

Webinar: Resourcing the government affairs function for 2019

Budgeting, headcount and investment trends for 2019 and beyond from National Journal's resource benchmarking initiative


December 6, 2018

Presenter

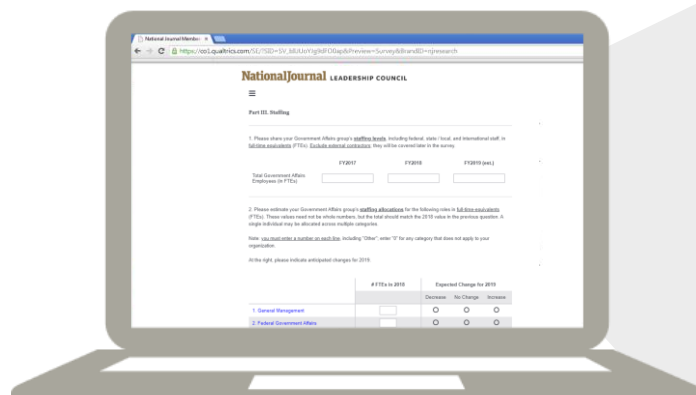
Gina Kim

*General Manager, National Journal
Presentation Center & Research*

Roadmap

- 
- Overview of the Resource Benchmarking Initiative
 - Exploring patterns in spending and staffing levels
 - Goal-setting and performance metrics
 - Closer look at headcount and budget 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
- PAC Management

~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.

	FY2017	FY2018	FY2019 (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). These values need not be whole numbers, but the total should match the 2018 value in the previous question. A single individual may be allocated across multiple categories.

Note: 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 2019.

	# FTEs in 2018	Expected Change for 2019		
		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

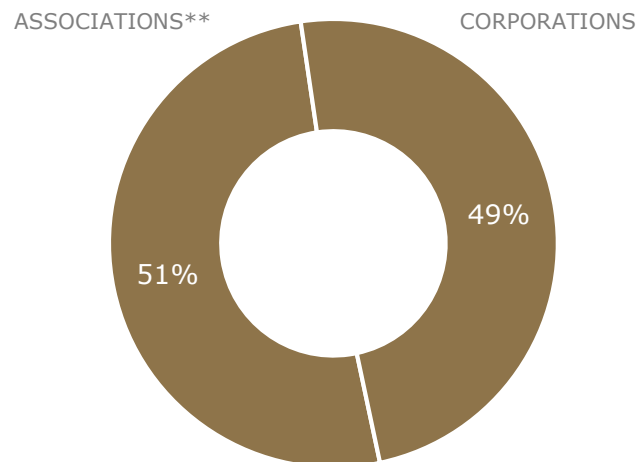
Organization Industry

MAJOR SECTORS REPRESENTED

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

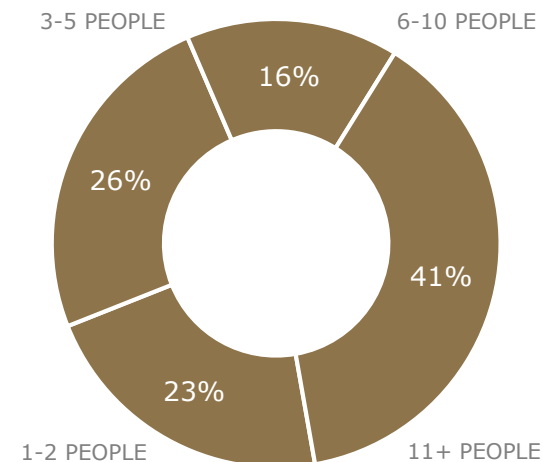
Organization Type

PERCENTAGE OF RESPONDENTS*



Organization Size


PERCENTAGE OF RESPONDENTS



*61 respondents, contributing ~10,000 data points

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

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#2017Flashback: 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.”

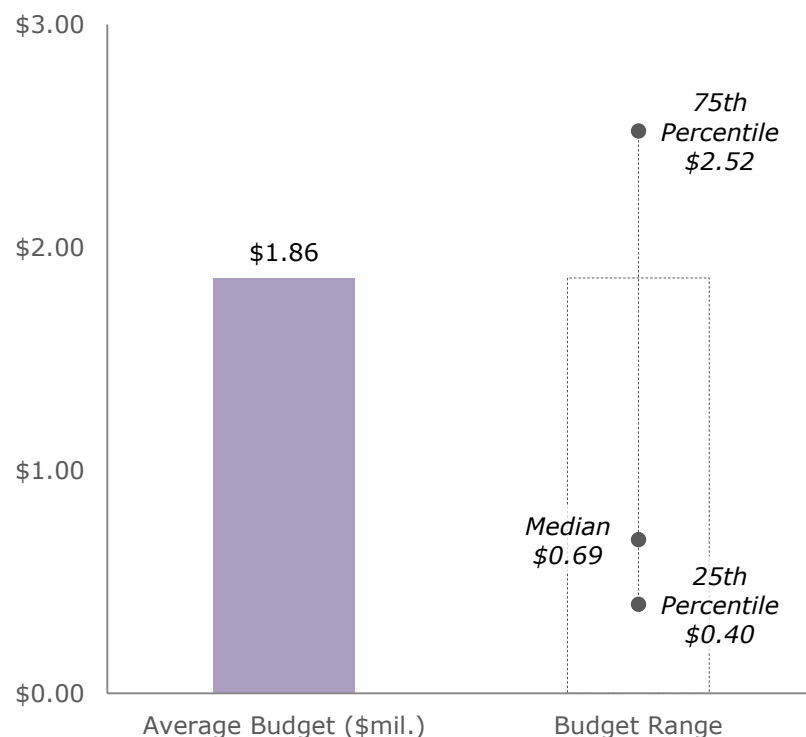
—SVP, External Affairs

Budget levels illustrate wide variation

Corporations “outspending” associations by a factor of 3x

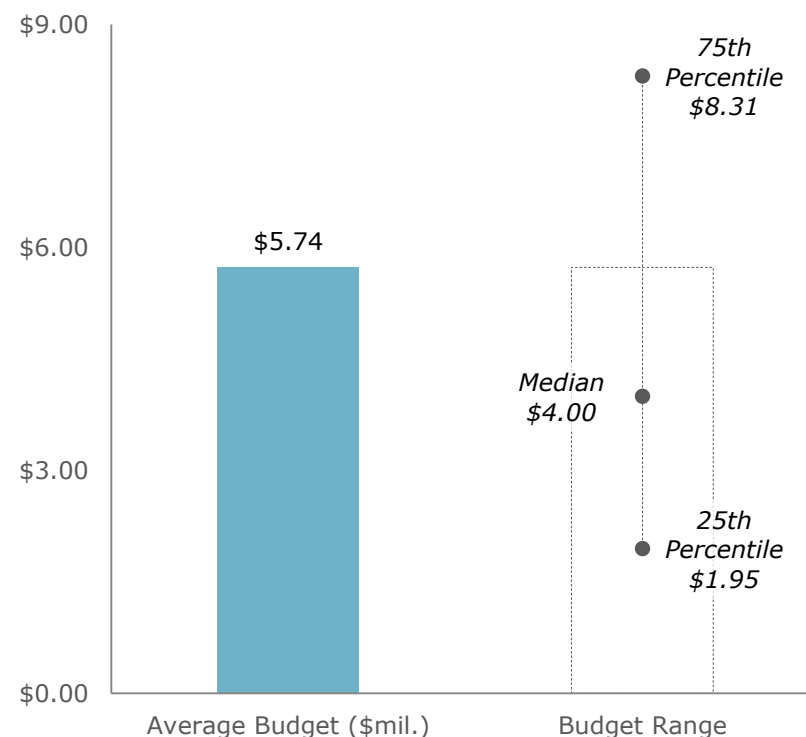
2018 Government Affairs Budget (\$mil)

