

Webinar: Resourcing the government affairs function

Budgeting, headcount and investment trends for 2018 and beyond
from National Journal's resource benchmarking study


October 26, 2017

Presenter

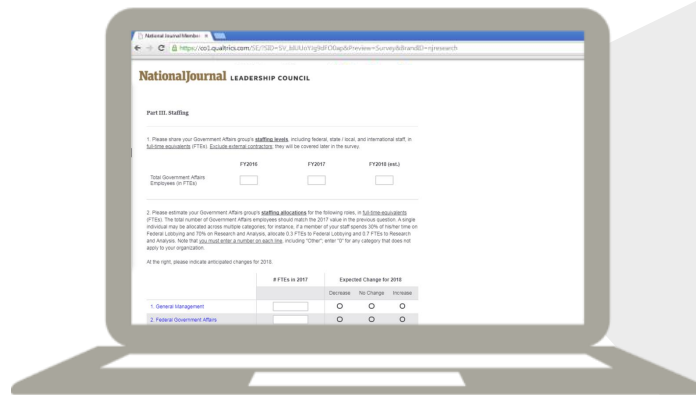
Gina Kim

Chief Analytics Officer

Roadmap

- 
- Overview of the Resource Benchmarking Initiative
 - Exploring patterns in spending and staffing levels
 - Closer look at budget and headcount trends
 - Long-term investment priorities
 - Takeaways from the initiative
 - Question and answer

Government Affairs Resource Benchmarking Initiative



Scope of Survey

- Organizational Background and Reporting Structure
- Strategic Goals, Functional Activities and Outcomes
- Current and Future Staffing
- Current and Future Spending
- Professional Services Firm Utilization
- Social Media and Digital Communications

~150+ variables analyzed

NationalJournal LEADERSHIP COUNCIL

Part III. Staffing

1. Please share your Government Affairs group's **staffing levels**, including federal, state / local, and international staff, in **full-time equivalents (FTEs)**. Exclude external contractors; they will be covered later in the survey.

	FY2016	FY2017	FY2018 (est.)
Total Government Affairs Employees (in FTEs)	<input type="text"/>	<input type="text"/>	<input type="text"/>

2. Please estimate your Government Affairs group's **staffing allocations** for the following roles, in **full-time-equivalents (FTEs)**. The total number of Government Affairs employees should match the 2017 value in the previous question. A single individual may be allocated across multiple categories; for instance, if a member of your staff spends 30% of his/her time on Federal Lobbying and 70% on Research and Analysis, allocate 0.3 FTEs to Federal Lobbying and 0.7 FTEs to Research and Analysis. Note that you **must enter a number on each line**, including "Other"; enter "0" for any category that does not apply to your organization.

At the right, please indicate anticipated changes for 2018.

	# FTEs in 2017	Expected Change for 2018		
		Decrease	No Change	Increase
1. General Management	<input type="text"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2. Federal Government Affairs	<input type="text"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3. State / Local Government Affairs	<input type="text"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4. International Government Affairs	<input type="text"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5. Research & Analysis	<input type="text"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6. Marketing & Advertising	<input type="text"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Participants receive custom reports **tailored to their organization**, with **peer comparisons** based on industry, size and strategy

Broad range of views from across the membership

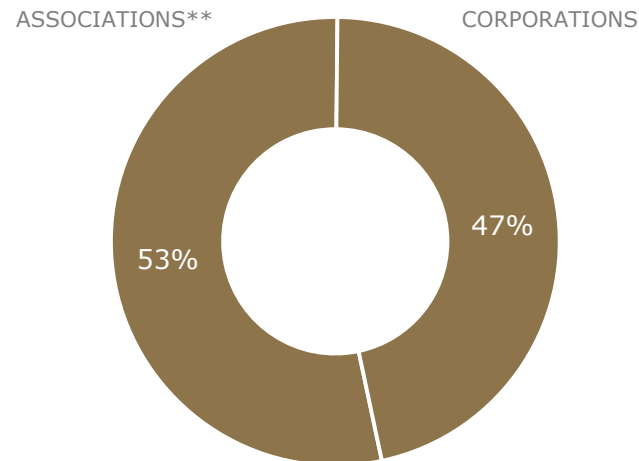
Organization Industry

MAJOR SECTORS REPRESENTED

- Agriculture & Food
- Consumer Goods & Services
- Education
- Energy & Natural Resources
- Finance & Banking
- Health Care
- Manufacturing
- Materials
- Professional Services
- Technology
- Telecommunications
- Transportation
- Utilities

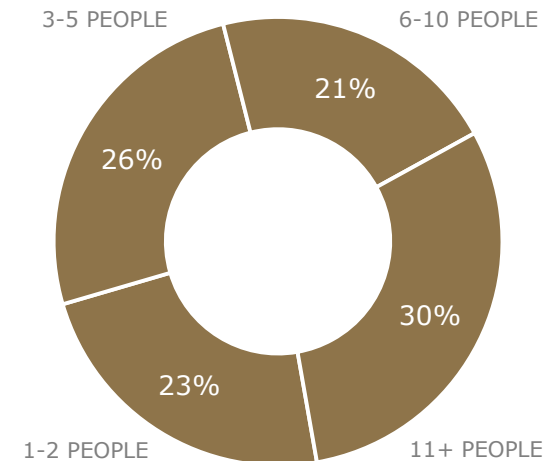
Organization Type

PERCENTAGE OF RESPONDENTS*



Organization Size

PERCENTAGE OF RESPONDENTS




*86 respondents, contributing ~10,000 data points

**Associations data include responses from interest groups, think tanks, and other not-for-profit advocacy entities

Source: Government Affairs Resource Benchmarking 2017; National Journal research and analysis.

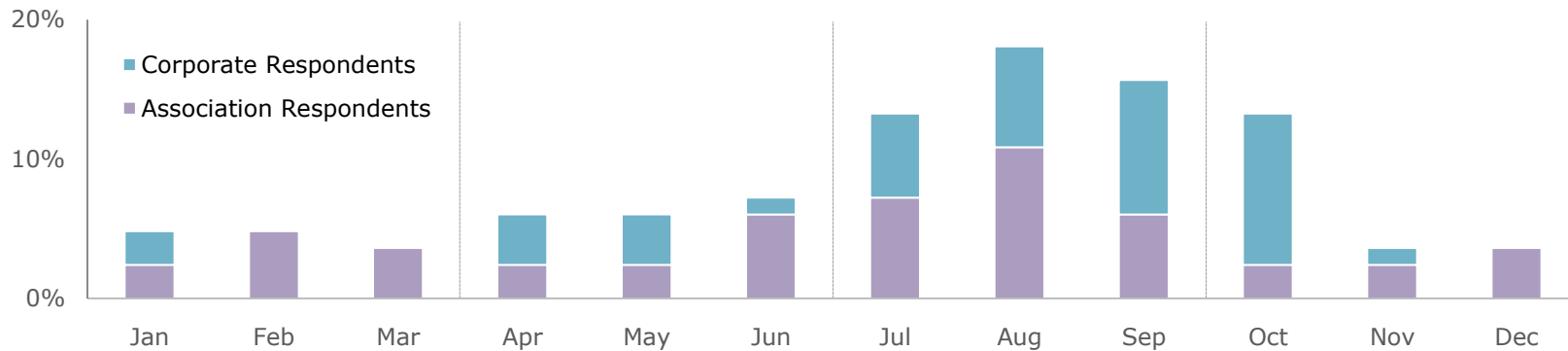
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Busy while Congress is out of session

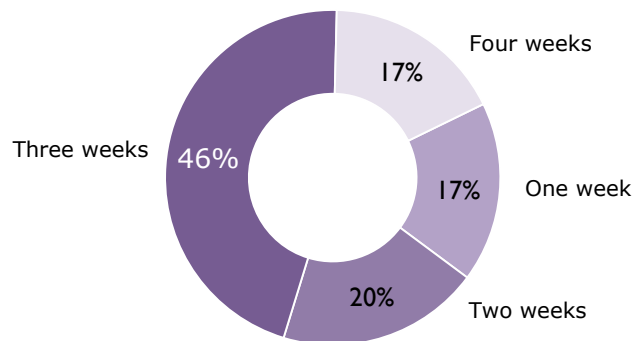
Activity highest in August; most organizations have three weeks (or more) dedicated to budgeting

Starting Month for Annual Budgeting Process

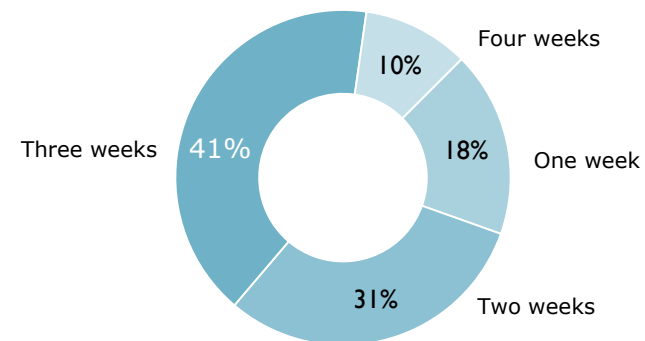


Number of Weeks Devoted to Annual Budgeting Process

ASSOCIATION RESPONDENTS



CORPORATE RESPONDENTS



What's hard about resourcing?

Whether budgets are shrinking, staying flat or growing, widespread agreement that challenges exist

Doing more with less...



“[Our] challenge will be how to prepare for the future and add value with a smaller budget.”

—Vice President, Americas

“My budget and headcount have decreased, however, the workload has not.”

—VP, Federal Affairs

...recalibrating spending levels...



“With a flat budget, we are constantly reprioritizing.”

—Senior Vice President
Industry Relations

“Organizational budget restraints limit our ability to invest in new initiatives.”

—Senior Vice President
Government Relations

...ensuring productivity



“[We haven't seen the] legislative action we expected—we staffed up and prepared for a game that has not begun.”

—President, Corporation

“I'm adding headcount... eliminating outside lobbying firms and many associations, [looking] to build internal energy and capabilities.”

