

Module 11. Developing a Political Strategy

Module 11. Outline

- A. The Big Picture for CSR Policy in a Business Enterprise
- B. Are the social and political trends moving against us and if so, how can we accommodate to them?
- C. What Arenas Offer the Business Firm the Best Chance of Political Success?
 - 1. The Marketplace
 - 2. The Popular Media—newspapers and television
 - 3. The Universities and opinion-forming media
 - 4. “Think tanks” research and intellectual opinion
 - 5. The Political Process

- D. Political Strategies in the Public Policy Process
 - 1. Electoral politics
 - 2. The legislative (law-making) process
 - 3. The regulatory (rule making and implementation) process
 - 4. The courts

- E. Business in the Public Policy (Political) Process

- F. The Prevailing Public Policy Model as a Starting Point.

- G. Strategy Formulation: Reviewing Successful Strategies in the Past

- H. Strategy Implementation

- I. Advisory Note on Using Historical Reference Data on Government Decision Making

Module 11. Text

The Big Picture for CSR Policy in a Business Enterprise

If a company has done a good job of environmental monitoring and forecasting, and scenario building, it should have a good sense of how its environment is changing and what battles lay before it. For example, it must continually be asking, “Are the cultural, social and/or political trends moving against us and if so, how can we accommodate to them?”

Sometimes, if the enterprise has enough advance notice, it has the luxury of asking, “What arenas offer us the best chance of success?” The marketplace is, of course, the best place for an enterprise to fight its battles, since it is here it can adjust its production process and products to meet changing circumstances. With enough lead time, the enterprise can seek to influence future developments by elaborating its perspective and positions in opinion-leading institutions like universities, “Think tanks,”

and intellectual media. Sometimes, however, changes come quickly, and the enterprise must develop a strategy to deal in real time in the popular media—newspapers and television. Ultimately, however, most of the business enterprises battles involving social and politically-sensitive issues will be fought out in the public policy process.

Business in the Public Policy (Political) Process

Business firms confront the public policy process on a continuing basis. Elections are held; bills are proposed in legislatures or parliaments and made into laws, administrative departments and regulatory agencies interpret laws and establish regulations; judges rule on cases; all are venues in which the interests, operations and profits of the business community as a whole, specific industries, and individual businesses are significantly impacted. As a consequence, businesses have a strong incentive to try to influence many aspects of the public policy process.

The Prevailing Public Policy Model

At the start of the course, we posed a question: **“Where does this course start; where is it going; where does it end?”**

This CSR course started with background material on CSR and related topics. It then moves to development of tools of analysis, and it ends with business decision-making and strategy formulation. Imagine an inverted pyramid with its base “property and social contract,” the core values of a society. In the middle are first environmental monitoring to learn about the current environment the firm faces—issues that are emerging and who the actors are in the environment regarding a particular case, then power analysis to understand how power is distributed in that environment, with particular emphasis on the public policy models describing on governmental bodies make decisions, then environmental forecasting followed by scenarios as to how the environment might evolve with the firm’s active involvement, and finally corporate strategy formulation, decision-making and implementation (but we do not take this course to this last implementation step).

We then introduced this pyramid to summarize the course and case analysis at the end of the course:

property and social contract
environmental monitoring
power analysis of actors
government decision-making

environmental forecasting
scenario building
strategy formulation
decision-making
implementation

As the course moves into its final weeks, you will be expected to reflect an understanding of this pyramid in your case analyses and the associated questions.

Regarding the final steps (Model->Strategy->Decision-making->Implementation) the following analogy may be helpful:

If you want to play a sport, the first think you need to do is determine the basic rules of the game. That means determining what model of the public policy process best describes decision making in the governmental body where a decision is going to be made. Is it a process where multiple actors have significant influence? That would suggest a “group equilibrium” model. Is it a process where expert opinion will prevail? That would suggest an “expert” model. So **determining an appropriate model is a key step before moving to the next steps in political strategy formulation, decision making and implementation.**

Strategy Formulation: Reviewing Successful Strategies in the Past

Given your assessment of the appropriate model to describe the policy process and possible scenarios for how the future might evolve, what will be your strategy? Your strategy is going to be based on an assessment of your own strengths and weaknesses and those of potential allies and adversaries. To start, it is helpful to assess what strategies have worked in the past in a particular part of government dealing with similar issues? For example, if you believe a group equilibrium model is the best starting point, what kinds of coalitions of common interest among other actors have been successful in influencing policy. If it is an expert model, what kind of experts can be recruited to talk to the government experts that are dominating the policy process?

Looking at past situations similar to the situation a company confronts does present uncertainties, however. In a hypothetical situation where two actors, let’s say a business and an NGO, are trying to influence a governmental body C. If Actor A was able to prevail over Actor B, the explanation of one’s success and the other’s failure may be attributable to A having more political assets than B, but also may be the result of one actor’s correct assumption of the prevailing public policy model, formulation of a strategy based on that model, and then implementation or execution of that strategy.

Strategy Implementation

Once you have determined the best strategy for your firm, you need to be able to implement that strategy. As an executive in a major US business publication recently remarked when the writer observed that there was nothing unique about his strategy, “Execution is everything!” You not only have to get the model and strategy right, you have to put into practice your strategy. Company analysts or consultants can get the model and strategy right, but execution is a management problem.

Advisory Note on Using Historical Reference Data on Government Decision Making

As noted above, the best method for identifying the model to describe public policy making in a particular branch of government in a particular area of public policy is to look at historical experience—how has the body made decision in the past? In looking at historical patterns, one can see who were the winners and losers in situations similar to the one the business firm is confronting. However, the past can only be a rough guide to the future. When one side wins and one side loses, there can be multiple explanations. In preparing for the political engagement in a governmental body, each side makes its prior determination of the appropriate model to guide its strategy, and then implements that strategy. However, the business firm (or any other actor) can fail if it:

- a. misinterpreted how policy would be made and identifies the wrong model for that governmental body
- b. identifies the right model but the wrong strategy
- c. had the right model and the right strategy but did a poor job of strategy implementation

Similarly, identifying the right model, choosing the right strategy, and doing a good job of strategy implementation is no guarantee of success if your opponents do everything right *and simply are more powerful than you are!*

And you might even get lucky and win even if you do a bad job model->strategy->implementation if your opponents does even a worse job of model->strategy->implementation!

Note: So in summary, in case analysis at the conclusion of this course, the pyramid rules as a step-by-step process.

Entry-level Employee Perspective

Now that you have prepared your “white paper” for your supervisor or a senior manager in your company explaining the public policy decision-making model in the focal governmental agency of your company’s concern, if asked, could you frame a second strategy “white paper” beginning from the model as the critical point of departure, and

1. identify the social trends underlying an issue in terms of changing concepts of property and contract as they relate to the situation
2. identify all of the other “players” surrounding that governmental body’s decision-making process

3. hypothesize how those actors are likely to behavior in the issue area of your company's concern in best, worst and most probable case scenarios
4. recommend a specific strategy to include how to
 - a. involve potential allies,
 - b. mitigate the threat from potential adversaries, and
 - c. be consistent with changing social trends