ASSOCIATION RESPONDENTS



2018 Government Affairs Budget (\$mil)

CORPORATE RESPONDENTS

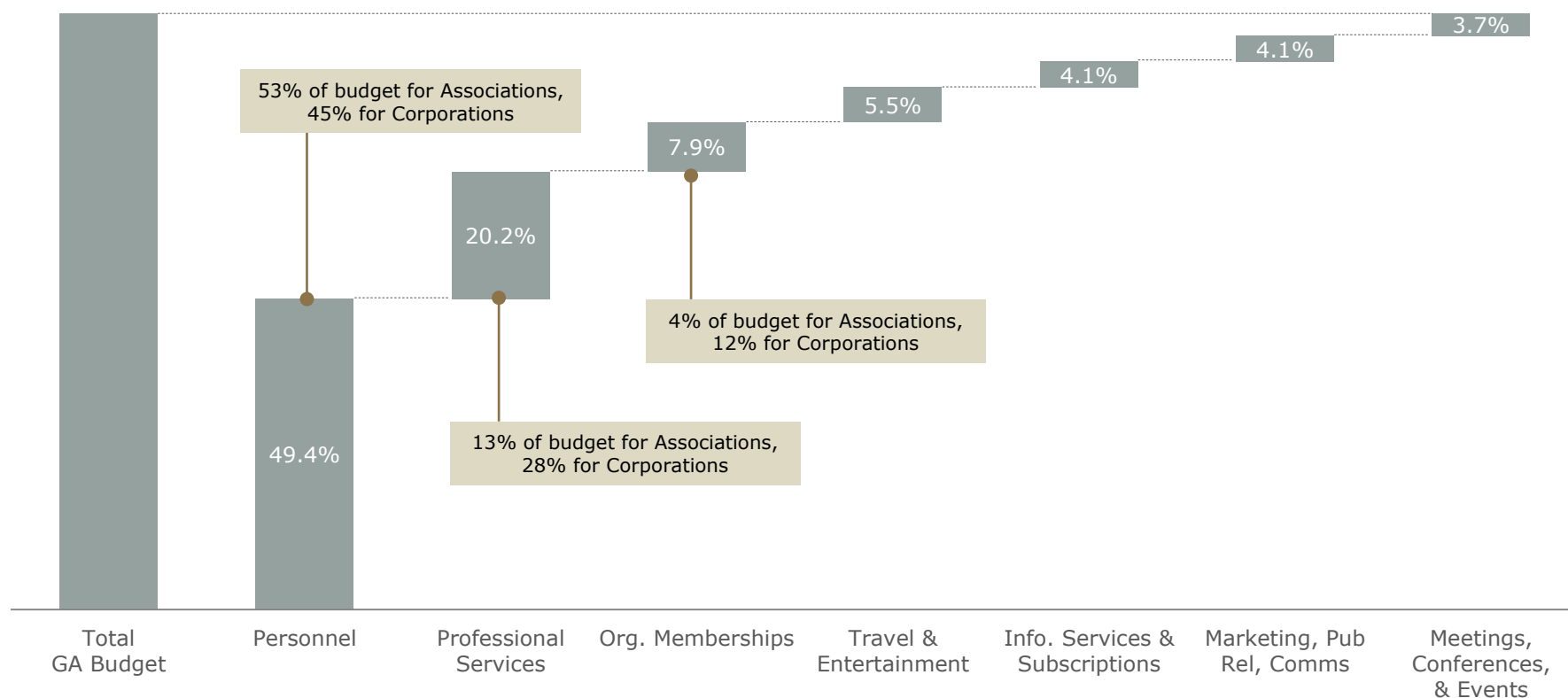


Highlighting budget allocations across categories

Personnel and professional services the largest areas of spend

Average Government Affairs Budget Allocation by Category

ALL RESPONDENTS



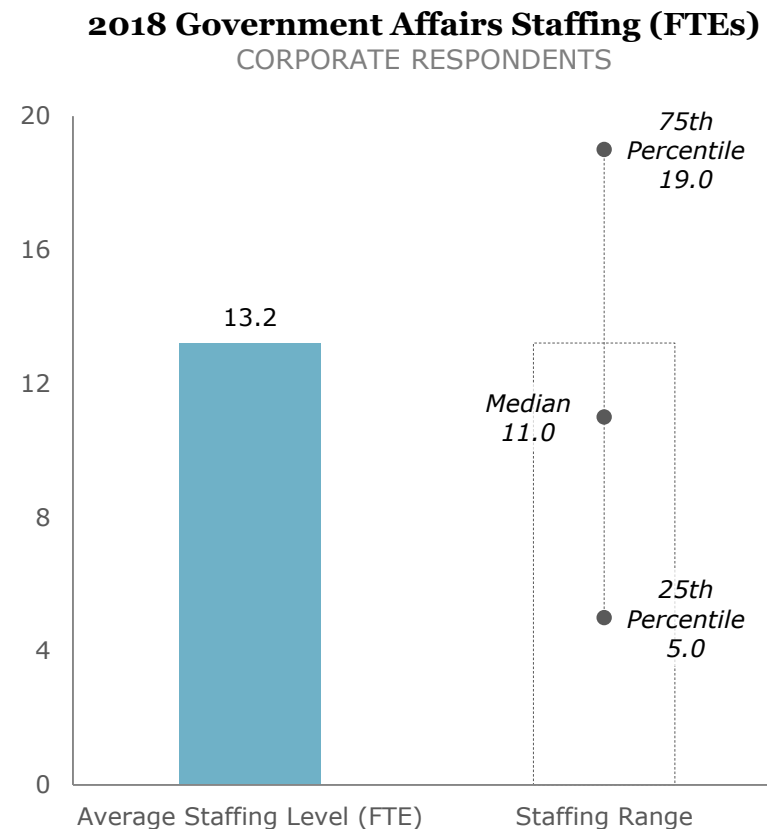
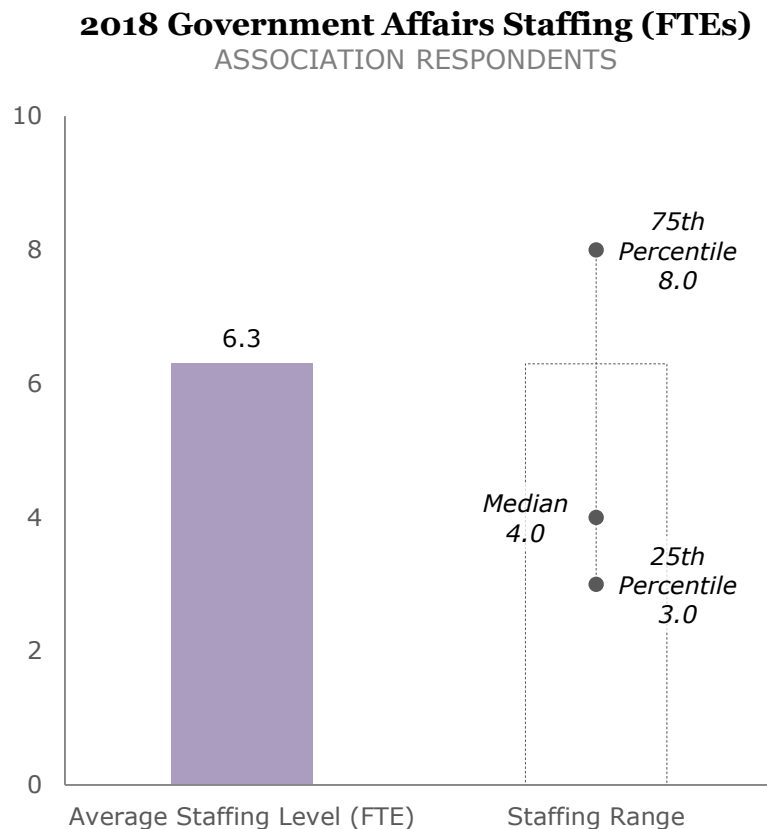
*Due to averaging, totals do not necessarily round to 100%.

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

Source: Government Affairs Resource Benchmarking 2018; National Journal research and analysis.

Finding wide differences in headcount too

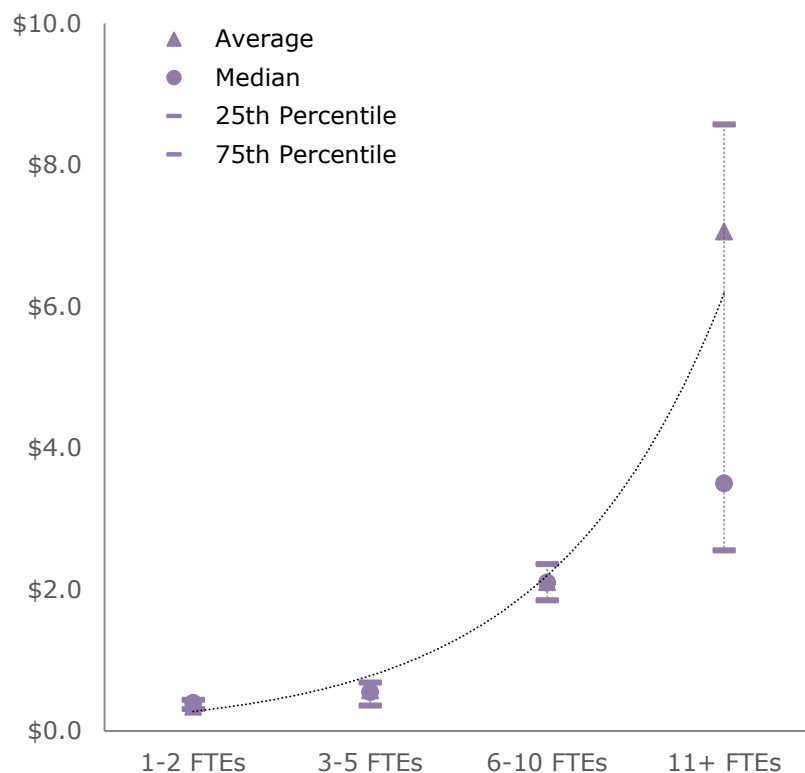
Roughly 2x as many government affairs staff in corporations surveyed



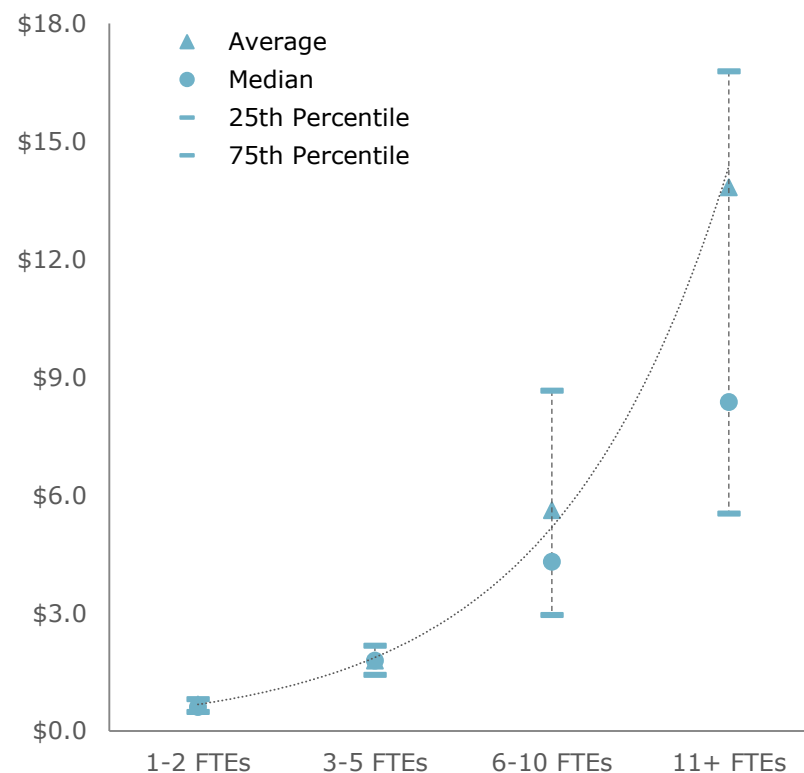
But staffing levels don't explain everything...