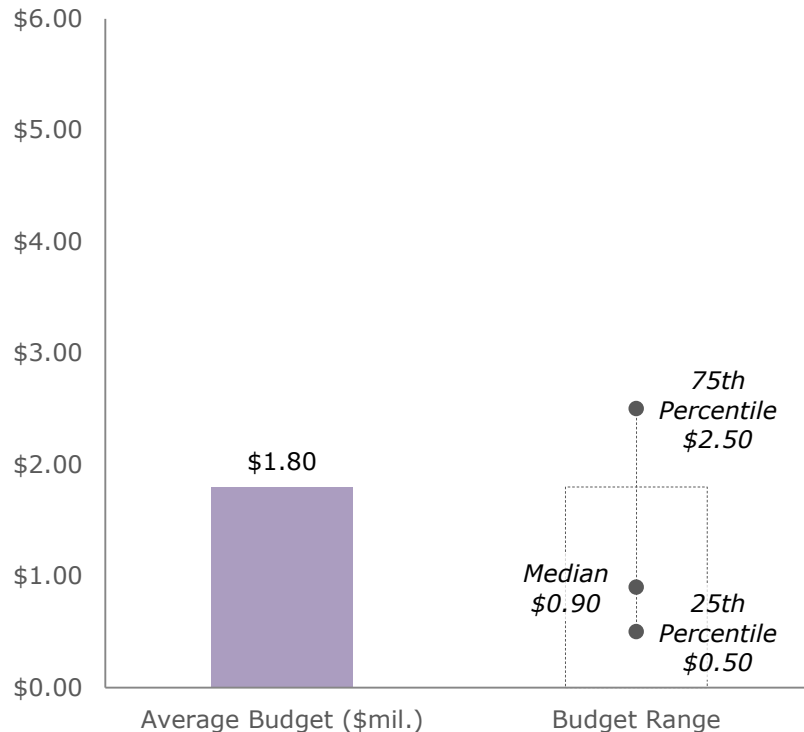
—SVP, External Affairs

Finding wide variation in budgets

Corporations “outspending” associations by a factor of 2x

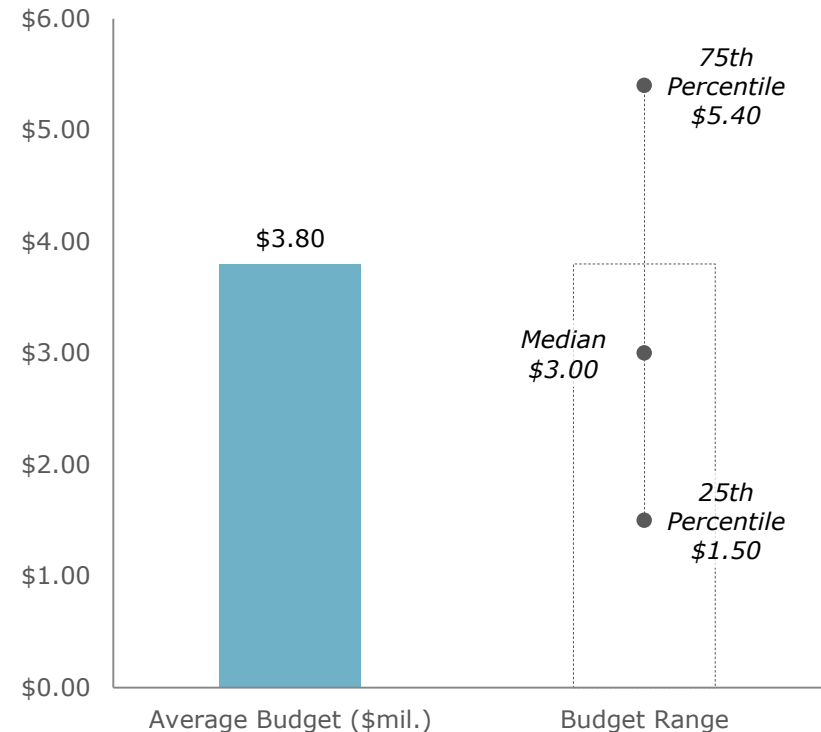
2017 Government Affairs Budget (\$mil)

ASSOCIATION RESPONDENTS



2017 Government Affairs Budget (\$mil)

CORPORATE RESPONDENTS

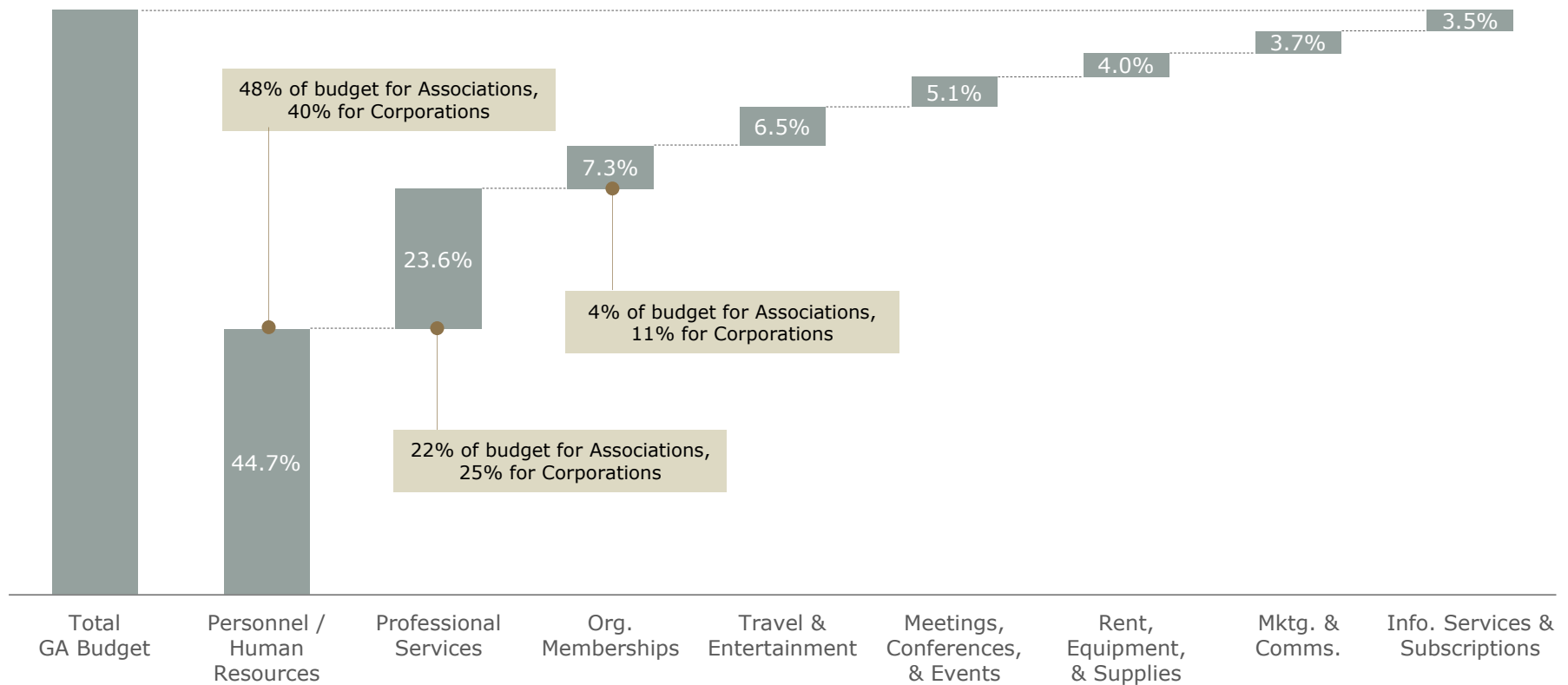


Itemizing the budget across categories

Personnel and professional services the largest areas of spend

Average Government Affairs Budget Allocation by Category

ALL RESPONDENTS



*Due to averaging, totals do not necessarily round to 100%.

**Personnel / Human Resources excludes external (contract) lobbyists; these individuals are captured in Professional Services.

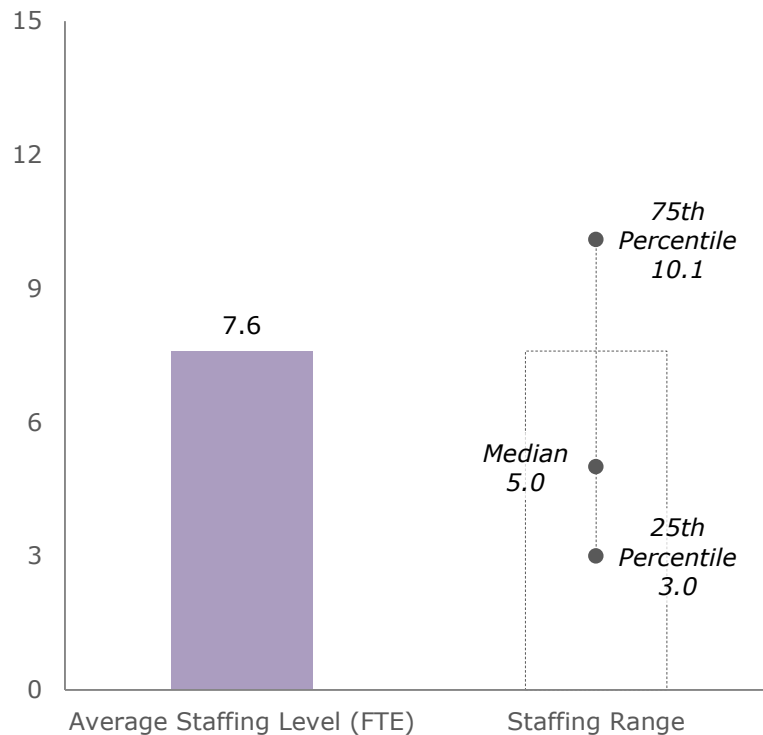
Source: Government Affairs Resource Benchmarking 2017; National Journal research and analysis.

Seeing variability across headcount too

Differences in staffing levels mirror differences in spending levels

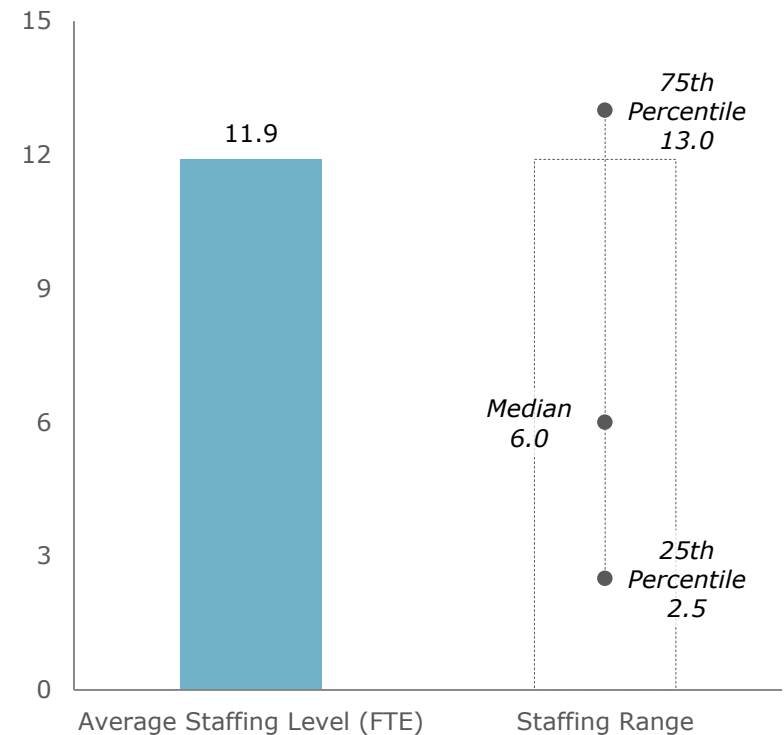
2017 Government Affairs Staffing (FTEs)

