

Bringing the outside in: government and corporate affairs in 2023

2023

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Introduction

“It is senior advisory. It is about inserting external reality and viewpoints into the decisions we are making. It is sometimes harder for others, who don’t have that external perspective, to see the wood for the trees.”

Businesses’ government and corporate affairs functions are not always widely understood – perhaps due to the multitude of responsibilities sitting under the corporate affairs banner, or because of a historic sense that it is a ‘closed’ world of lobbying and smoke-filled rooms. What is clear, however, is that modern government and corporate affairs is increasingly prominent and central to the success of a business. More than a third of FTSE 100 businesses’ executive committees now include corporate affairs representation, and many corporate affairs leaders report directly to their chief executive.

We work closely with these functions – helping them to understand their realities, identify opportunities and create impact – and our recent programme of interviews with senior leaders across corporate affairs, communications, policy, and government relations saw these leaders share their experiences, responsibilities, and tips for success.

Increased scrutiny, rising expectations, and the growing politicisation of business has made the role of corporate and government affairs an ever more crucial and multifaceted one. The corporate affairs leader’s role is now as focused on the internal as it is on the external, with a merging and expansion of roles, stretching the function into many aspects of businesses. Corporate affairs leaders find themselves working across risk management, external and internal communications, public affairs, reputation, corporate strategy, marketing, digital platforms, and, more recently, cross-cutting corporate issues like sustainability, and diversity and inclusion.

This broader scope brings increased pressure to the role, but with this comes rewards. Many corporate affairs leaders play a critical role as senior, trusted, strategic advisors within their businesses. They help to plan long-term, are asked to “see round corners” and advise on next steps as businesses react to changing societal norms. They firefight when necessary and try to keep one step ahead of the implications of policy and legislative changes. In a fast-paced world, corporate affairs leaders ensure that external reality and stakeholder viewpoints are understood when business-critical decisions are being made. These leaders hold the responsibility of being the designated individuals in their organisations tasked with understanding the bigger picture and making it real and relevant for their businesses.

To keep pace with these expanding responsibilities and to meet changing demands, the corporate affairs function needs to ensure it is integrated into the wider business and (ironically) it has to learn to tell its own story better. This means being able to demonstrate its own commercial value and impact so that corporate affairs receives more recognition, and is able to exert more influence over crucial business decisions.

In a series of interviews, senior corporate affairs leaders talked about the challenges they faced in five broad roles they are often asked to fulfil:

1. As a senior advisor, providing a source of trusted, impartial advice to time-poor chief executives
2. As an external ambassador, listening and communicating to widen the corporate lens, protect reputation and ensure understanding of external reality
3. As an internal listener, building cross-business understanding to maximise business impact
4. As a facilitator of internal alignment, gathering intelligence to develop winning strategies
5. As a horizon-scanner, seeking to maintain long-term business sustainability

Taken together these parts add up to a wide-ranging mandate that places a great deal of responsibility on the shoulders of a corporate affairs leader. Unsurprisingly in the circumstances many seek out partners – trusted advisors - of their own to help. This is where companies can best support the growing importance of the corporate affairs role, developing a deeper understanding of the wider social and commercial context, identifying the most potent opportunities and challenges in a changing world, and devising impactful strategies to deal with these creatively.

A senior advisor

The role of the corporate affairs leader as a senior advisor is demonstrated by the number of corporate affairs leads who report directly to a chief executive, or who are part of the executive leadership team. More than a third of FTSE 100 companies report that individuals with stated responsibilities for corporate affairs sit on the executive committee.

The corporate affairs leader acts as senior counsel and a sounding board to the CEO and senior management team. This single source of trusted advice, in an ever-changing external environment, is appreciated by the senior teams. It serves only to heighten the profile of the corporate affairs lead, particularly for those in heavily regulated industries where policy and regulation has such a critical impact on the business.

From the point of view of the corporate affairs leader, having a seat at the table allows the function to have absolute clarity on the overall business goals, challenges and emerging issues, and to reflect them in their own priorities. This enables the corporate affairs leader to play an effective role in mitigating risks, influence decisions early in the process and help shape the business solutions or outcomes. This in turn builds credibility for the function; it acts as a powerful enabler, giving them a license to operate across the wider business.

“We have ongoing engagement with senior management in every territory we operate in. That’s fundamental to us understanding business goals and making sure we lean into and are in line with those.”

Given a fast-moving environment and the increased expectations on businesses, an increasingly crucial role for corporate affairs teams is to ensure that the boardroom – rather than being an echo chamber – understands the world in which the business operates and what the implications of business decisions are likely to be on that environment.