Variation in spending widens as office sizes grow, but size not an accurate predictor of budget

2018 Government Affairs Budget (\$mil)
by Size of Office
ASSOCIATION RESPONDENTS



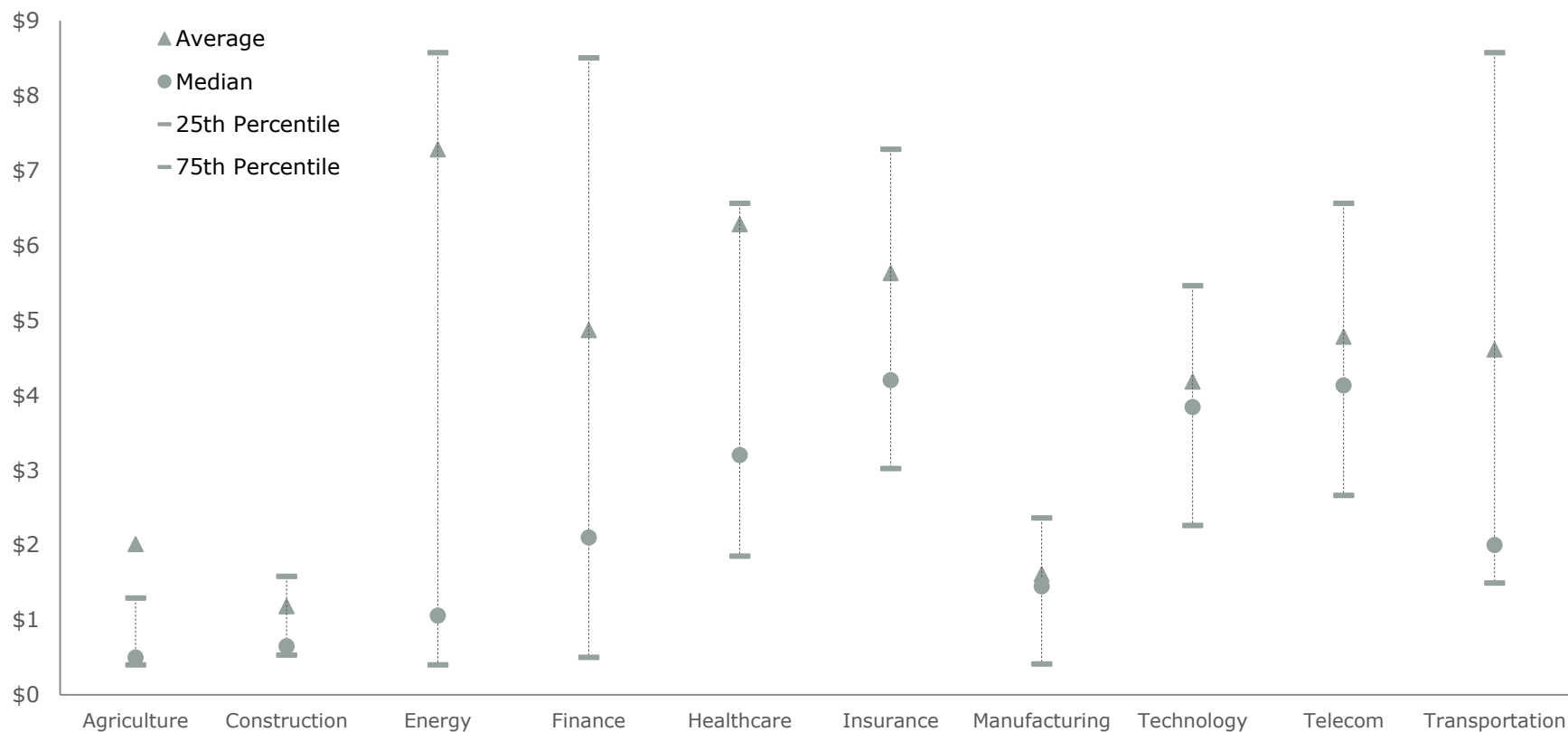
2018 Government Affairs Budget (\$mil)
by Size of Office
CORPORATE RESPONDENTS



...And industry doesn't tell the full story either

Difficult to forecast spending trends based on industry membership alone

2018 Government Affairs Budget (\$mil)
by Selected Industry Group
ALL RESPONDENTS



Source: Government Affairs Resource Benchmarking 2018; 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

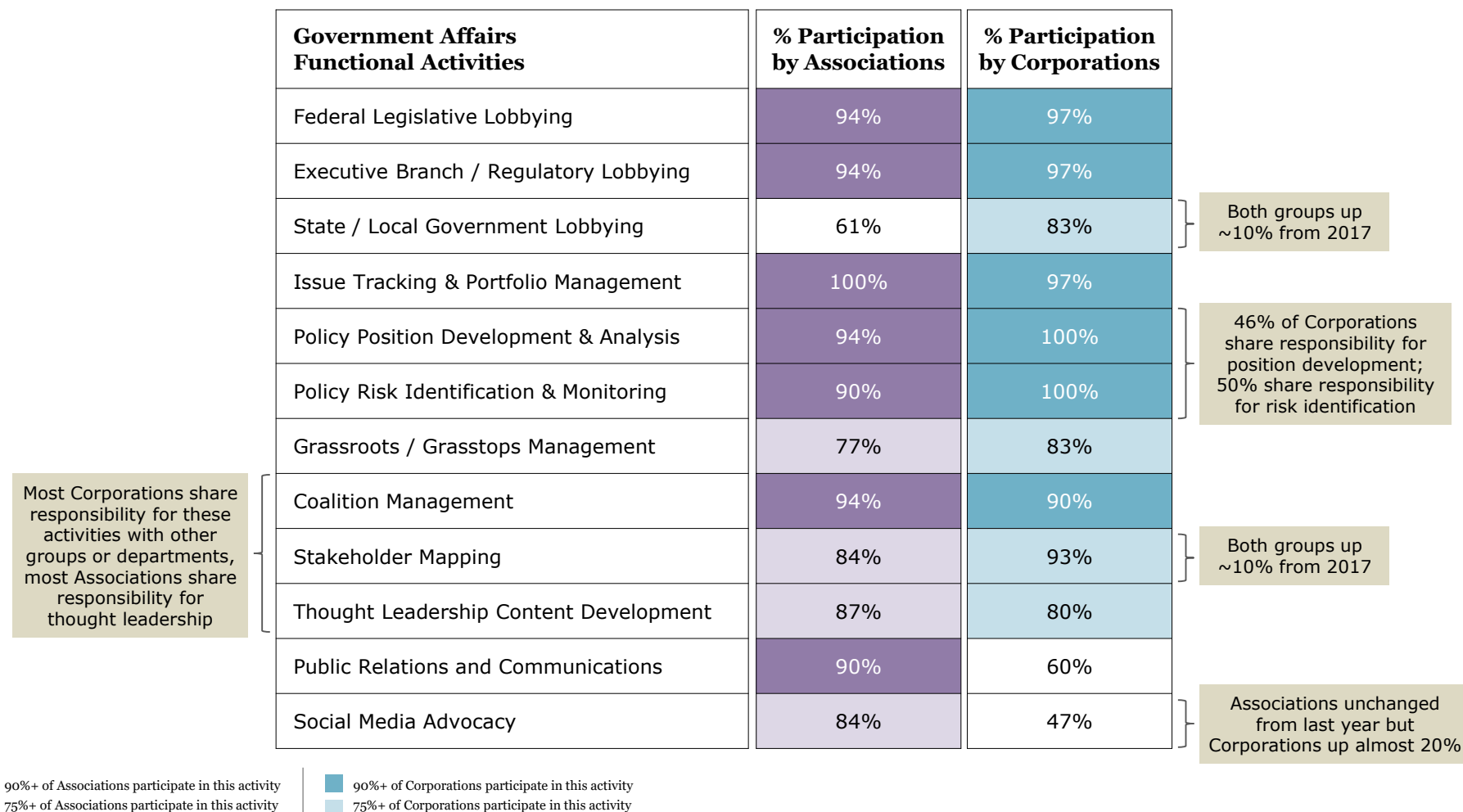


Scope of Activity

Directional impact of increased activity to be determined


An ever-expanding portfolio?

Today's government affairs organizations engage in many activities beyond traditional lobbying



Source: Government Affairs Resource Benchmarking 2018; National Journal research and analysis.

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Begin with the end in mind

Selecting government affairs' priorities: focus on the activities most important to group success

Which of the following elements of your advocacy work are most important to your department's success across its entire portfolio?