ASSOCIATION RESPONDENTS



2017 Government Affairs Staffing (FTEs)

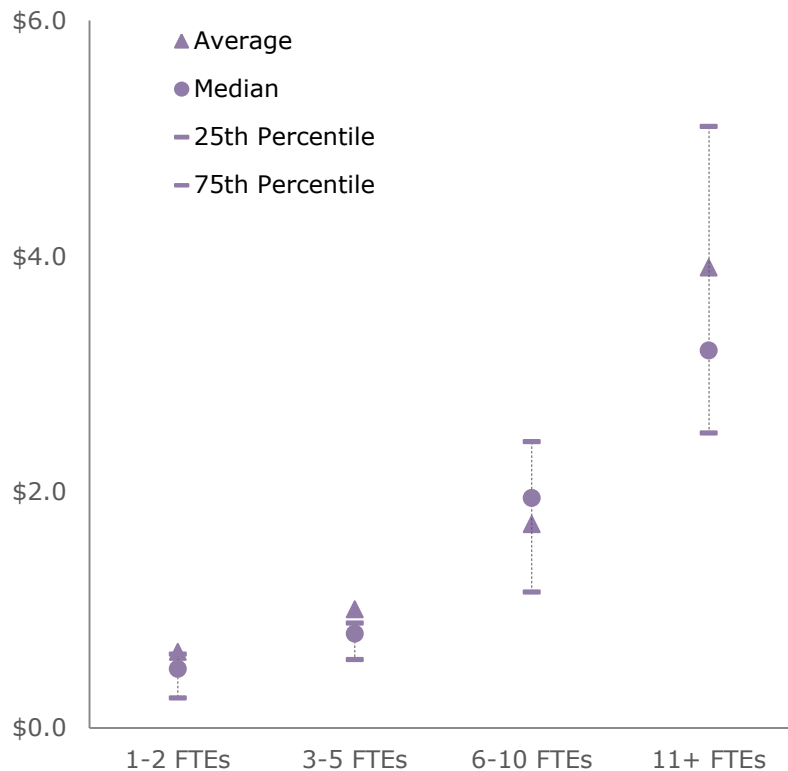
CORPORATE RESPONDENTS



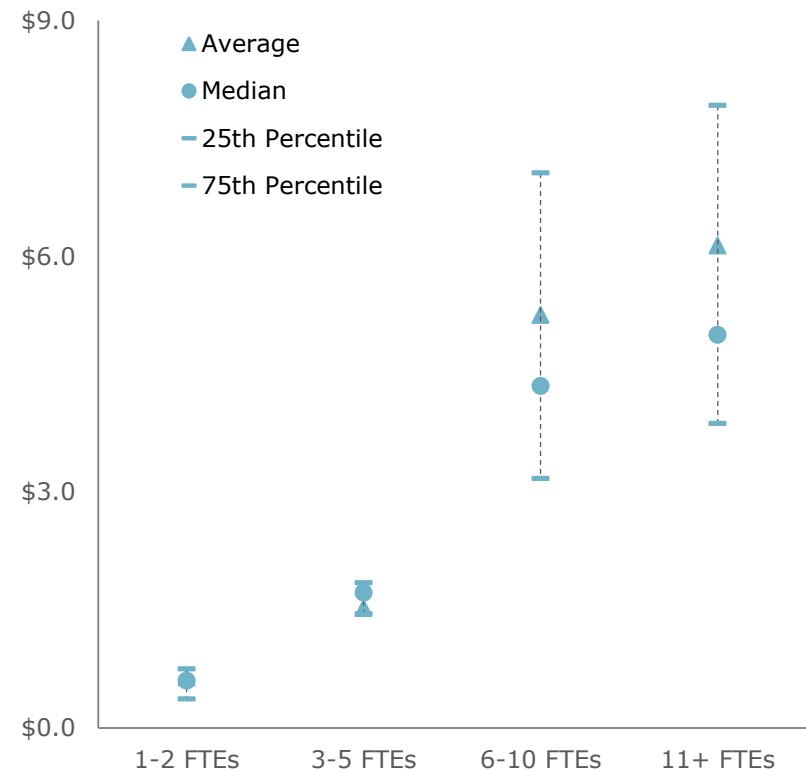
But office size doesn't explain everything...

Wide variation across different staffing levels

**2017 Government Affairs Budget (\$mil)
by Size of Office**
ASSOCIATION RESPONDENTS



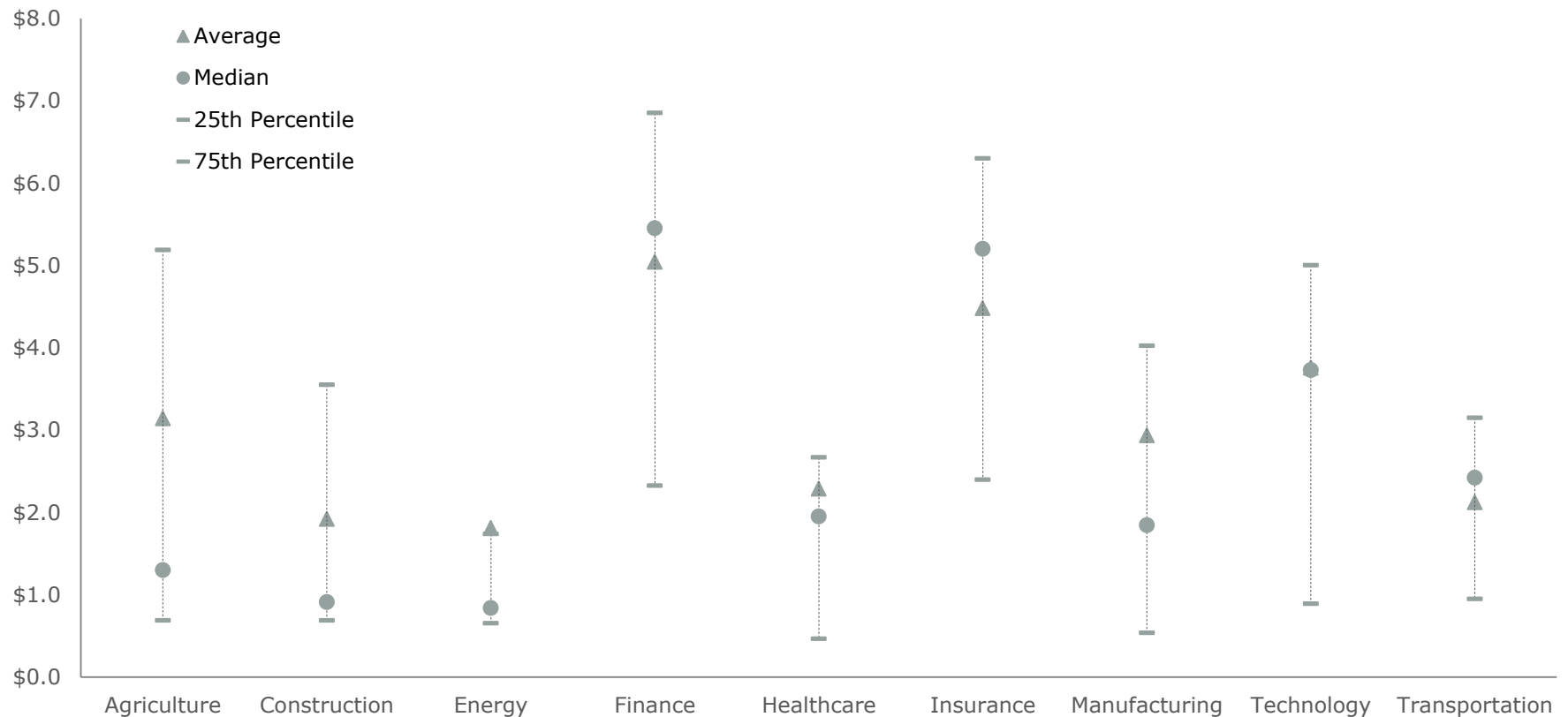
**2017 Government Affairs Budget (\$mil)
by Size of Office**
CORPORATE RESPONDENTS



...And industry is an imperfect predictor of budget trends as well

Even greater variation when industry is taken into account

2017 Government Affairs Budget (\$mil)
by Industry Group
ALL RESPONDENTS



Source: Government Affairs Resource Benchmarking 2017; National Journal research and analysis.

Which organizational attributes correlate to higher spend?

Past research finds operational complexity a driver of cost for the government affairs function



Office Size

Greater variability of spend as offices grow in size



Industry

Greater variability of spend within select industries



Geographic Distribution

Higher spending associated with geographic dispersion



Organizational Structure

Higher spending associated with matrixed staff structures



Scope of Activity

Directional impact of increased activity to be determined

An expanding portfolio, requiring greater collaboration

Today's government affairs organizations contribute to a variety of activities beyond traditional lobbying

Government Affairs Functional Activities	% Participation by Associations	% Participation by Corporations
Federal Legislative Lobbying	96%	93%
Executive Branch / Regulatory Lobbying	96%	93%
State / Local Government Lobbying	52%	75%
Issue Tracking & Portfolio Management	100%	98%
Policy Position Development & Analysis	96%	98%
Policy Risk Identification & Monitoring	93%	98%
Grassroots / Grasstops Management	98%	80%
Coalition Management	91%	88%
Stakeholder Mapping	72%	85%
Thought Leadership Content Development	78%	83%
Public Relations and Communications	85%	58%
Social Media Advocacy	85%	30%

Most Associations and Corporations share responsibility for these activities with other groups or departments

55% of Corporations share responsibility for position development; 70% share responsibility for risk identification

78% of Associations share responsibility for PR and communications; 70% share responsibility for social media advocacy

90%+ of Associations participate in this activity
75%+ of Associations participate in this activity

90%+ of Corporations participate in this activity
75%+ of Corporations participate in this activity

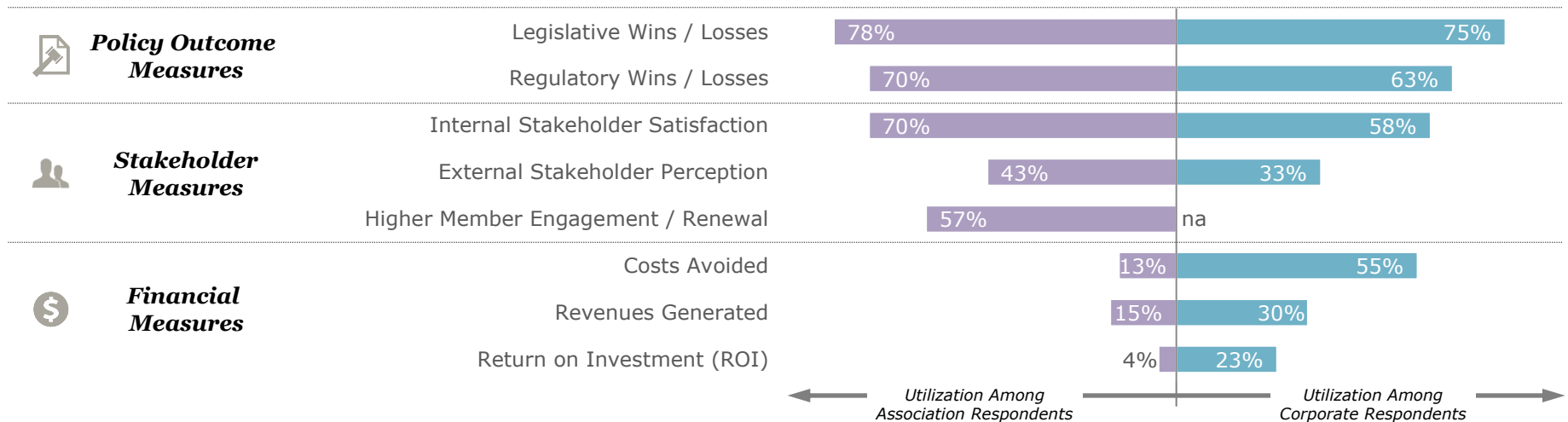
What **metrics** does your
Government Affairs group
use to **measure performance**?

