks for peers of similar strategy and size; these comparisons can be found in the appendix.

## CURRENT AND ANTICIPATED GOVERNMENT AFFAIRS STAFFING LEVELS

Your Organization v. Industry Peers v. All Respondents



# GOVERNMENT AFFAIRS STAFFING (CONT.)

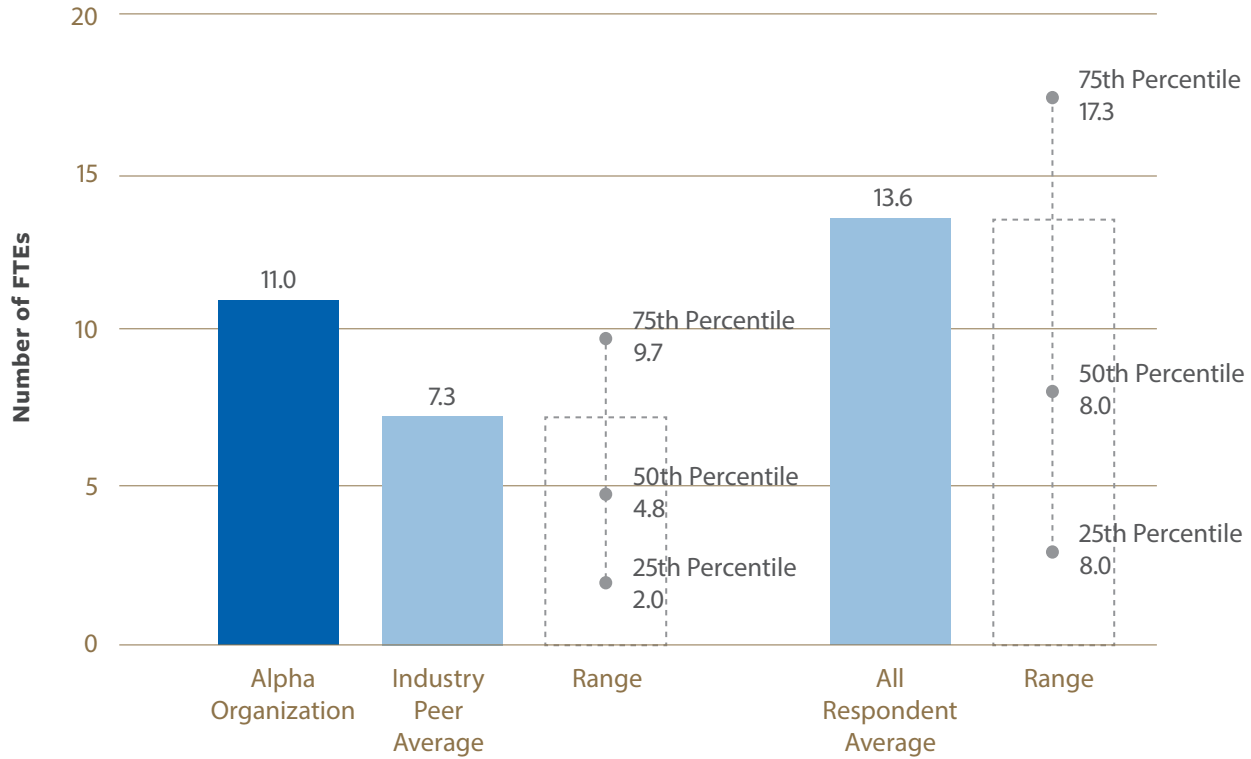
The following chart compares your current staffing levels (in full-time equivalents) to the average, median, 25th percentile and 75th percentile values for select peers.

To assess the adequacy of existing headcount, it is useful to compare existing staffing to the range of values among key peer groups.

More detailed benchmarks around the allocation of staff across government affairs activities follows this analysis.

While this chart illustrates staffing levels for industry peers and all respondents, additional comparisons appear in the appendix.