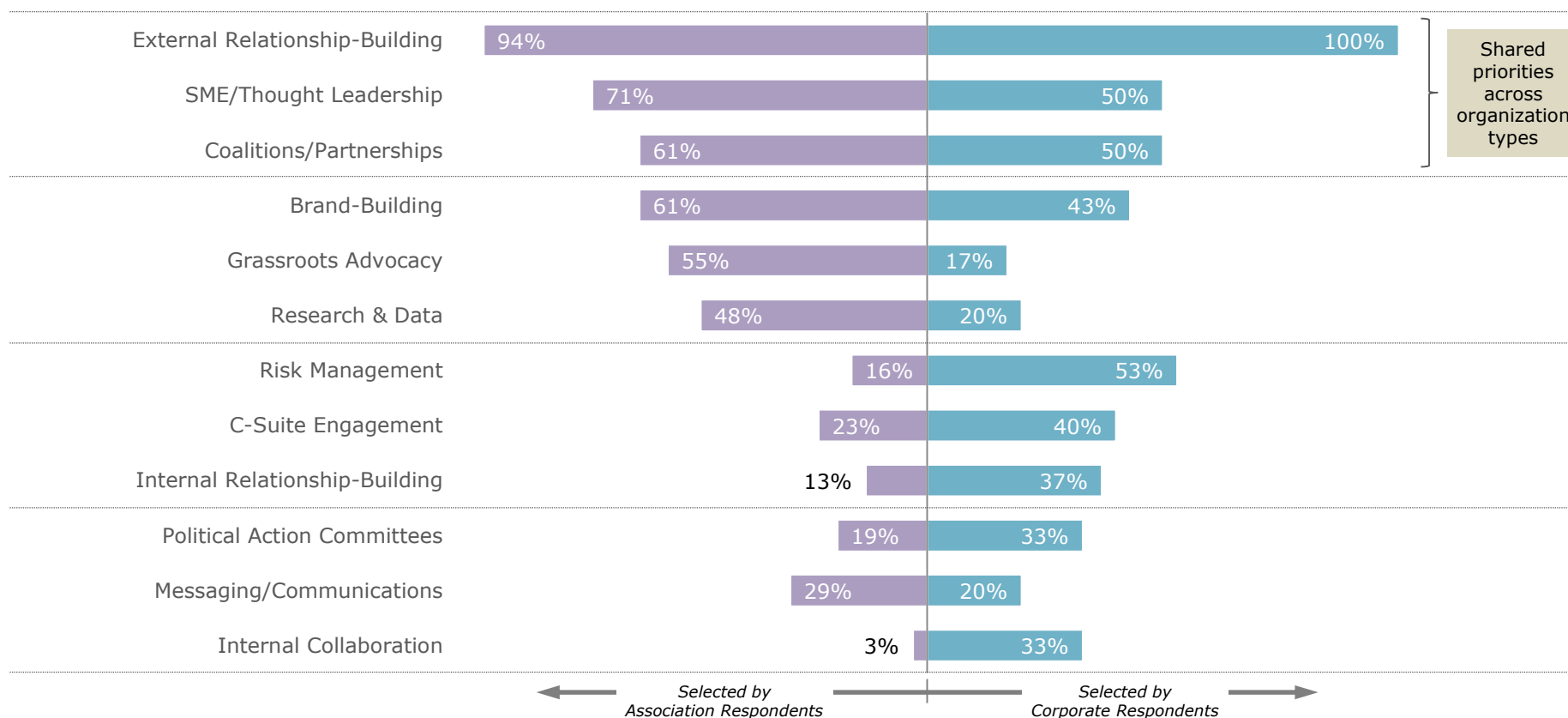
- ☐ The strength of our **relationships** with **policymakers** and their top staff
- ☐ The **perception** that we are among the top **experts** on a given policy issue
- ☐ The ability to marshal **grassroots** and grassroots advocates to take action
- ☐ The ability to spread our **messages** using **traditional** and **new media** tools
- ☐ The strength and diversity of the **coalitions** or **partnerships** that we build
- ☐ The ability to produce **research** and **data** that informs policy development
- ☐ The ability to **grow financial contributions** to our organization's PAC
- ☐ The strength of our organization's **reputation** within the policy community
- ☐ The willingness of our **C-Suite** and **Board** to **engage** in policy conversations
- ☐ The ability to **coordinate** our advocacy efforts **among internal departments**
- ☐ The ability to **identify risks** to our organization or industry as they emerge
- ☐ The strength of my relationships with key **internal stakeholders**

Who you know *and* what you know

Both associations and corporations view building relationships—with policymakers and “like” organizations—as well as subject-matter expertise as critical to advocacy success

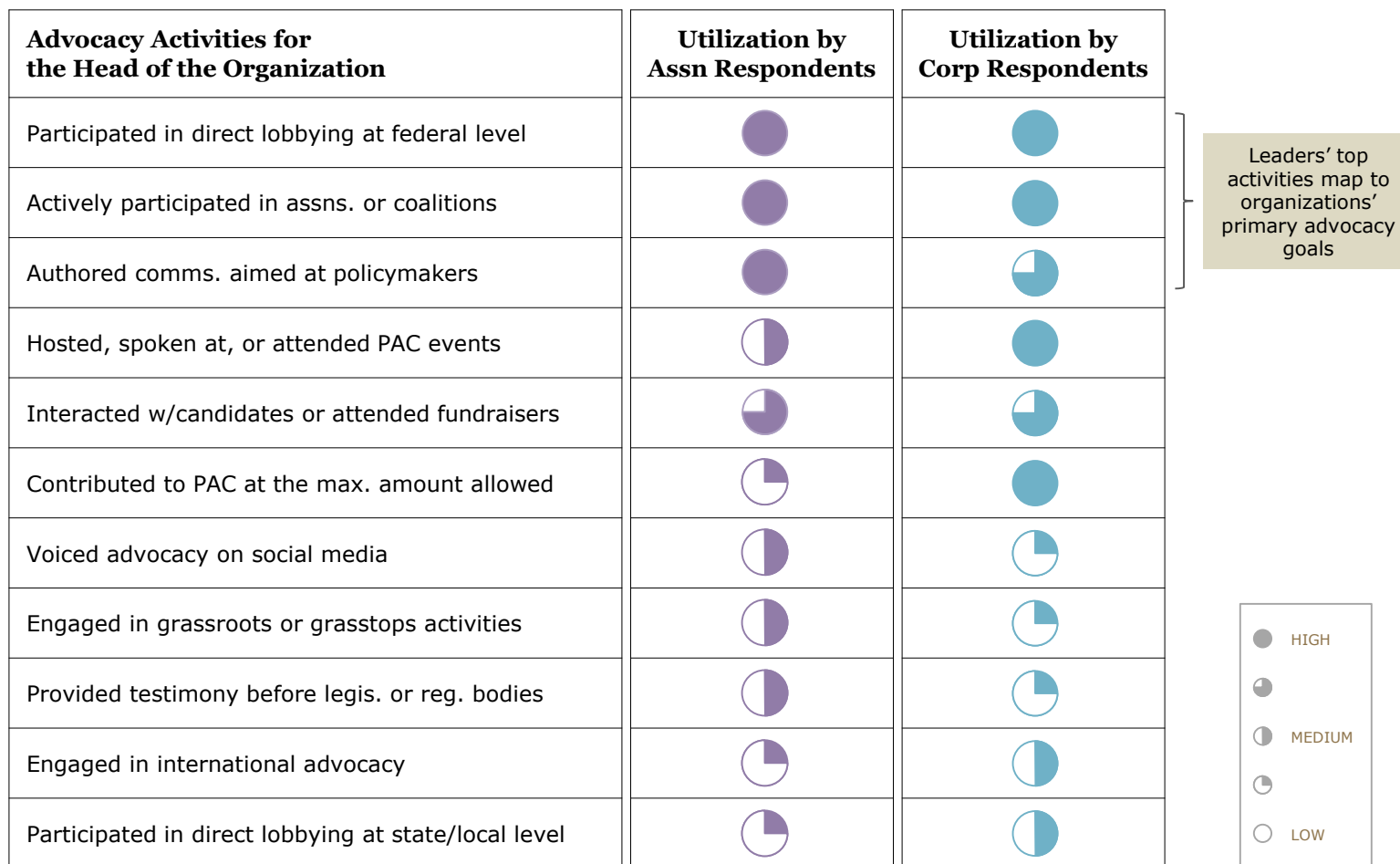
Elements of Advocacy Work Most Important to Success

FREQUENCY OF RESPONSE (UP TO 5 CHOICES PERMITTED)



Getting some help from the top

Most popular activities for organizational heads align to top priorities for advocacy success: building relationships and demonstrating thought leadership



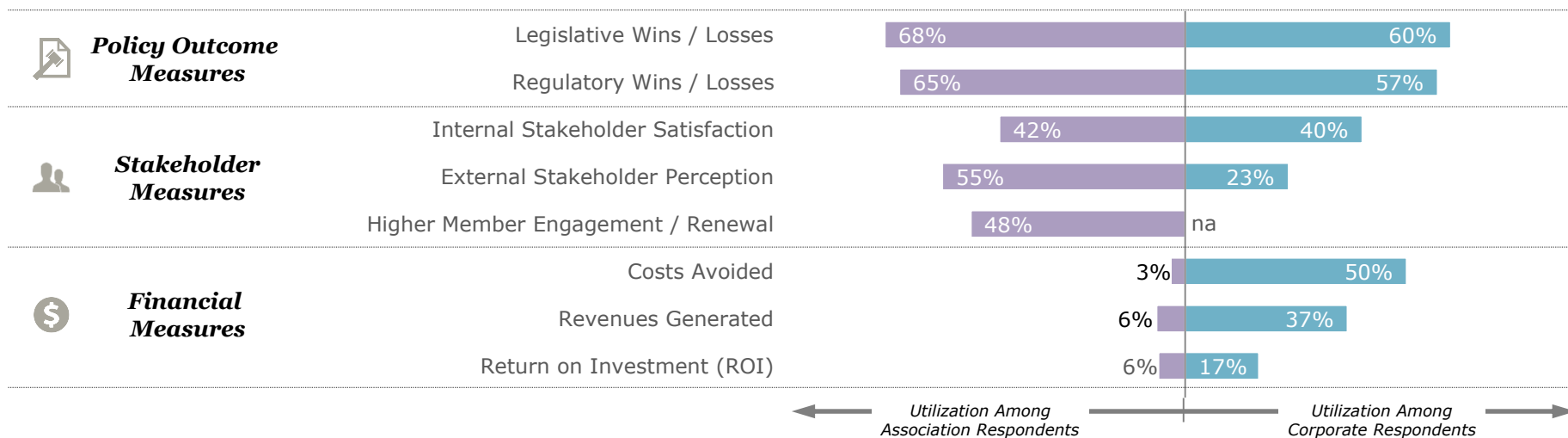
What **metrics** does your
Government Affairs group
use to **measure performance**?

Moving from focusing solely on historical 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."