“It is senior advisory. It is about inserting external reality and viewpoints into the decisions we are making. It is sometimes harder for others, who don’t have that external perspective, to see the wood for the trees. A lot of the time it is about challenging or asking questions.”

The corporate, policy, government affairs lead helps to plan long-term, “see round corners”, firefight when necessary and keep one step ahead of policy and legislative changes. They help build reputational and political capital in a targeted way, understanding external stakeholder priorities and agendas, so that senior management effectively communicate on the issues that matter most.

An external ambassador

“I see our role as being an ambassador of whichever audience we are either talking about or to, so we need to be attuned to all of our various stakeholders and representing them as best we can in whichever context we are in. So much of that is listening to feedback and learning what we can do better next time.”

Historically, businesses might have regarded their external audiences as people to be spoken at rather than listened to. Even if that was the case, it isn't any longer. Government and corporate affairs leaders ensure a more externally informed approach to communications. Evidence – data and intelligence in all its forms – is at the heart of deepening the understanding of audiences. This builds credibility for the corporate affairs function and accelerates its move away from execution/activation to a more strategic role adding value – whether through advising on business decisions, or through championing and protecting corporate reputation.

Better understanding the priorities of external audiences also has the benefit of opening more doors and changing conversations. Engaging with external stakeholders to help build mutual understanding and to provide them with data they might not have previously seen can lead to broader systemic changes, as well as building more positive relationships.

Working with external partners can help to provide the evidence required to bring the outside perspective to decision-making. However, it is sometimes acknowledged that there remains a tendency in some organisations to make these decisions internally, based on what feels right, without always understanding the external picture.

Corporate affairs representation makes sure business-critical decisions are taken with at least some consideration of the impact on external audiences, making it more likely that organisations will achieve the business outcomes they are seeking.

“The [move towards] insight-driven communications was about gaining understanding, gaining permission from people to communicate in ways that they value and helping that direct communications strategy. It's absolutely vital and this outside-in approach is a no brainer.”

To ensure they are performing effectively as an external ambassador – engaging externally and bringing the external perspective within the business – interviewees told us there were an almost endless set of approaches and tools. Networks are crucial. Government and corporate affairs leaders are well-connected and plugged-in. Week-to-week, day-to-day, they speak with external audiences of all kinds. Building and widening the network is vital, and it can be done through:

- Hosting and attending forums
- One-to-one stakeholder engagement
- Attending and contributing to conferences
- Media appearances
- Involvement in industry steering groups
- Establishing partnerships or collaboration agreements with external or independent organisations
- Building formal/informal relationships with agencies and consultancies

But intelligence is not only gathered face-to-face. It can be sourced by reviewing external thought leadership and trend reports, by reviewing internal business insight on external audiences (e.g., sales data, market analysis), through media/social media monitoring, and through third party support (e.g., opinion research, stakeholder audits, reputation research, customer or market research).

There are only so many hours in the day, so government and corporate affairs leaders admit that not all these intelligence sources can be continually consulted. Nevertheless, a corporate affairs leader that is supported by a good team of internal colleagues and external partners can bring a depth of external insight that should improve business decisions.

An internal listener

There is a tendency to assume government and corporate affairs is solely interested in the outside world, but this has changed. Our government and corporate affairs leaders now spend much of their time building strong internal relationships, listening to internal views, gathering internal intelligence and improving cross-business understanding to improve business decision-making.

“Be in a lot of the key meetings. So much of it is about having the right relationships, building those relationships, building that credibility and becoming that ‘go-to person’.”

The ideal is to contribute to internal planning early and frequently: to bring different perspectives to teams across the business, to influence their action and behaviour, and in turn to understand their views and priorities. This enables the function to then act as the driver and facilitator, to develop the collectively knowledgeable viewpoint and plan, to then take to senior management teams and stakeholders. To build trust, however, government and corporate affairs functions should ensure they do understand the business and the teams they will be liaising with.

They do this through:

- Building strong relationships with leaders of other business functions, supported by scheduled catch-ups
- Seeking mentors in the senior leadership team or board
- Facilitating forums within the business to ensure different business units talk to each other, to drive alignment
- Encouraging internal presentations on hot topics (e.g. macro environment) and implications, to bring different perspectives and contextual understanding to the business, and to drive engagement
- Hosting or attending colleague engagement exercises
- Ensuring the business puts in place other mechanisms for colleagues to share their views and expertise

“It shouldn’t just be a bilateral discussion with the MD or COO, it needs to be a conversation with the practitioners on the ground. [...] Use that to develop your playbook in terms of your external engagement.”