**GOVERNMENT AFFAIRS STAFFING RANGE**  
Your Organization v. Industry Peers v. All Respondents



# GOVERNMENT AFFAIRS STAFFING (CONT.)

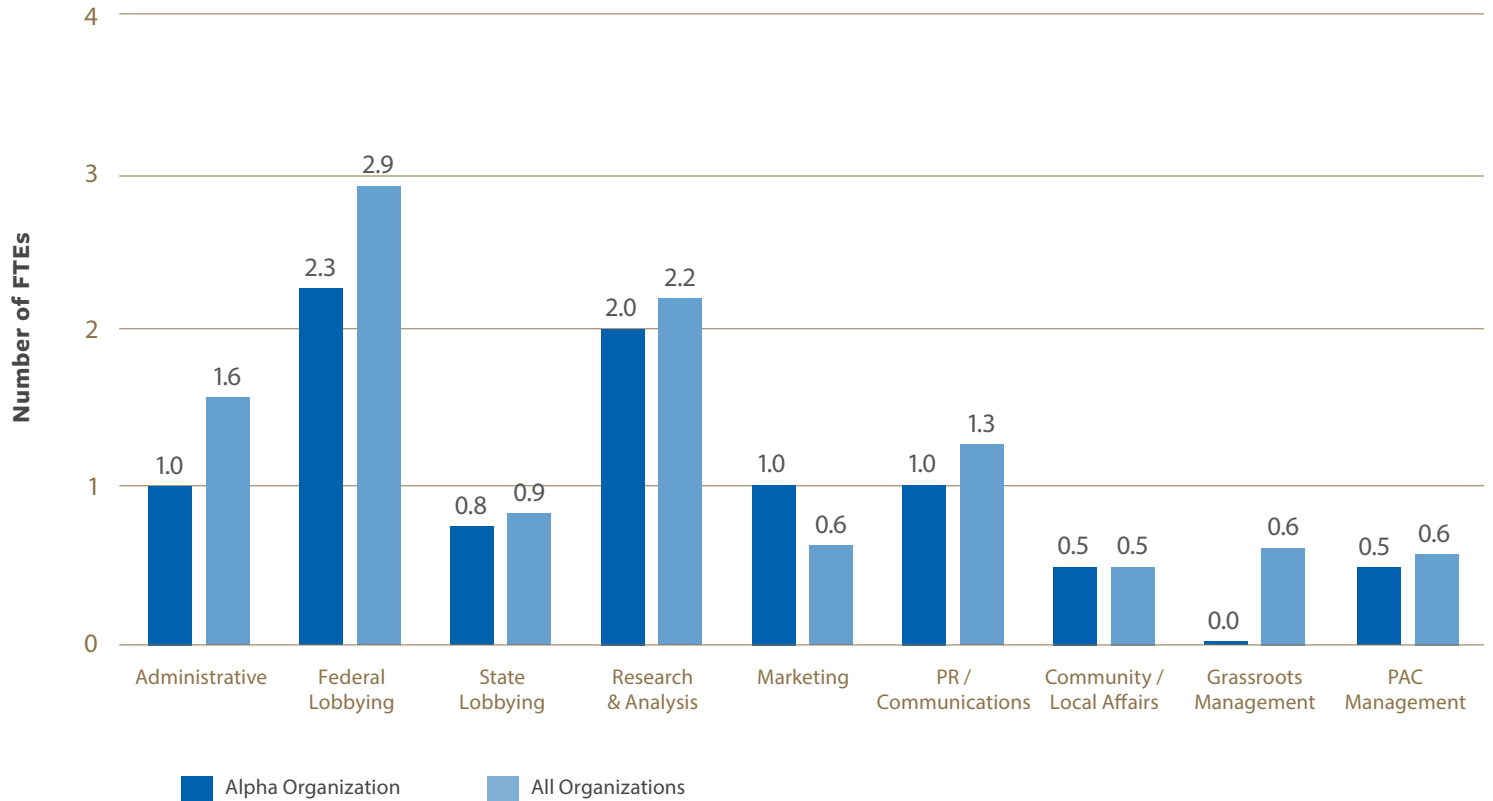
This graph illustrates distribution of staff (in full-time equivalents) across government affairs activities. Your organization is compared to the average across all participants in our survey.