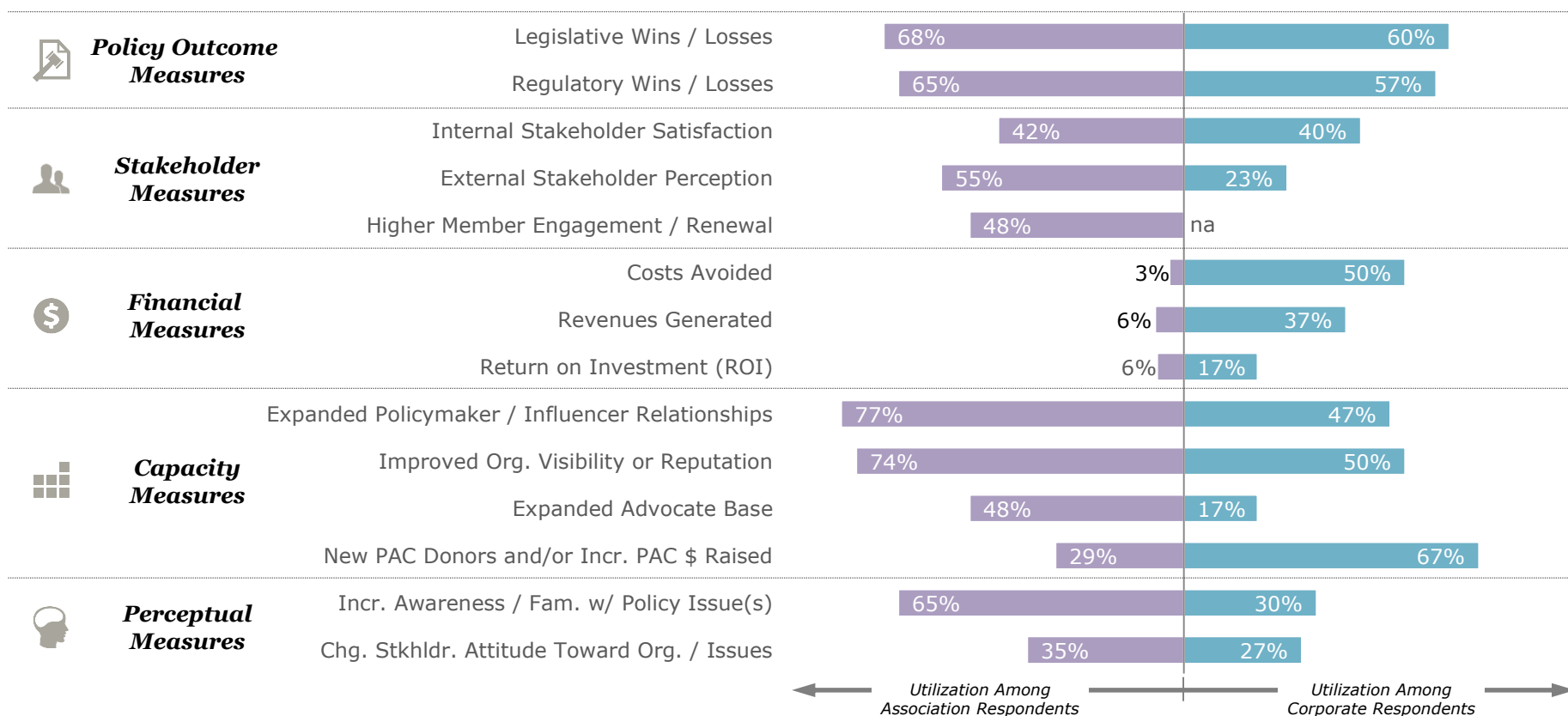
—VP, Federal Affairs

...to a more holistic view focused on future success

Both associations and corporations are incorporating leading metrics of government affairs effectiveness

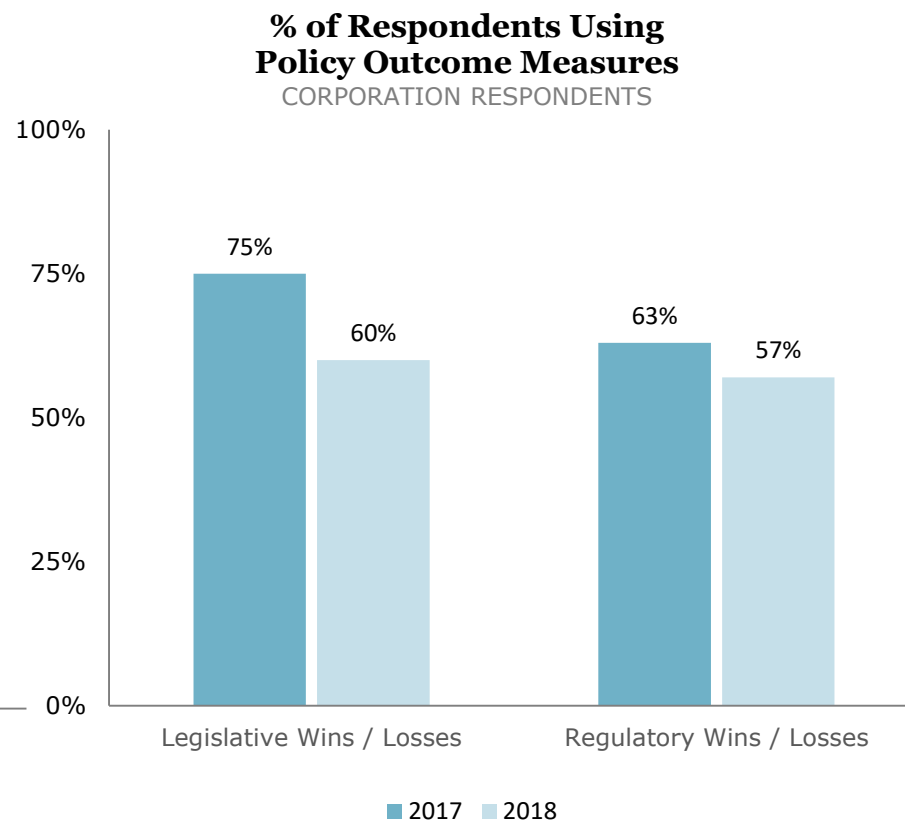
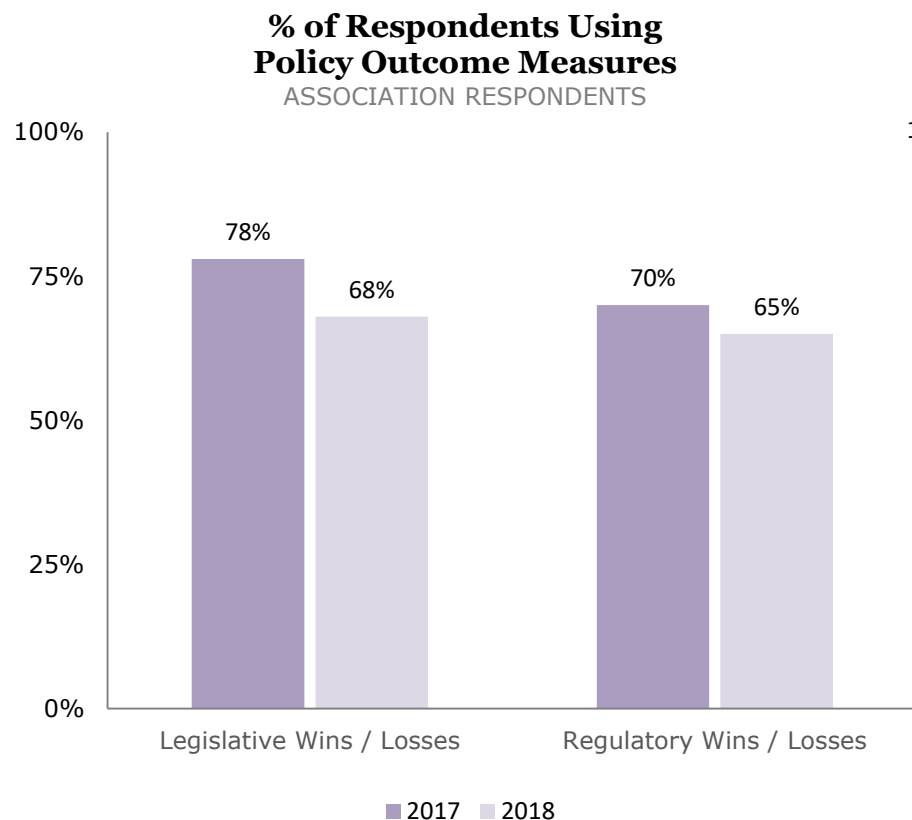
Metrics Used to Measure Government Affairs' Effectiveness

FREQUENCY OF RESPONSE (MULTIPLE CHOICE PERMITTED)



Losing faith in policy progress?

Organizations putting less emphasis on counting wins and losses in a slow-moving Washington



National Journal support for your performance metrics

Good Metric Checklist

Good Metric Checklist

Below are the questions that help you drive performance and communicate value.

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.

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.