Part 1: Assessing past performance

Beyond policy outcomes, associations focus on stakeholder measures while corporates emphasize financial metrics

Metrics Used to Measure Government Affairs' Effectiveness

FREQUENCY OF RESPONSE (MULTIPLE CHOICE PERMITTED)



Tying action to impact

"It's hard for us to prove any impact one way or another... the nature of our work really prevents us from being able to point to successes on any sort of consistent basis."

—EVP, Government Relations

Capturing functional value

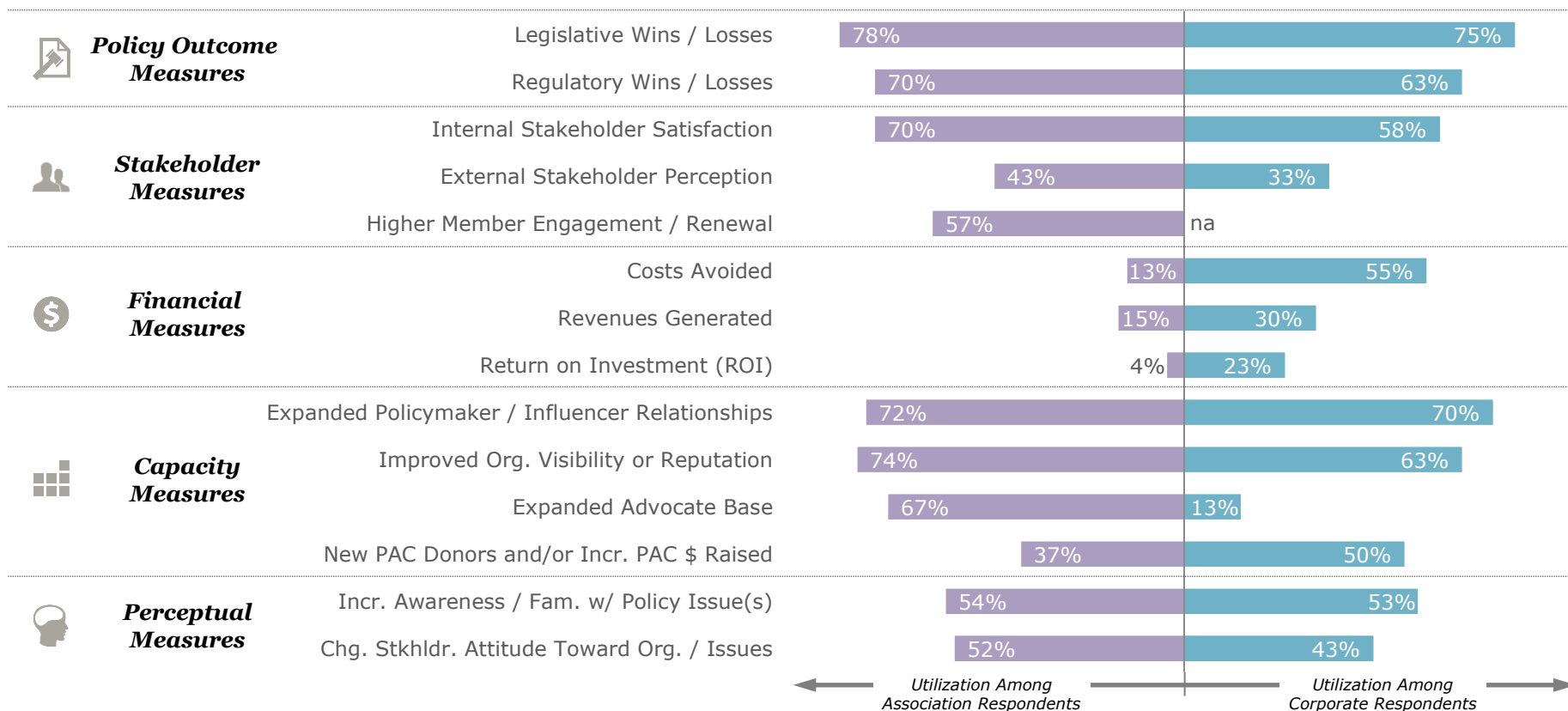
"It is always difficult to quantify the value of Government Affairs; much is determined by opinion of our CEO regarding importance of engagement."

—VP, Federal Affairs

Part 2: Moving towards a more “balanced” scorecard

Counting wins and losses may be less meaningful for demonstrating value in a slow-moving Washington

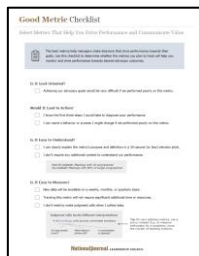
Metrics Used to Measure Government Affairs' Effectiveness
FREQUENCY OF RESPONSE (MULTIPLE CHOICE PERMITTED)



Source: Government Affairs Resource Benchmarking 2017; National Journal research and analysis.

National Journal support for your performance metrics

Good Metric Checklist



Good Metric Checklist

Select Metrics That Help You Drive Performance and Communicate Value



The best metrics help managers make decisions that drive performance towards their goals. Use this checklist to determine whether the metrics you plan to track will help you monitor and drive performance towards desired advocacy outcomes.

Is It Goal-Oriented?

- ☐ Achieving our advocacy goals would be very difficult if we performed poorly on this metric.

Would It Lead to Action?

- ☐ I know the first three steps I would take to diagnose poor performance.
☐ I can name a behavior or process I might change if we performed poorly on this metric.

Is It Easy to Understand?

- ☐ I can clearly explain the metric's purpose and definition in a 30-second (or less) elevator pitch.
☐ I don't require any additional context to understand our performance.

Metrics Picklist

Metrics Picklist

A curated list of metrics for government affairs executives and managers to measure and report performance.

National Journal Leadership Council

Government Affairs Metric Pick-List

Lobbying

Measuring the strength of my relationships with policymakers and their staff

Metric	Unit
Inbound Inquiry Rate	% of target Hill offices that have sought our expertise in the last 12 months
Site Visit Rate	% target Members who have visited a facility in their district or state
Event Invitation Acceptance Rate	% of invitations to events (e.g., speaking engagements, town halls) accepted
Active Hill Champion Rate	% of Hill champions who have taken action in last quarter to advance a policy priority
24-hr Response Rate	% of initial calls and emails responded to within 24 hours
Freshman Introduction Coverage	% of Freshman legislators met in current session

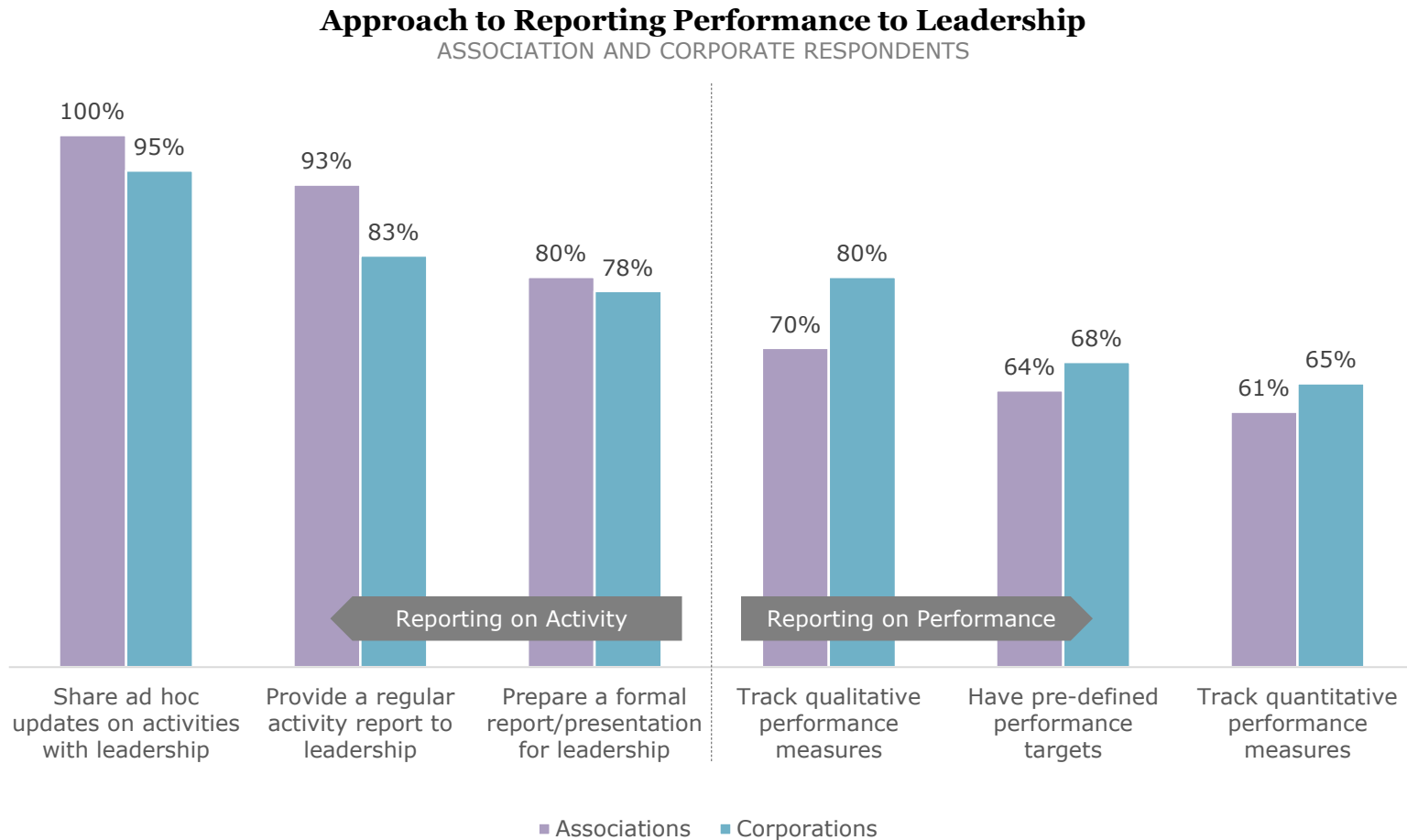
Internal Relationships

Measuring the strength of my relationships with internal stakeholders

Metric	Unit
Time-to-HR	Average time to approve new positions / lobbyists

Not just show and tell

Activity reporting more prevalent among associations; corporations more focused on measurement

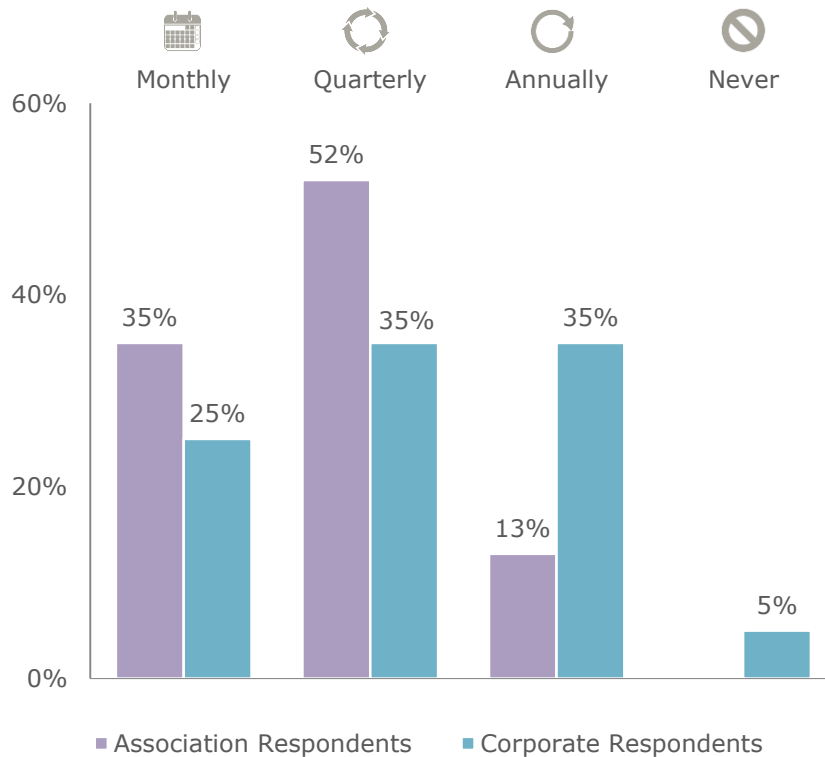


Source: Government Affairs Resource Benchmarking 2017; National Journal research and analysis.