Across all respondents, over one-third of professional staff are comprised of individuals focused on lobbying. On average, the ratio of administrative to professional staff is approximately 1:6.

Comparing staffing levels to the average organization can be helpful when considering a possible reallocation of resources. Yet, there may be justified reasons for potential differences in headcount distributions. For that reason, additional benchmark tables have been provided in the appendix.

## GOVERNMENT AFFAIRS STAFF DISTRIBUTION BY ACTIVITY

Alpha Organization vs. All Organizations





# GOVERNMENT AFFAIRS SPENDING

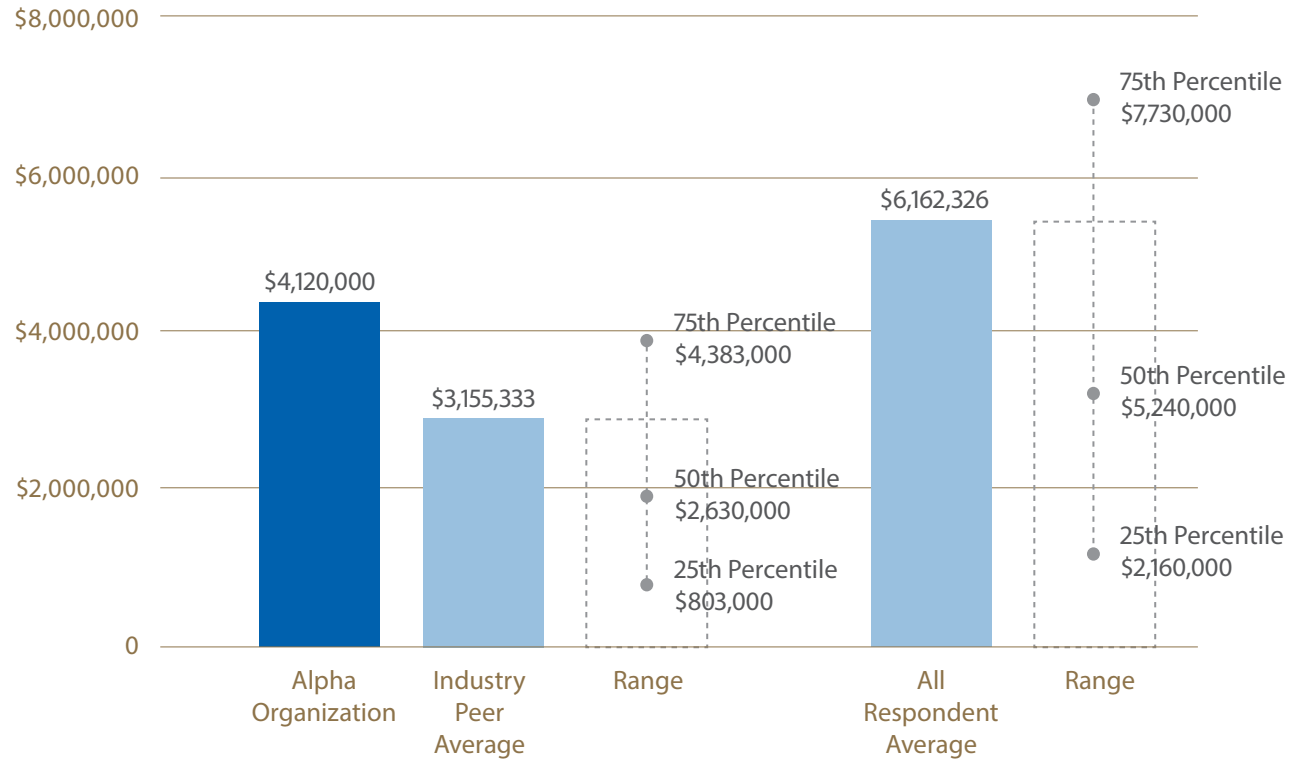
The following chart compares your current budget to the average, median, 25th percentile and 75th percentile values for select peers.