Metrics Picklist

Metrics Picklist

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

Government Affairs Metric Pick-List


Lobbying
Measuring the strength of my relationships with policymakers and their staff

Metric	Unit
Inbound Inquiry Rate	% of target bill 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 Bill Champion Rate	% of bill 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-PB	Average time to approve new positions / lobbyists

Roadmap

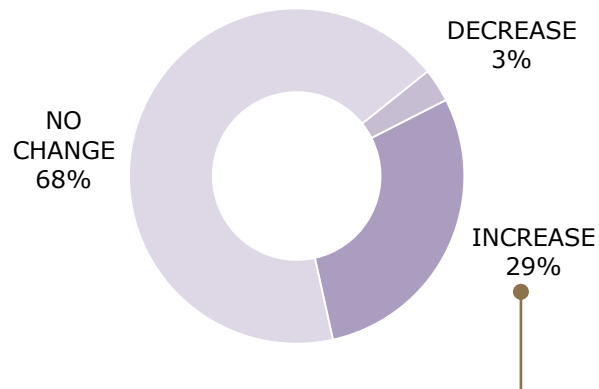
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Majority plan to hold headcount levels flat for 2019

Those that plan to increase headcount will raise staffing levels by 20-40%; federal government affairs still a key role

2018-to-2019 Staffing Projections

ASSOCIATION RESPONDENTS



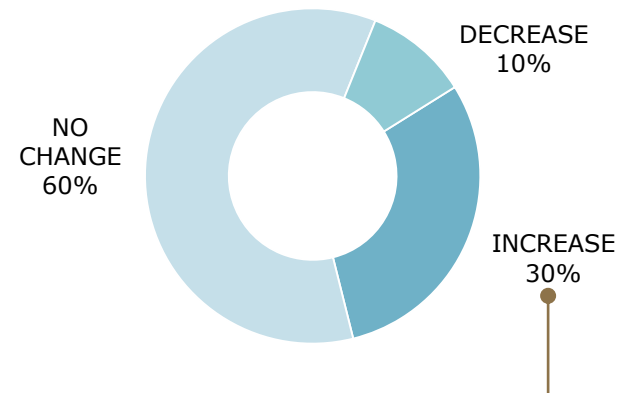
Average **size** of staffing **increase** for **Associations** **growing** headcount between 2018-2019: **+22.0%**

Associations' Top Roles for Headcount Increases*

- Federal Government Affairs
- Research & Analysis
- Public Relations & Communications
- Grassroots / Grasstops Management

2018-to-2019 Staffing Projections

CORPORATE RESPONDENTS



Average **size** of staffing **increase** for **Corporations** **growing** headcount between 2018-2019: **+40.2%**

Corporations' Top Roles for Headcount Increases*

- Federal Government Affairs
- State / Local Government Affairs
- International Government Affairs
- Research & Analysis
- PAC Management

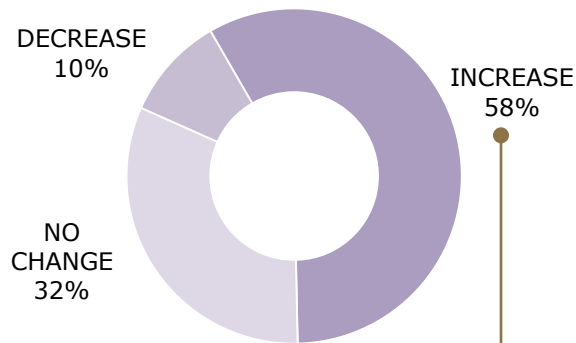
*Reflects categories where 10% or more respondents plan for increases.

Source: Government Affairs Resource Benchmarking 2018; National Journal research and analysis.

Associations more bullish on spending for 2019

Nearly 60% of associations surveyed look to increase budgets, while 40% of corporates plan for increases

2018-to-2019 Spending Projections
ASSOCIATION RESPONDENTS

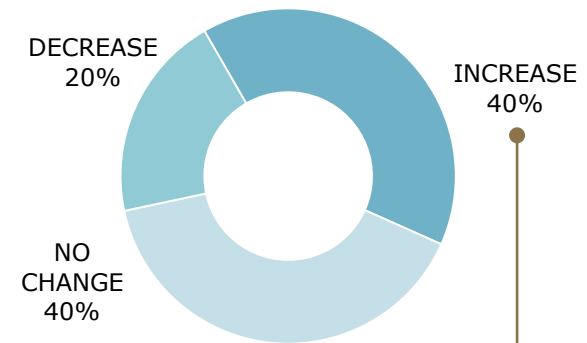


Average **size** of spending **increase** for **Associations** **growing** budgets between 2018-2019: **+10.8%**

Associations' Top Categories for *Budget Increases**

- Professional Staff
- Administrative Staff
- Information Services & Subscriptions
- Organizational Memberships
- Marketing & Advertising

2018-to-2019 Spending Projections
CORPORATE RESPONDENTS



Average **size** of spending **increase** for **Corporations** **growing** budgets between 2018-2019: **+17.6%**

Corporations' Top Categories for *Budget Increases**

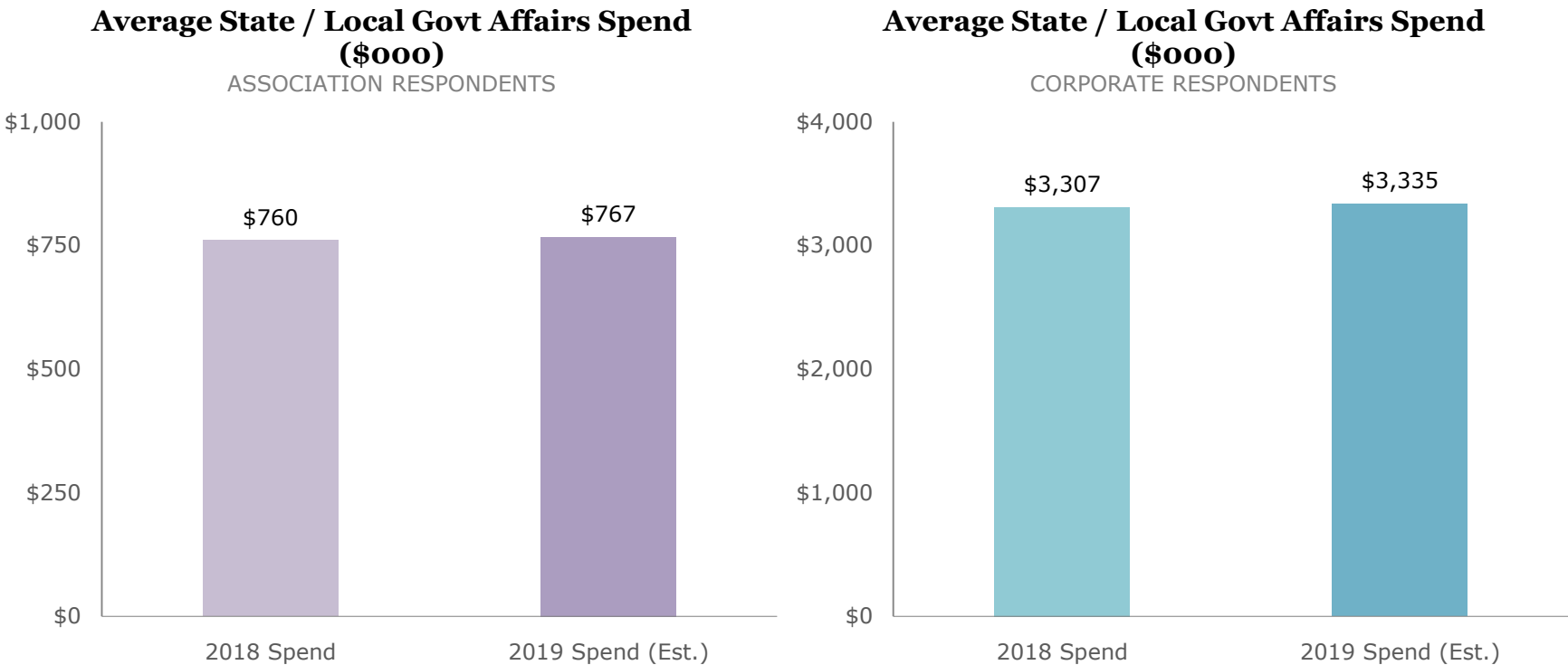
- Professional Staff
- Travel & Entertainment

*Reflects categories where 10% or more respondents plan for increases.

Source: Government Affairs Resource Benchmarking 2018; National Journal research and analysis.

Keeping a steady state presence

Both associations and corporations expect continued investment in state and local activities

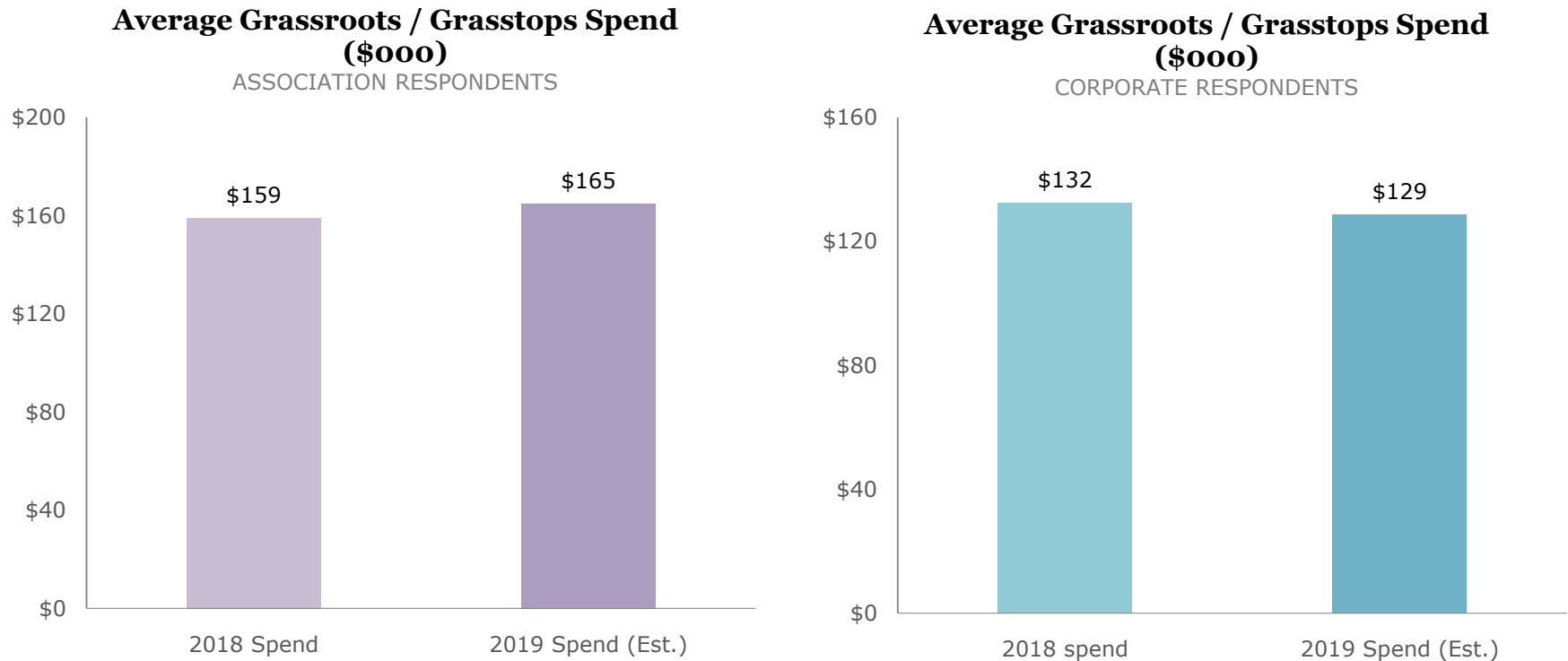


For government affairs **offices growing budgets** in 2019, **half (50%)** of **those with an existing** state / local strategy **plan to increase spending** on this area

Source: Government Affairs Resource Benchmarking 2018; National Journal research and analysis.