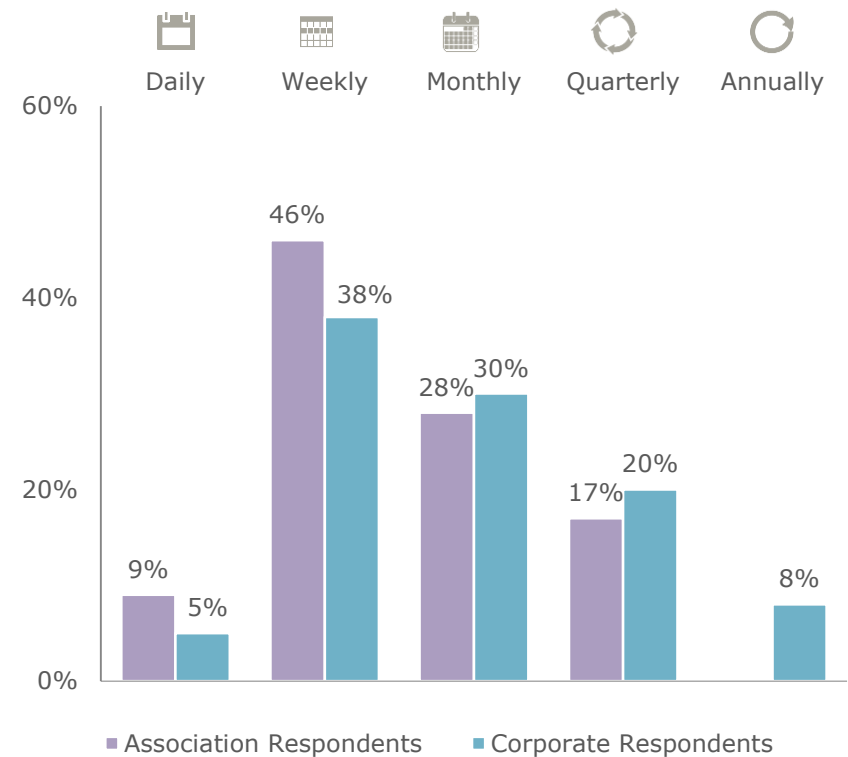
What's the frequency?

Associations formally updating leadership more often than their corporate peers

Frequency of Formal Performance Reports to Leadership



Frequency of Policy/Politics Updates to Leadership



National Journal support for your policy / politics updates

**Daily:**

Daily Presentation Center email containing slides on the latest events around politics and policy

**Weekly:**

Washington Briefing, a weekly Thursday newsletter with content from NJ's Hotline and The Atlantic

**Monthly:**

Legislative Forecast, a monthly overview of major issues facing Congress as well as a forecast of outcomes


**Quarterly:**

Washington Quarterly Report, offering a review of government actions, financial indicators and upcoming elections

**Yearly:**

Presentation products that chronicle long-term themes, such as the year-in-review, Trump administration toolbox and election intel decks

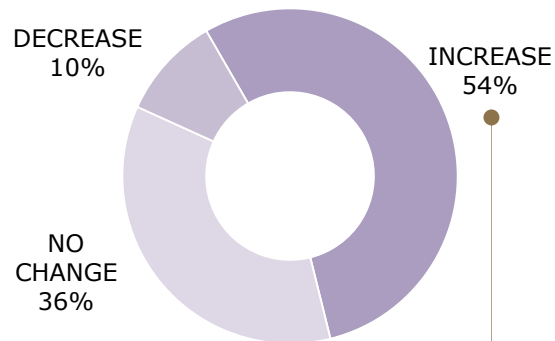
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Modest growth in spending levels for 2018

Half of the associations surveyed look to increase budgets, while half of corporates plan to hold spending constant

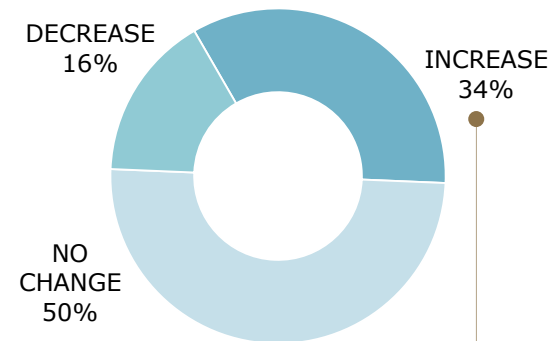
2017-to-2018 Spending Projections
ASSOCIATION RESPONDENTS



Average **size** of spending **increase** for **Associations growing** budgets between 2017-2018

+9.9%

2017-to-2018 Spending Projections
CORPORATE RESPONDENTS



Average **size** of spending **increase** for **Corporations growing** budgets between 2017-2018

+7.5%

No cons for pros

Associations and corporations more likely to increase spending on professional staff, compared to other budget categories

% of Respondents Increasing 2018 Spend by Category

ASSOCIATION RESPONDENTS

Professional staff investments the
main focus of budget increases

22.2%

Personnel:
Professional Staff

19.4%

Public Relations &
Communications

% of Respondents Increasing 2018 Spend by Category

CORPORATE RESPONDENTS

27.3%

Personnel:
Professional Staff

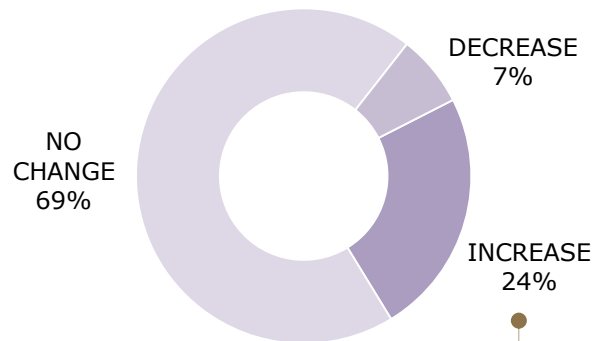
12.1%

Professional Services:
Contract Lobbyists

Majority plan to hold headcount levels flat for 2018

Those that plan to increase headcount will raise staffing levels by 20-40%

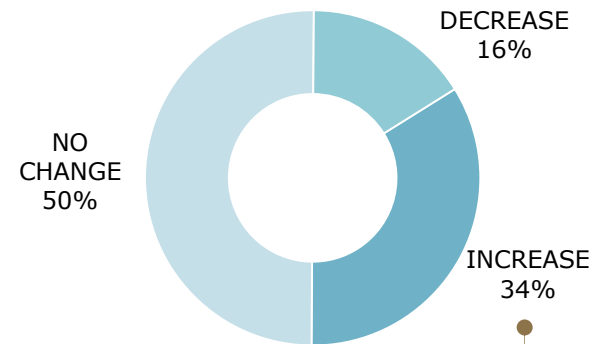
2017-to-2018 Staffing Projections
ASSOCIATION RESPONDENTS



Average **size** of staffing
increase for **Associations**
growing headcount between
2017-2018

+19.5%

2017-to-2018 Staffing Projections
CORPORATE RESPONDENTS

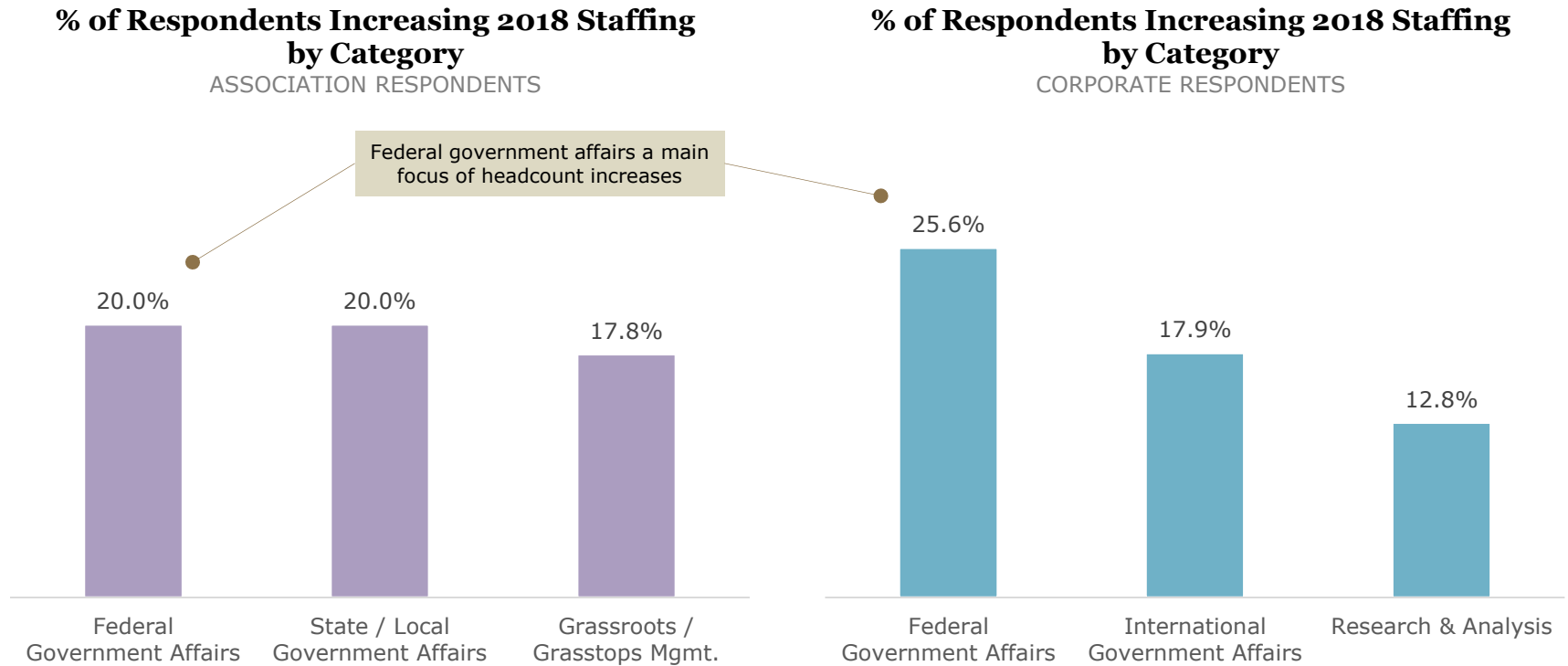


Average **size** of staffing
increase for **Corporations**
growing headcount between
2017-2018