The steadily increasing expectations of businesses, combined with the pandemic and the cost-of-living crisis, has brought about a sea change in the way businesses now engage with its employees. The days of the megaphone approach to rolling out major business initiatives (particularly those affecting colleagues) with little or no consultation are over; employees expect to have their views listened to and reflected in those decisions. This has been a good opportunity for the corporate affairs function to facilitate internal consultation, to influence the decision-making process and to demonstrate its expertise.

“Where we are at our best is when we talk with unity and we talk with our colleagues in the same way that we talk to our customers [...] Talking to and engaging with them. This has such a bigger impact.”

Internal engagement and understanding is crucial; it creates cohesion, alignment, and consistency of communications and increases the likelihood that a decision will prove effective. It might appear to be outside the job description, but this internal engagement is worth pursuing. Failure to have these deep relationships across the business runs the risk of government and corporate affairs leaders limiting their influence and of the business making worse decisions.

A facilitator of internal alignment

Through strong internal relationships and colleague engagement, the priorities and perspectives of core business areas should be well understood by the corporate affairs function. This allows it to then play a pivotal role in aligning internal groups and distilling the array of available intelligence in a way that supports effective business decision-making. Well-connected, informed government and corporate affairs leaders can, in collaboration with other teams, help the business develop long-term strategy that is based on aligned priorities across teams – driving a collective focus on what matters most.

As the cost-of-living crisis bites, interviewees anticipate increased internal scrutiny on business spending. This potentially offers an opportunity for corporate affairs leaders to act as a conduit – driving cohesion and discipline of message as well as efficiency. We often advise clients to “do less, but better” and the restrained spending environment is exactly the time when strategically-minded corporate affairs leaders can demonstrate their worth. An evidence-driven, outside-in approach has the potential to drive significant efficiencies, by bringing greater internal consensus and enabling a more effective deployment of resources in areas that are proven to generate the most impact.

“[The cost-of-living crisis is] allowing much more discipline and focus on what the messaging should be, what spending should be behind which projects. [...] The focus on questioning what we do and does it support the overall strategy is a helpful one for me.”

Alignment on messaging is crucial. With a blurring of communication channels and a wide variety of stakeholders (whether politicians, regulators, customers, employees, or investors), it is becoming increasingly important to have a coherent golden thread running through all communications. And the larger the organisation, the more complex the task of keeping the message authentic and consistent.

Effective alignment is encouraged when there is senior sponsorship – either from the chief executive or from corporate affairs representation on executive management teams. This sponsorship encourages all across the business to understand the value of an aligned strategy and a coherent narrative, and to contribute to the process. Occasionally, it is admitted that this requires clearer articulation – from government and corporate affairs – of the value being added and the benefits that alignment can bring to business units.

Some tips for those seeking to play a more active internal alignment role include:

- Building strong relationships with executive management to ensure two-way dialogue, and a mandate for alignment role
- Spending time understanding business objectives and aligning government and corporate affairs objectives with those broader business objectives
- Setting up a structured check-in process, across the business to keep abreast of what is coming up
- Ensuring good practice within the corporate affairs function (and strong knowledge sharing), which can encourage cross-business participation in initiatives led or supported by government and corporate affairs teams
- Sharing your own knowledge sources (and approaches to intelligence gathering) with the wider business and/or with leaders of other business functions

- Running strategy workshops with each relevant business function, which help the business to review evidence, identify information-gaps and prioritise high impact opportunities.

“A strategy needs sponsorship from the ExCo. [...] Sometimes the communications function is almost like a waiter to the rest of the business, [with a mentality of] ‘we’re just going to order up a lot of side dishes and the communications team will just serve it up’, without any real strategic sense of why this is important.”

A horizon-scanner

“It [horizon scanning] is a crucial role, a collaborative effort across the business, and from multiple angles, that takes that longer term view [...]. I think it could be better. I think we could have a greater framework, particularly around identifying long-term opportunities.”

It is clear the focus of government and corporate affairs is no longer just about external representation and strategy execution. Long-term strategic thinking is crucial. Government and corporate affairs leaders are horizon-scanners, keeping abreast of emerging risks, opportunities, and trends and how these could impact the business. Currently most of the focus within organisations is on risk, rather than on opportunity; indeed, this is reflected within the latest annual reports of FTSE 100 businesses, with the word ‘risk’ mentioned almost 64,000 times.