Maintaining a hold on constituent networks

Associations and corporations expect little change in grassroots/grasstops spending

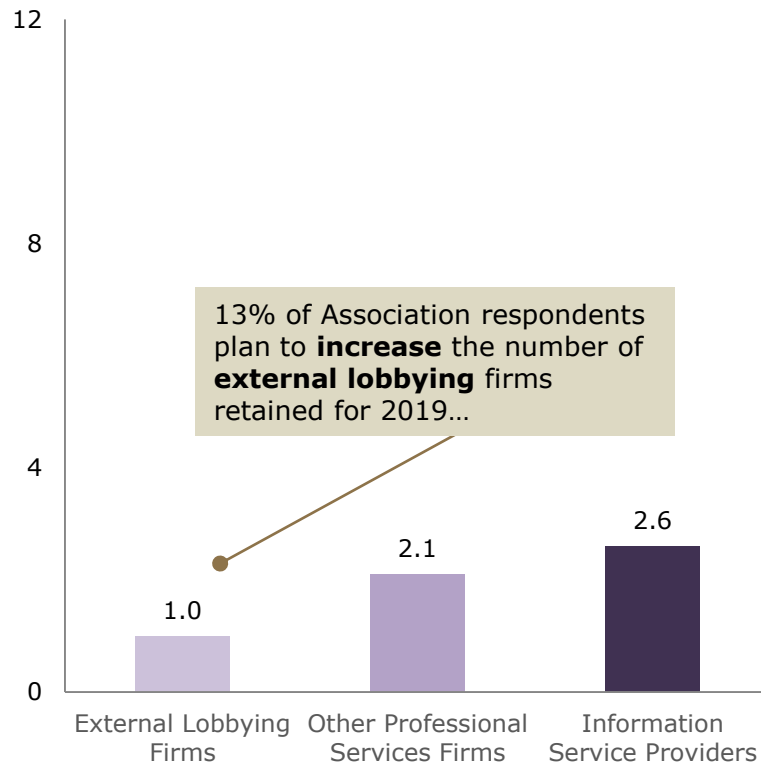


For government affairs **offices growing budgets** in 2019, (42%) of **those with an existing** grassroots program **plan to increase spending** on this area

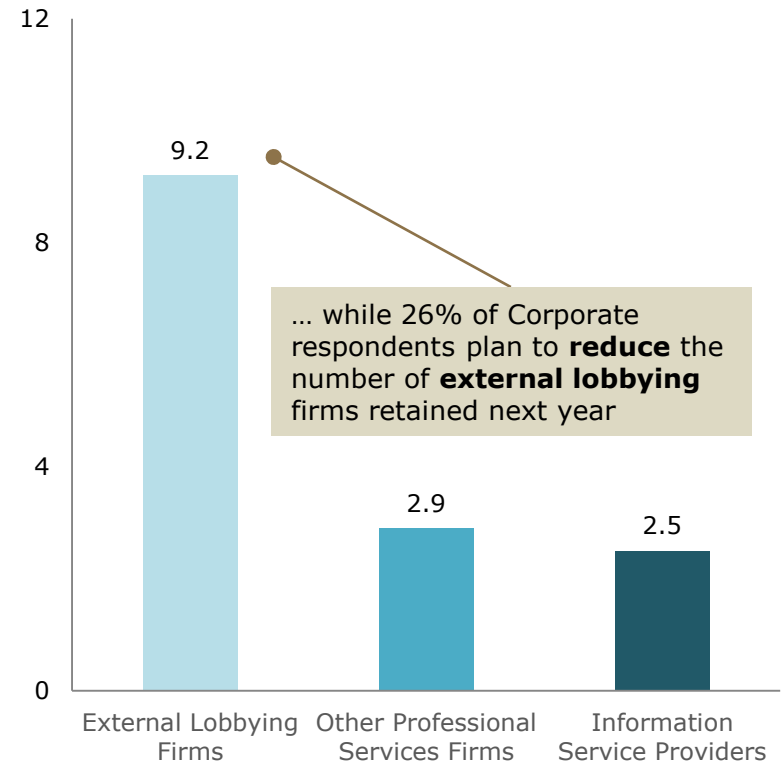
Higher utilization of external lobbyists by corporate offices

But expect 2019 reductions in external lobbyists retained by corporate respondents

Avg Number of Professional Services Firms Engaged in 2018
ASSOCIATION RESPONDENTS

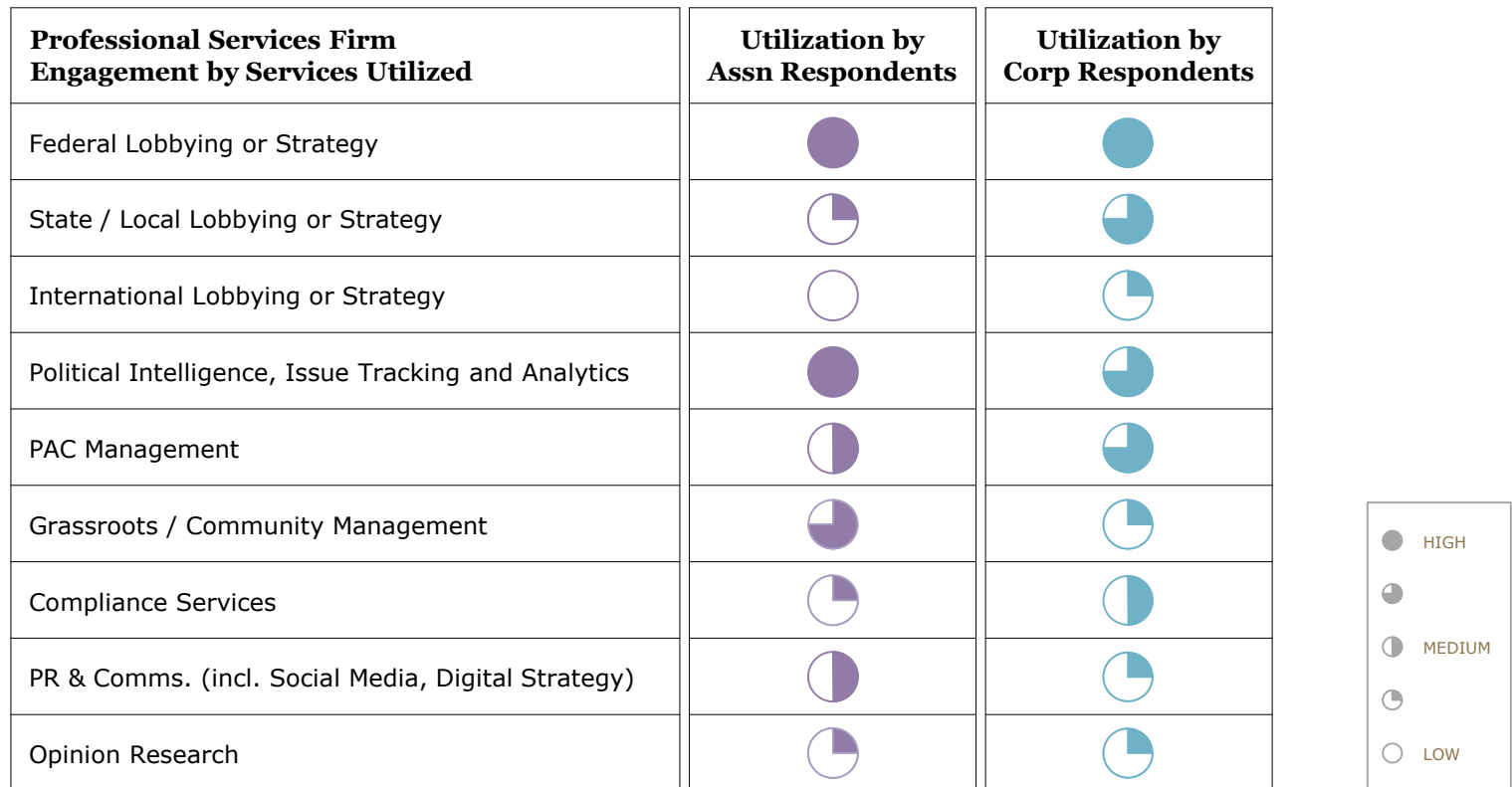


Avg Number of Professional Services Firms Engaged in 2018
CORPORATE RESPONDENTS




Outside support most relied upon for federal lobbying/strategy

In 2019, organizations anticipate an increased use of outside firms for political intelligence, issue tracking and analytics