+37.1%

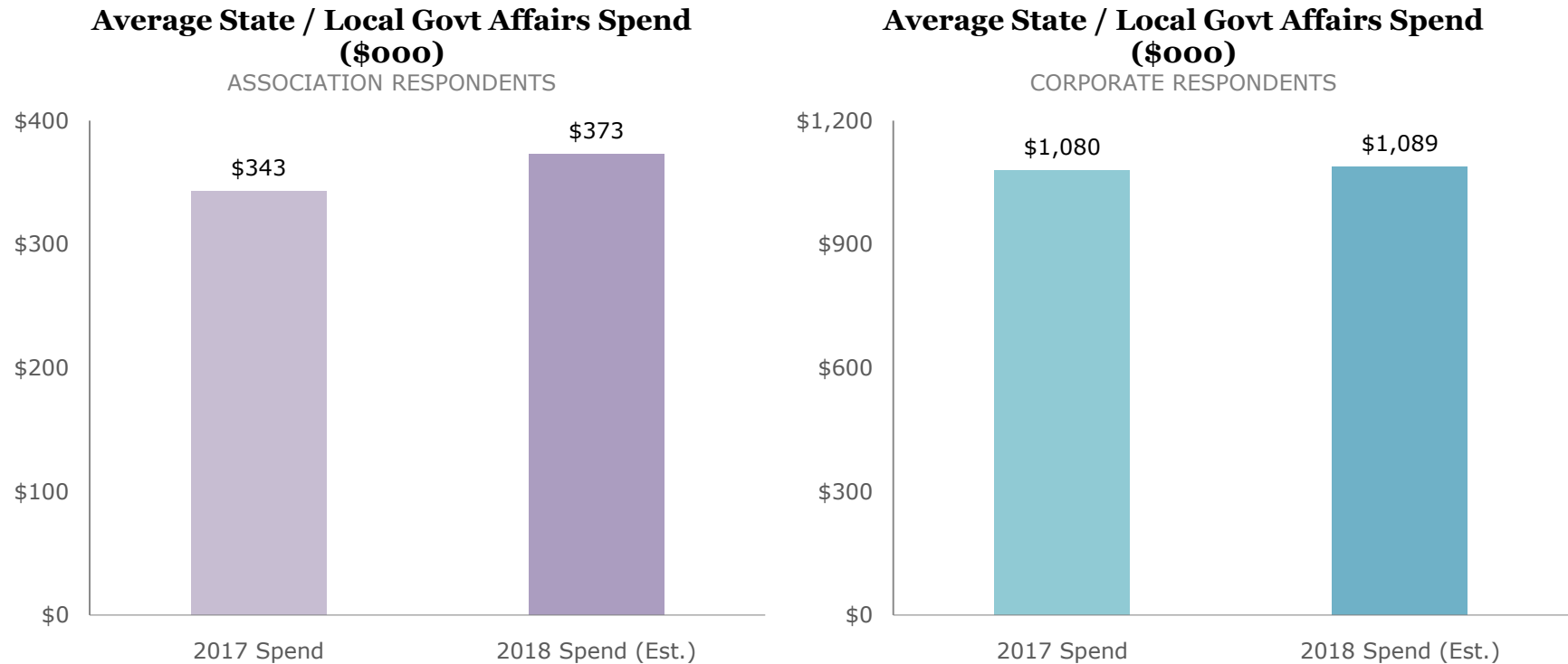
Not yet fed up

Associations and corporations more likely to add staff for federal government affairs, compared to other headcount categories



Maintaining focus on state / local activity

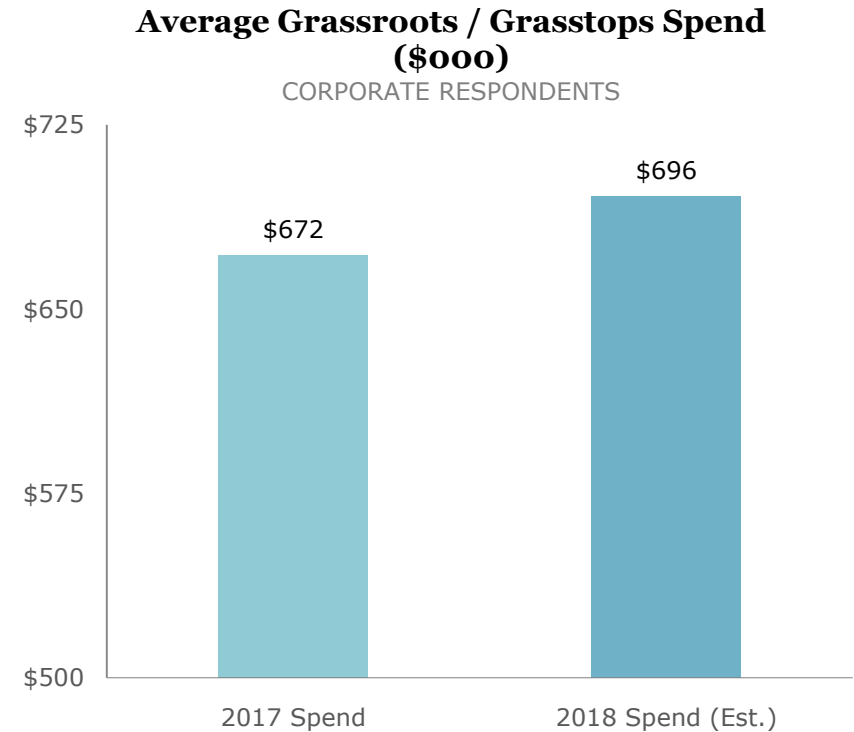
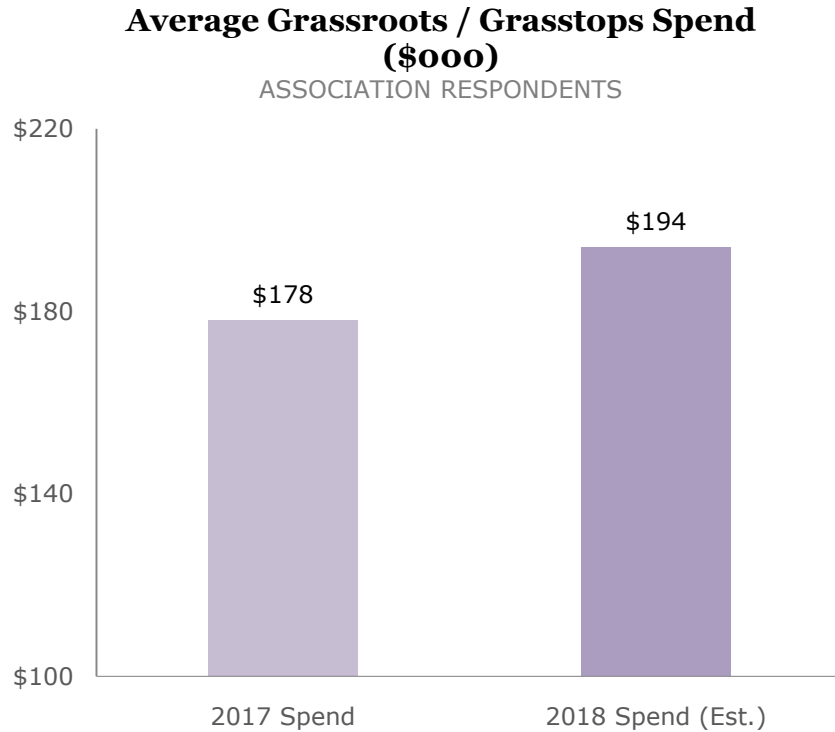
Investment in state and local activity constant or growing



For government affairs **offices growing budgets** in 2018, **three-quarters** (72%) of **those with an existing** state / local strategy **plan to increase spending** on this area

Growing grassroots programming

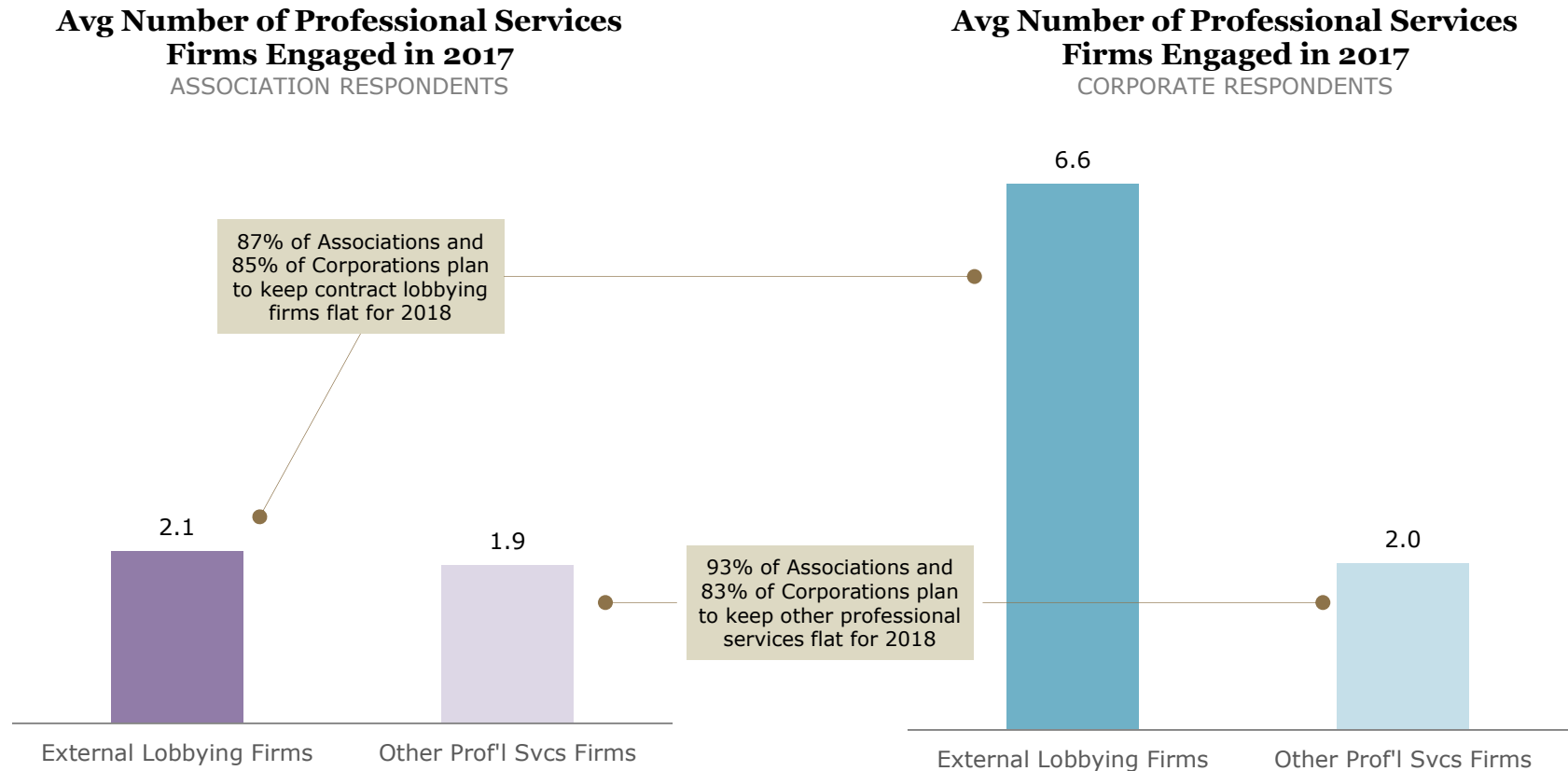
Grassroots a continued priority among Associations in particular