In evaluating your organization's budget, it is useful to compare current resourcing to the range of values among key peer groups.

More detailed benchmarks around spending allocation and budgeting trends follows this analysis.

While this chart illustrates spending levels for industry peers and all respondents, additional comparisons appear in the appendix.

**GOVERNMENT AFFAIRS BUDGET RANGE**  
Your Organization v. Industry Peers v. All Respondents



# GOVERNMENT AFFAIRS SPENDING (CONT.)

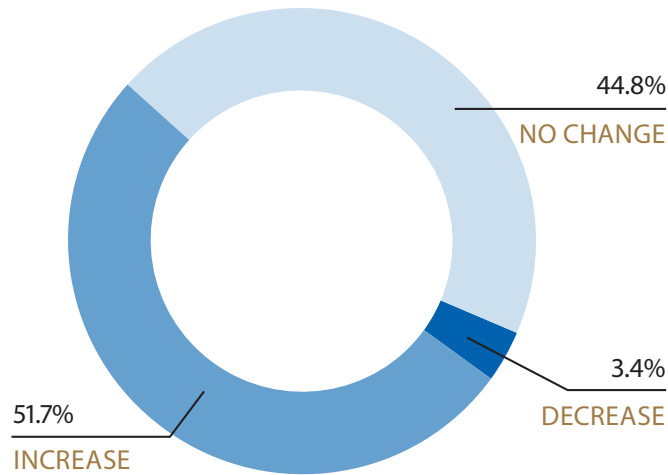
These charts describe expected changes to Government Affairs spending for 2019.

Half of the organizations surveyed anticipate increasing government affairs spend next year, at an average increase of 5.24% over this year's levels.

Very few—less than 5% of respondents—expect a decrease in government affairs spend, with an average reduction of 5.00% over this year.

Your responses to questions about anticipated changes to government affairs spending are recorded in text boxes below the charts.

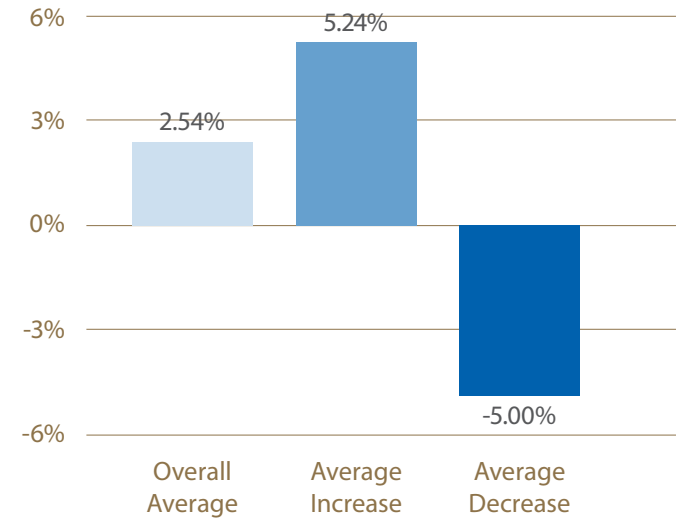
**GOVERNMENT AFFAIRS SPENDING PROJECTIONS FOR 2019**  
Percent Expecting Increase, No Change, Decrease



Your Organization expects Government Affairs spend to:

**INCREASE**

**GOVERNMENT AFFAIRS SPENDING EXPECTED CHANGE FOR 2019**



Your Organization anticipates a change to Government Affairs spend of:

**3.00%**

# APPENDIX PART I: ORGANIZATIONAL BACKGROUND

The following pages include data tables that correspond to the graphs on the previous pages.

In most cases, more detailed and specialized cross-tabulations of data are provided.

In addition to comparisons to the overall average, benchmarks are available for peers with a similar strategic focus, and of comparable size and industry. These designations are based on your organization's responses to the Resource Benchmarking survey.