Roadmap

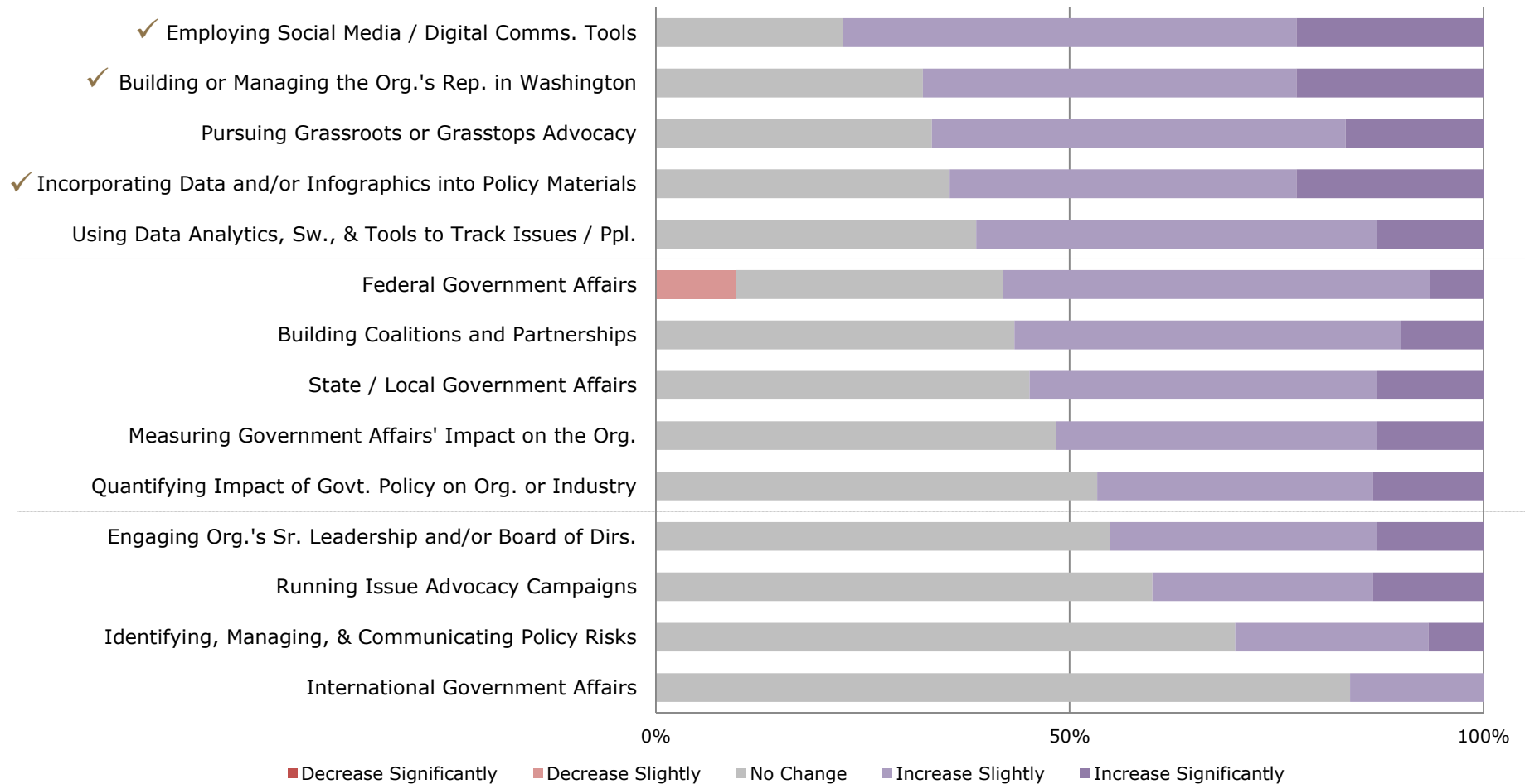
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Where do you anticipate the
Government Affairs group
making **significant investments**—
whether in time, staffing, or spending—
over the next three years?

Associations plan for investments in a variety of areas

Areas with “significant” increases planned reflect social media/digital tool use, brand building and use of data/infographics

Associations’ Anticipated Areas of Investment | 2021 Relative to 2018

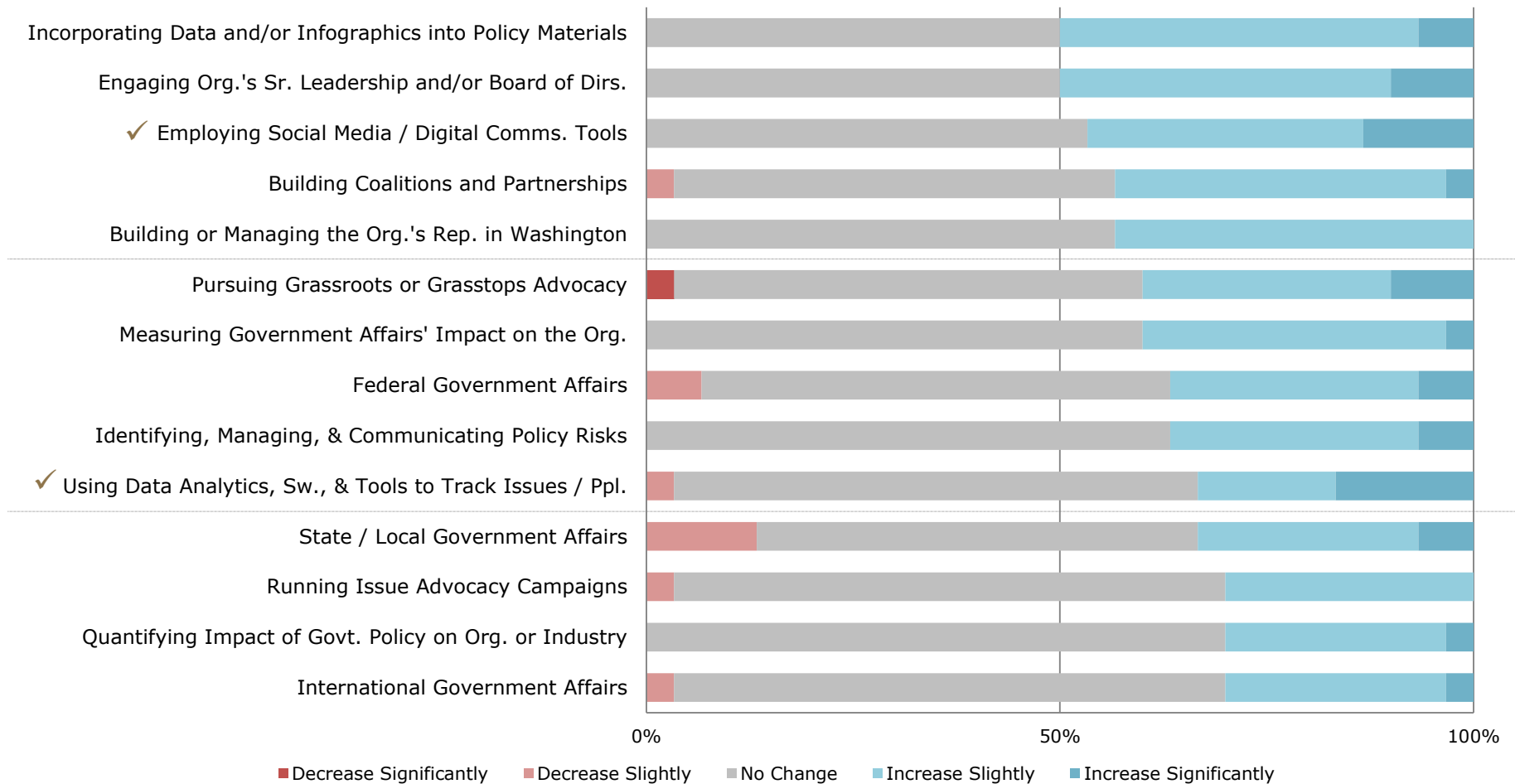


Source: Government Affairs Resource Benchmarking 2018; National Journal research and analysis.

Corporates more likely to decrease investments

Areas with “significant” increases planned reflect use of social media/digital tools and data-focused intelligence services

Corporations’ Anticipated Areas of Investment | 2021 Relative to 2018








Source: Government Affairs Resource Benchmarking 2018; National Journal research and analysis.

Drill-down into anticipated investments






Associations and corporations share 3 of 5 priority investments; emphasis on comms, data services and brand building

Top 5 Areas of Projected Investment

ASSOCIATIONS' TOP 5 PROJECTED INVESTMENTS


Top 5 Areas of Investment Over the Next Three Years	% of Association Respondents
 Employing Social Media / Digital Communications Tools	77%
 Building or Managing the Org.'s Reputation in Washington	68%
 Pursuing Grassroots or Grasstops Advocacy	65%
 Inc. Data and/or Infographics into Policy Materials	65%
 Using Data Analytics, Software, & Tools to Track Issues / People	61%

CORPORATIONS' TOP 5 PROJECTED INVESTMENTS

Top 5 Areas of Investment Over the Next Three Years	% of Corporation Respondents
 Inc. Data and/or Infographics into Policy Materials	50%
 Engaging Org.'s Sr. Leadership and/or Board of Directors	50%
 Employing Social Media / Digital Communications Tools	47%
 Building Coalitions and Partnerships	43%
 Building or Managing the Org.'s Rep. in Washington	43%

 Areas of overlap in shared investment priorities


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Takeaways from the 2019 resource benchmarking initiative

- 1 **Expanding portfolio of activity.** Today's government affairs organizations engage in activities beyond traditional lobbying—whether coalition-building, stakeholder mapping, or developing thought leadership—driving greater emphasis on collaboration and more focused goal-setting
- 2 **Song remains the same.** Despite an expanding portfolio of activity, building relationships with policymakers and others in the advocacy community, as well as reinforcing one's expertise within the policy community, remain the top priorities for government affairs organizations
- 3 **Shifting metrics from outcomes to capacity.** Both associations and corporations appear less focused on counting policy wins/losses in measuring performance, instead exploring more holistic metrics that reflect their ability to shape the policy environment in the future
- 4 **Wait-and-see on staffing.** In the current environment, the majority of associations (68%) and corporations (60%) plan to hold headcount flat for 2019; those planning on increases will focus on adding federal government affairs professionals
- 5 **More bullish on spending.** Spending increases are more likely than staffing increases for 2019, with 58% of associations and 40% of corporations planning on budget growth. Those with increases will put those dollars toward professional staff
- 6 **Shifting approach to advocacy.** Future investment priorities signal a recognition that a surround-sound approach is required in today's Washington, with emphasis on building a capacity to advocate and in shaping stakeholder perceptions of the organization and policy priorities

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