Many are already heavily involved in long-term risk identification, and often rely on their political “antennae”. For these corporate affairs leaders, local and global personal networks are important sources of information regarding moving tectonic plates and long-term trends and opportunities. They also seek to keep abreast of relevant published research, metadata, any relevant internal intelligence regarding sectoral trends, and the views of respected sectoral experts.

While many attempt to improve their horizon-scanning abilities, many acknowledge this could benefit from greater focus, beyond existing risk assessment frameworks. Current approaches can tend towards ad hoc scanning overly reliant on personal connections. There is an opportunity for a more structured approach to horizon scanning. Any framework needs to extend beyond personal connections and privately commissioned research; it is also about getting the right people in the room. It needs to be a collaborative effort with government and corporate affairs working across the business.

The future

“Corporate affairs and government relations shouldn’t just be about responding to what’s happening externally, it should also form an extension of the business strategy to seek competitive advantage.”

The multiple responsibilities of government and corporate affairs leaders demonstrates the critical role they play within businesses, and the role they will continue to play. But this role will require leaders in this space to continue to evolve, to be agile, to better integrate into the business and (somewhat ironically) to tell its own story better. There needs to be an amplified demonstration of the commercial value and impact it brings, to ensure the function has more recognition for, and influence on, business decisions. Improving a businesses’ collection of and dissemination of business-critical intelligence is pivotal to this, as is improved internal storytelling.

“The best marketers talk the business’s language [...]. I think that’s something that generally comms needs to be much sharper on, so using sharp insight and being bold, creative, and influential in what we’re doing.”

Establish a strategic communications framework to be used throughout the organisation to drive evidence-based decisions

Looking ahead, and to better demonstrate the value that the function brings to the business, there is an opportunity for corporate affairs leads to increase recognition by thinking of (and communicating) the role as a core element of the business's attempt to identify and drive competitive advantage, sustainable growth, profit, and business transformation.

For this, government and corporate affairs leaders already have many of the skills: they are natural communicators and alliance-builders; they are well-connected and cognisant of the bigger picture; they are used to horizon-scanning and analysing data sources; and they are often already working on themes that will impact the business in the future, whether that be sustainability and net zero, automation or diversity and inclusion. Building on these strengths will enable government and corporate affairs leaders to play an increasingly significant role driving business success.

“It needs to be much more forward-looking. It needs to better at articulating the value at stake or the opportunity value and demonstrating the strategic value of the function and that being much more to the fore. Data and insight is a big part of that. [...] ensuring that the business gets the value out of it and integrates it more into decisions is the place we should be aiming for.”

Appendix

Methodology

Between 28 October and 25 November 2022, we conducted 13 interviews with senior individuals with corporate affairs and government affairs responsibilities across a range of organisations. Interviews lasted between 20 and 40 minutes and followed a flexible discussion guide developed by us. Interviews were conducted anonymously, though some interviewees were happy to be named as contributors and these are listed below. Our gratitude for the valuable contributions of all our interviewees and the time they gave to provide them:

- David Chaplin, Director of Corporate Reputation, Sky
- Catherine Colloms, Director Corporate Affairs and Brand, Openreach
- Scott Colvin, Group Public Affairs Director, Aviva
- David Flynn, Global Communications Lead: Insight Driven Strategy, Roche
- Michelle Hubert, Head of Public Affairs and Policy, National Grid
- Scott James, Head of Reputation, Strategy and Planning, Lloyds Banking Group
- Richard Marsh, Sustainability & Corporate Affairs Strategy Director, BT
- Andrew Scadding, Head of Corporate Affairs, BBC
- Mitchell Simmons, Vice President, Public Policy & Government Affairs EMEA, Paramount
- Chris Turner, Director of Communications, Retail, NatWest Group
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About Yonder

Yonder is a consultancy that helps clients to unlock opportunity and deliver business impact. Traditionally, this takes the experience of separate research, consulting and innovation businesses; but it's the power of this expertise, combined in one team, that creates the momentum businesses need to achieve long-term success.

Yonder was specifically created to meet this need.

Launched in October 2020, we bring together the expertise of four specialist businesses; the award-winning research and consultancy of Populus, the state-of-the-art data capture of Populus Data Solutions, the brand and business strategy of BrandCap, and the insight-led innovation of Decidedly. Our teams in London, New York and Hong Kong work alongside our clients as partners; helping them to adjust and respond to change as it happens, and to go further with focus.

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