For government affairs **offices growing budgets** in 2018, **two-thirds** (67%) of **those with an existing** grassroots program **plan to increase spending** on this area

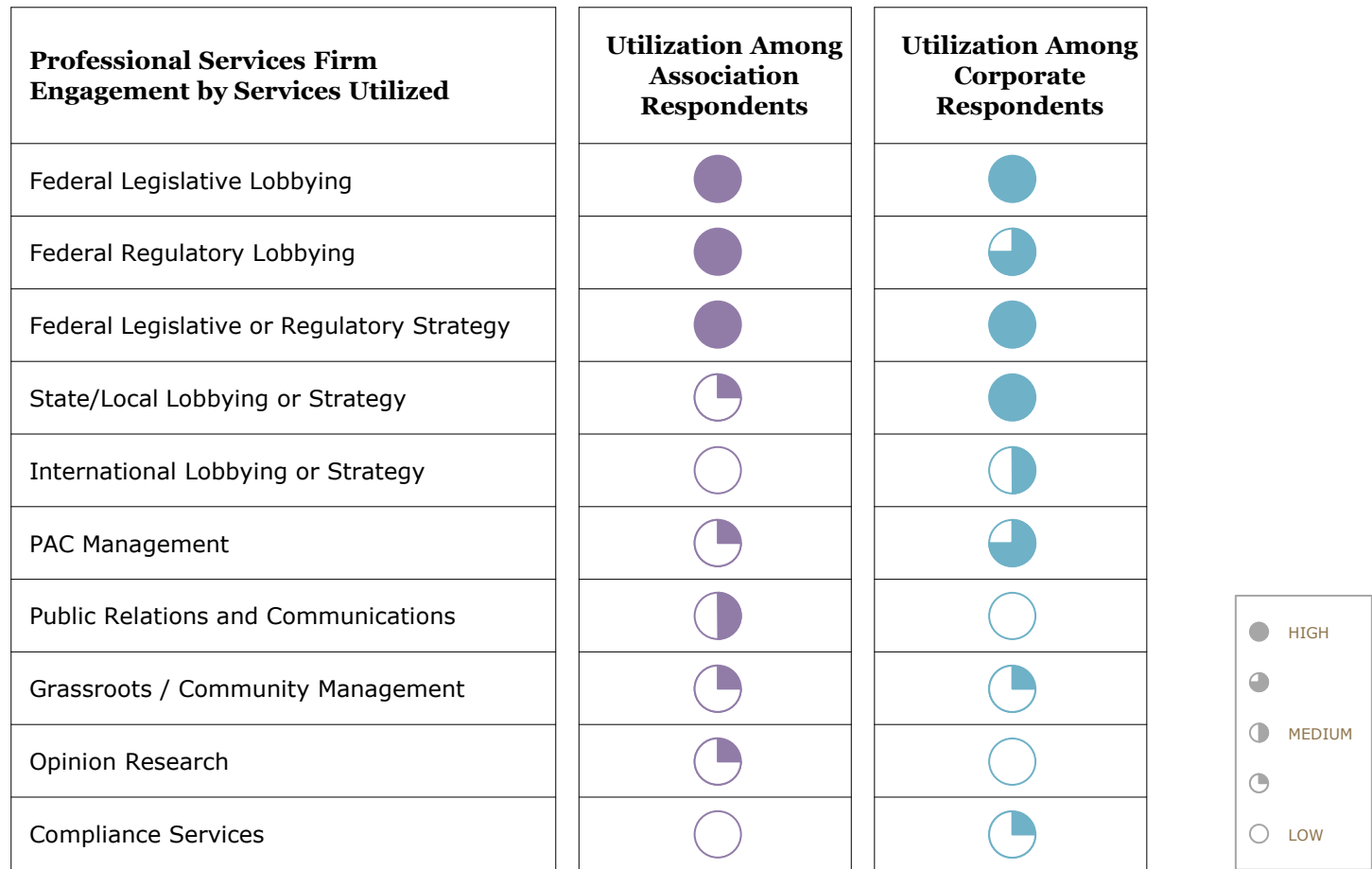
Higher utilization of external lobbyists by corporate offices

Both associations and corporations rely on outside firms for other services as well




Looking to outside firms strategic advice beyond lobbying

Use of firms for regulatory lobbying remains high; corporations more likely to rely on counsel for state/local GA activity



Source: Government Affairs Resource Benchmarking 2017; National Journal research and analysis.

Roadmap

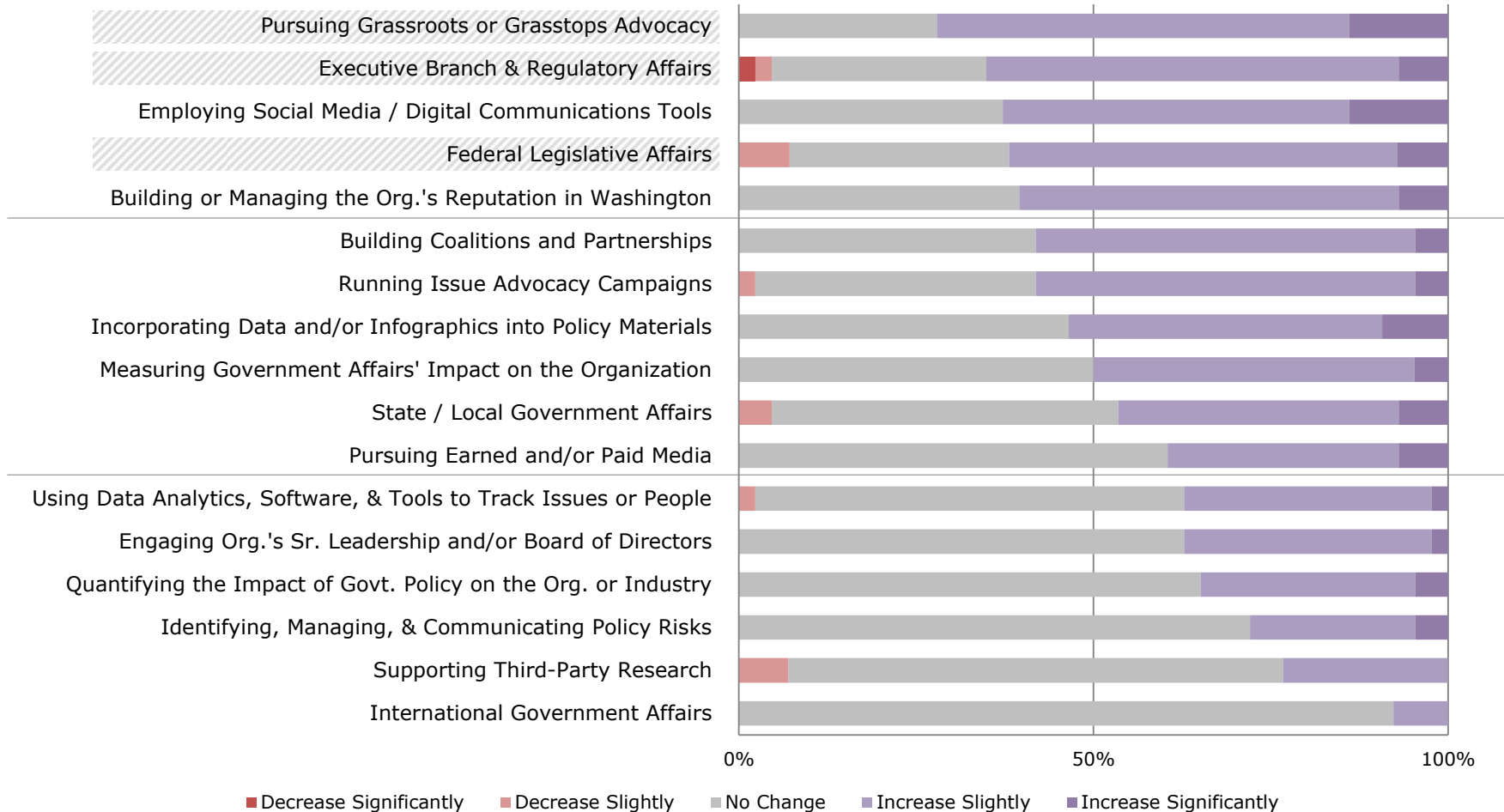
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Where do you anticipate the
Government Affairs group
making **significant investments**—
whether in time, staffing, or spending—
over the next three years?

Associations plan for investments in “core” activities

Top investment areas—in terms of dollars, staffing or time—reflect grassroots or federal affairs, as well as brand building

Associations’ Anticipated Areas of Investment | 2020 Relative to 2017

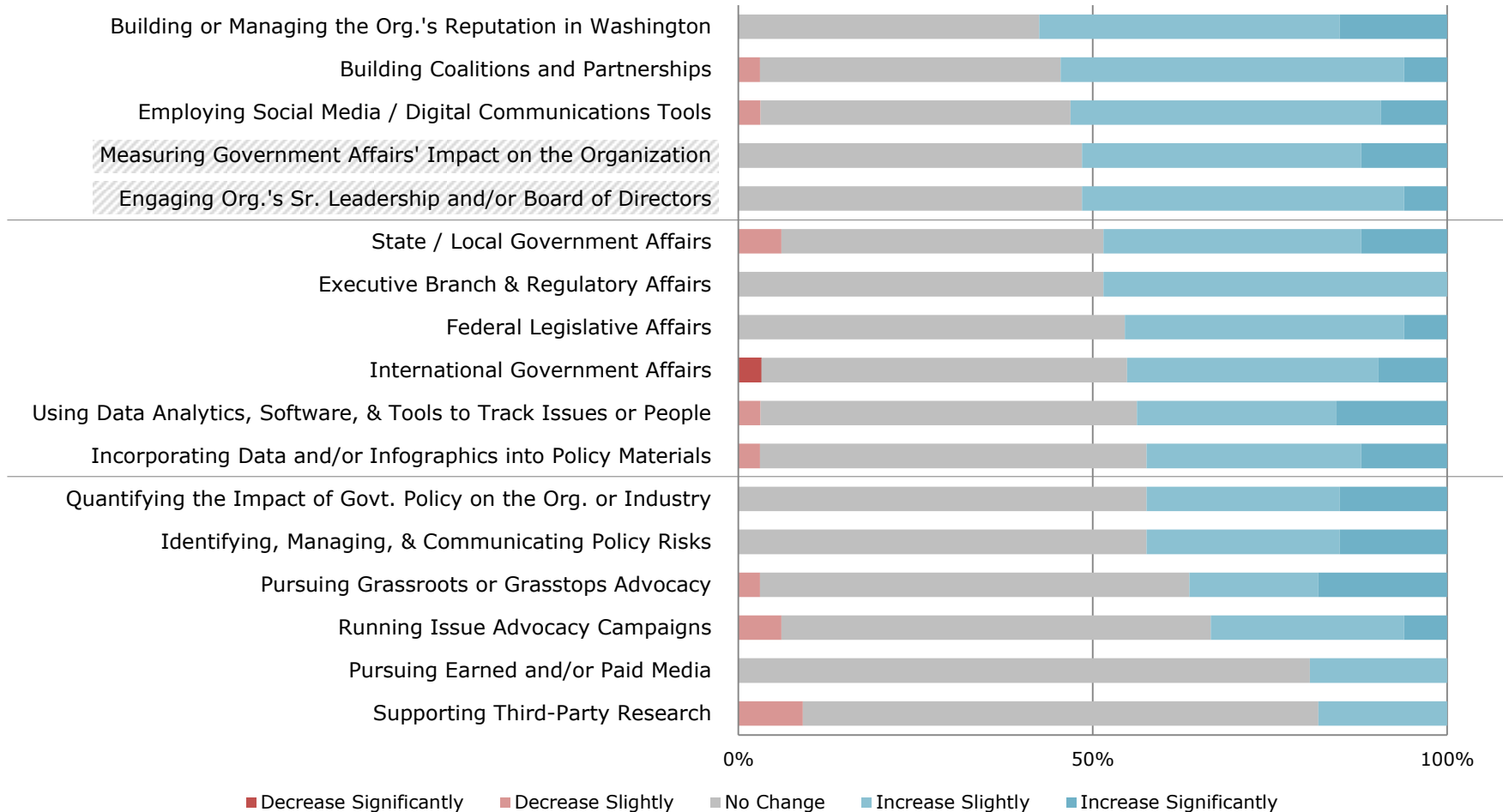


Source: Government Affairs Resource Benchmarking 2017; National Journal research and analysis.

