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The New Agenda for Public Affairs

For organisations to thrive globally, leaders must be in the loop of decisions made by multiple governments and regulators. Criticaleye finds out how some are taking the lead on public affairs



Increasing intervention from governments and regulators the world over has seen a significant impact on many a business' ability to plan for the future. It's why chief executives must be cognisant of the issues relevant to their organisation, surrounding themselves with people who know how to communicate with policymakers and can demonstrate a sound appreciation

of good governance. Get it wrong and you'll pay a very high price indeed.

Ian Wright, formerly Corporate Relations Director at global drinks business Diageo, says: "Governments have become more activist in their level of intrusion in legislation terms and from the point of view of creating the framework for regulation.

"[They] have also begun to act not just as a regulator or legislator but also as a commentator. So, as a business, you can find yourself on the end of often critical commentary proffered by members of the government. That's quite a difficult and new thing."

Clearly, accountability is to be encouraged, along with oversight, to ►

protect the interests of shareholders, customers and other stakeholders, but if the right balance is to be found there has to be healthy and constructive dialogue between all parties. **Fiona Stark**, Director of Corporate Affairs at energy firm E.ON UK, comments: “Any business operating under close public scrutiny with customers at its heart has to have public affairs high on the agenda.

“The decisions being taken at Westminster could have a material impact on how we do business in the UK and we have to ensure we continue to press for the right outcomes for our customers and our business.”

Simon Oates, Director of Strategy and Communications at utility provider Southern Water, says: “The political agenda has swung against utility companies, in large part driven by a view that energy companies are profiteering. With the cost of living centre stage it’s vital that we are tapped into that agenda, understand the nuances and plan effectively to deliver what our customers expect. That’s why our business plan makes a commitment to our customers that their bills will go up by less than inflation over the next six years.”

DOWN TO BUSINESS

The status quo for companies, in terms of oversight and regulation, has been caused by too many corporate failings over the past decade. **Nick Helsby**, Managing Director of executive recruiter Watson Helsby, says: “Antitrust issues and M&A approval, both critical in enabling a company successfully to pursue its growth agenda, are in the hands of politicians and regulators

“*Even seemingly minor government decisions have the potential to impact a firm’s bottom line*”

who have to consider the implications of consolidation within an industry sector. Even seemingly minor government decisions have the potential to impact a firm’s bottom line.

“I spoke to a corporate affairs director a few months ago whose company was unable to convince regulators [to approve] a transformational merger and he said that a big lesson had been learnt about the importance of effective and early engagement through public affairs.”

Steve Jones, Group CEO at pharmaceutical company Special Products, which supplies medicines within the regulatory framework of the Medicines and Healthcare products Regulatory Agency (MHRA), comments: “The future of the company depends so heavily on the external forces and the powers that be. We work hard with the MHRA through the quality of our submissions and responses, but ultimately a major decision from them is out of my hands and will have a profound impact as to how the company will look in the future. That’s the real pressure and it’s what keeps you up at night.”

For a global organisation to gain a true competitive advantage in this area, new skills and structures may be required. Ian comments: “We’ve spent quite a lot of time in making sure that our senior leaders, whether they’re the CEO in London or the General Manager in Nairobi, really understand the political context in which they’re operating, and that they have access to very good advice about it...”

“We’ve had to [increase] the capability of the managing directors, to be able to look at this stuff as part of their everyday role as managers of the business. They’ve got to be just as good on this as they are on the sales figures or on the HR and talent issues.”

It’s a key element in running a successful global business today. ■

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Featuring Commentary From:



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