Head of Government Affairs Reporting Structure	Alpha Organization	All Organizations	Industry Group Finance & Banking	Strategic Focus Policy Activists	Office Size 6-10 FTEs	Revenue Band \$10B-\$20B
Chairman / Board of Directors		7%	17%	6%		
President / CEO		17%	31%	22%	5%	4%
General Counsel		27%	21%	28%	60%	31%
Chief Communications officer		7%				10%
Business Unit Head		13%				
Other	X	28%	31%	44%	35%	54%

Reporting Layers for Head of Government Affairs	Alpha Organization	All Organizations	Industry Group Finance & Banking	Strategic Focus Policy Activists	Office Size 6-10 FTEs	Revenue Band \$10B-\$20B
Direct report to Head of Organization		11%	29%	29%	16%	15%
One-degree removed	X	85%	71%	71%	80%	85%
Two-degree removed		4%	0%	0%	4%	0%
Three or more degrees removed		0%	0%	0%	0%	0%

Individuals Reporting to Head of Government Affairs	Alpha Organization	All Organizations	Industry Group Finance & Banking	Strategic Focus Policy Activists	Office Size 6-10 FTEs	Revenue Band \$10B-\$20B
Average Number of Direct Reports	5	4.9	3.2	7.2	6.9	5.9

Factors Driving Structure of Government Affairs Staff	Alpha Organization	All Organizations	Industry Group Finance & Banking	Strategic Focus Policy Activists	Office Size 6-10 FTEs	Revenue Band \$10B-\$20B
Business / Policy Issues	X	55%	57%	51%	53%	50%
Business Operating Units		25%	42%	41%	21%	25%
Geographic Location		30%	35%	35%	49%	17%
Government Entities		13%				
Government Jurisdiction		32%	35%	35%	47%	25%
Other	X	8%				25%

Geographic Distribution of Government Affairs Staff	Alpha Organization	All Organizations	Industry Group Finance & Banking	Strategic Focus Policy Activists	Office Size 6-10 FTEs	Revenue Band \$10B-\$20B
Washington, DC or the DC Metro Area	X	87%	94%	94%	100%	100%
Within the U.S. and outside DC		62%	53%	53%	72%	75%
Outside the U.S.		31%	42%	18%	47%	

# GLOSSARY OF TERMS

## TERMS AND DEFINITION (IN ALPHABETIC ORDER)

### **ADVOCATING FOR SPECIFIC LEGISLATIVE/ REGULATORY OUTCOMES**

Activities directly related to influencing legislative or regulatory policy, including leveraging relationships with policymakers to sway policy decisions.

### **BUILDING POLITICAL CAPITAL**

Identifying and building relationships with policy makers and influencers to effectively impact public policy decisions when necessary.

### **COALITION MANAGEMENT**

Identifying and building relationships with potential coalition partners, and then successfully integrating into these partnerships.

### **COMPLIANCE**

Streamlining office administration to reduce the time, effort and cost required to perform administrative tasks and ensure consistent compliance.

### **EVENT PLANNING AND MANAGEMENT**

Organizing and executing on events for internal and/or external stakeholders to further the strategic objectives of the government affairs group.

### **EXTERNAL PROFESSIONAL SERVICES FIRM MANAGEMENT**

Managing external professional services firm relationships maintained by the government affairs group and ensuring those firms deliver quality services to your organization.

### **FEDERAL LOBBYING**

Managing relationships with and lobbying federal legislative and regulatory entities to further your organization's interests.

### **GATHERING AND SHARING INTELLIGENCE**

Identifying and tracking developments related to key political and policy-related issues and communicating critical information to internal and external stakeholders.

### **GOVERNMENT SALES AND BUSINESS DEVELOPMENT SUPPORT**

Supporting government-related business opportunities for your organization and providing intelligence to improve its government sales cycle.

### **GRASSROOTS / GRASSTOPS MANAGEMENT**

Supporting local grassroots or grasstops movements that will further the interests of your organization.

### **INTERNAL STAKEHOLDER MANAGEMENT**

Aligning your function's values with core objectives of your organization and demonstrating your function's value creation to internal stakeholders.