Corporates also prioritize “upward management” investments

Top investment areas focus on brand building, extending organizational reach and demonstrating value

Corporations' Anticipated Areas of Investment | 2020 Relative to 2017








Source: Government Affairs Resource Benchmarking 2017; National Journal research and analysis.

Drill-down into anticipated investments






Associations focus on “external” investments, corporations maintain “internal” focus; share 2 of 5 priority investments

Top 5 Areas of Projected Investment

ASSOCIATIONS' TOP 5 PROJECTED INVESTMENTS

Top 5 Areas of Investment Over the Next Three Years	% of Association Respondents
 Pursuing Grassroots or Grasstops Advocacy	72%
 Executive Branch & Regulatory Affairs	65%
 Employing Social Media / Digital Communications Tools	63%
 Federal Legislative Affairs	62%
 Building or Managing the Org.'s Reputation in Washington	60%

CORPORATIONS' TOP 5 PROJECTED INVESTMENTS

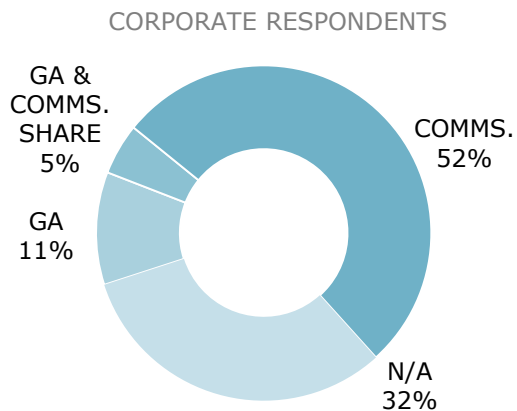
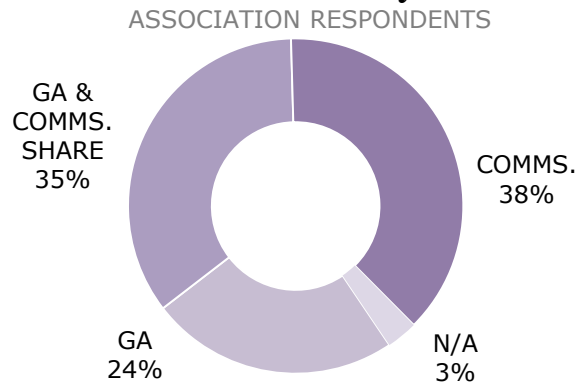
Top 5 Areas of Investment Over the Next Three Years	% of Corporation Respondents
 Building or Managing the Org.'s Reputation in Washington	58%
 Building Coalitions and Partnerships	55%
 Employing Social Media / Digital Communications Tools	53%
 Engaging Org.'s Sr. Leadership and/or Board of Directors	52%
 Measuring Government Affairs' Impact on the Organization	52%

 Areas of overlap in shared investment priorities

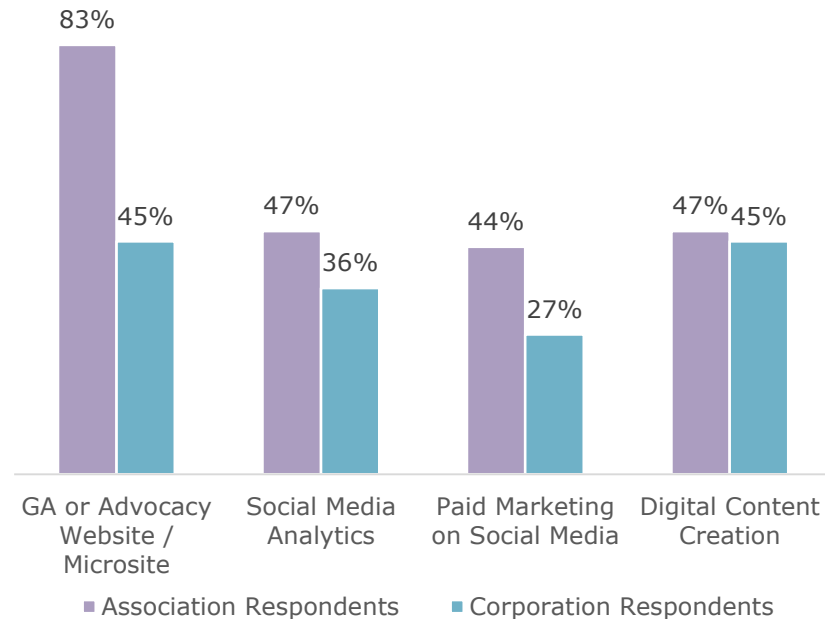
Who's in control?

Ownership of social and digital tools varies between associations and corporations

Ownership of Social & Digital Tools for Advocacy



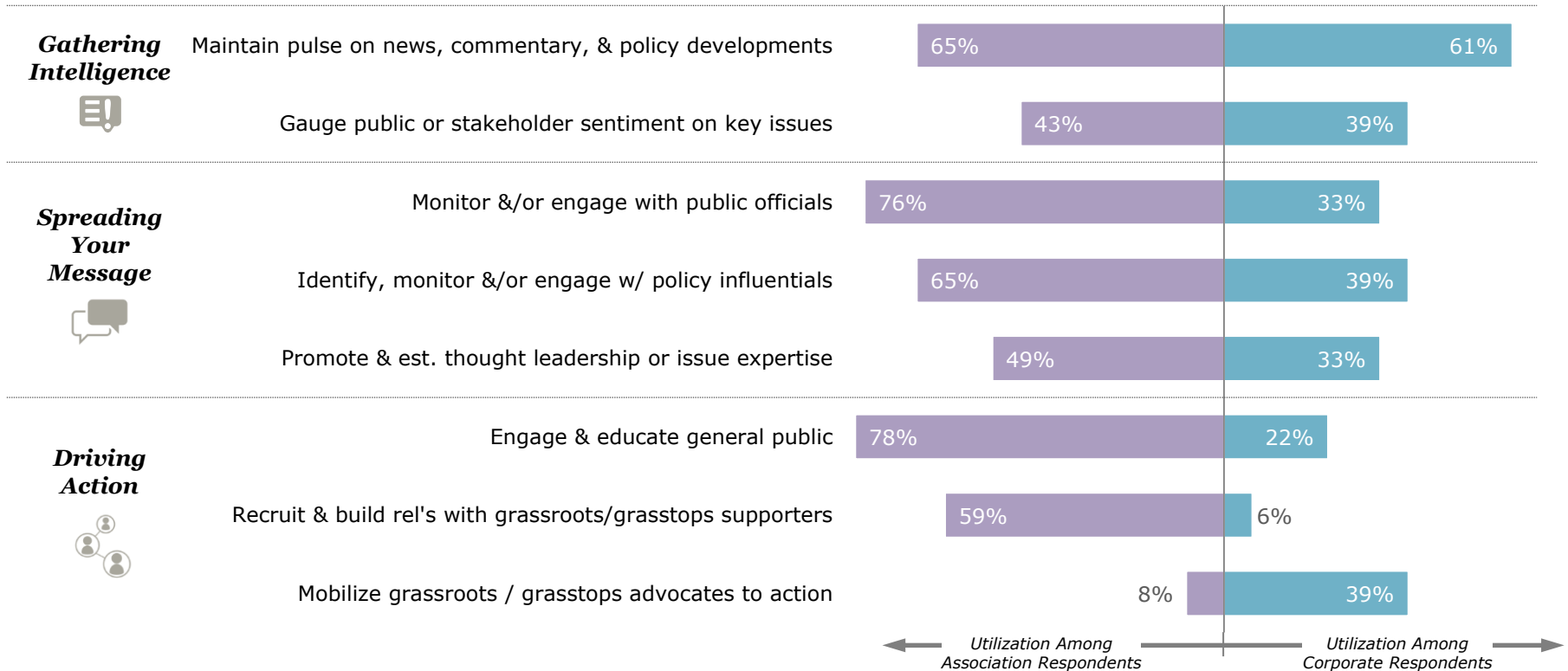
Top Digital Tools & Tactics Used by GA



Two approaches to social media


Associations and corporations track issues on social, but associations far more likely to engage on policy, with advocates

Primary Purposes of Social Media Use by Government Affairs



Source: Government Affairs Resource Benchmarking 2017; National Journal research and analysis.


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Takeaways from the initiative

- 1 **Not so bullish yet.** For 2018, spending increases are more likely than staffing increases among associations, while most corporations—roughly half of those surveyed—will hold spending and staffing flat; approximately one-half of associations expect budget growth, compared to one-third of corporations
- 2 **Approaching 2018 staffing with caution.** The majority of government affairs organizations are holding headcount levels steady in 2018—perhaps reflecting the uncertainty of the economic and policy environment—while one-quarter of associations and one-third of corporations plan for increases
- 3 **Commonalities in top spending and staffing priorities for 2018.** Both associations and corporations with plans to increase budgets are most likely to invest in professional staff, and those that anticipate headcount increases plan to hire federal government affairs talent
- 4 **Growth offices look to complement “boots-on-the-ground.”** Organizations with growing budgets aim to increase grassroots and state spend, suggesting that tactics to grow constituent networks and “go-local” approaches are viewed as higher return investments in today’s Washington
- 5 **Slowdown in Washington drives broader view of performance.** With fewer legislative and regulatory outcomes to point to, organizations are exploring forward-looking metrics that capture advocacy capacity and stakeholder mindshare, markers of an opportunity for future success
- 6 **Expanded metrics mirror anticipated investments.** Common long-term priorities for associations and corporations include a focus on organizational brand building and use of social media and digital tools, signaling continued awareness of the need for a “surround sound” approach to DC advocacy
- 7 **Small bets on everything.** The near-term investments in federal affairs staff—including lobbyists—as well as grassroots and state/local programs, coupled with longer-term investment in brand building and social media suggest that, in an unpredictable policy environment, most are opting to take small bets on everything, rather than go “all in” around any specific area

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