Lobbying for Good

By Kyle Peterson & Marc Pfitzer | Illustration by Andreé Tracey

In their efforts to be socially responsible, most companies fail to wield their most powerful tool: lobbying. Yet a few corporations—from Mary Kay, to Royal Dutch Shell, to General Motors—are increasingly leveraging their deep pockets, government contacts, and persuasive prowess for the cause of good. Not all kinds of socially responsible lobbying are created equal, however. The authors discuss which forms are best for companies and for society.

On June 15, 2005, six Mary Kay independent national sales directors drove their pink Cadillacs up to the U.S. Capitol. Congress was discussing whether to reauthorize the Violence Against Women Act, and the saleswomen spoke to legislators about the importance of renewing it. Since the 1980s, Mary Kay Inc. had worked to stem violence against women. Not content with just making donations, the company set its sights on a much bigger prize: advocating more than $500 million in additional federal funds to combat domestic violence, sexual assault, and stalking. In addition to teaching its independent sales force about the issue, the company educated legislators about domestic violence through its government relations department. Combined with the advocacy of dozens of other groups, Mary Kay's efforts paid off: President George W. Bush signed the reauthorization into law in January 2006.

Mary Kay's Cadillac sally aside, much corporate lobbying has a poor reputation, particularly among nonprofits that battle corporations over environmental, health, and consumer fairness legislation. Even corporations with kinder, greener practices sometimes support legislation that directly contradicts their socially responsible image. For example, Toyota, creator of the eco-friendlier Prius, joined other carmakers to lobby against tougher fuel economy standards in the United States, according to an article in the January 17, 2008, issue of *The Economist*.

All this influence doesn't come cheap. In 2006 alone, U.S. companies spent a record $2.6 billion on federal lobbying, according to CQ MoneyLine, a lobbying tracking service. Meanwhile, for the entire period from 1998 to 2004, nonprofit organizations spent only $222 million on federal lobbying, reports the Center for Public Integrity. Likewise, in Europe, companies


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spend between €750 million and €1 billion ($1.1 billion to $1.4 billion) annually to lobby the European Union, according to ActionAid International. Seventy percent of these European lobbyists represent a business interest, whereas only 10 percent work for social issues. These vast quantities of money—both in the United States and Europe—flow with little public accountability, note two British research organizations, SustainAbility and AccountAbility.

Yet corporate advocacy need not always be self-interested. Some companies, such as Mary Kay, are using their face time with lawmakers to lobby for good. Traditionally, nonprofits promoted social issues in the halls of power. But corporations, with their carefully cultivated connections, wider lobbying leeway, and proficiency in influence, are often better equipped to make the case for stopping domestic violence, improving safety on the roads, thwarting climate change, and fostering economic development—to name just a few social change efforts.

Accordingly, some companies are steering government dollars to social problems, changing laws, and encouraging new approaches to government services. At the same time, some nonprofits are finding that the fastest path to the heart of legislation may be through corporate partners with political clout. Sometimes corporations send an army of blue-suited lobbyists; other times all that is needed to turn the tide on an issue is a simple letter, phone call, or voice on a committee.

Not all corporations lobby for good in the same ways, however. Drawing on our consulting experience with dozens of global companies in the United States and Europe, we lay out three different targets of lobbying for good: *generic social issues*, which are critical to society but not immediately consequential to a company's business; *value chain social impacts*, which are the footprints a company leaves behind through its normal operations; and *social dimensions of competitive context*, which are the external conditions (e.g., strong schools and good roads) that a company needs to succeed. These categories are the same ones that Michael E. Porter, a professor at Harvard Business School, and Mark R. Kramer, founder of FSG Social Impact Advisors, defined in their classic *Harvard Business Review* article on strategic corporate social responsibility (CSR).[1] Like Porter and Kramer, we argue that the closer CSR lobbying initiatives are to a company's business, the better they are for both the company and society.

RAISING THE CSR BAR

For the past 50 years, CSR has been more about addressing general social issues than about linking business goals to societal needs. To do the most good, companies need to shift their CSR activities to those that align most closely with their business operations and goals. In the meantime, though, they can upgrade their philanthropy and other activities that focus on general social issues by adding their unique talents, rather than just their large pocketbooks.

Mary Kay's lobbying for the Violence Against Women Act is an example of a company using its special talents to advance a generic social issue. The company's founder, Mary Kay Ash, said she launched her company with only one objective: to give women the chance to succeed. The company took its founder's passion one step further by leveraging its reputation among women and its relationships with government to increase funding for women's issues. Mary Kay has also fought breast cancer by lobbying Texas and federal lawmakers to provide insurance coverage for mammograms, to require physicians to explain treatment options to patients, to open rural screening programs, and to increase research on breast cancer. In exchange, Mary Kay has enjoyed not only a boost in employee morale, but also opportunities to know elected officials.

Although focusing on generic issues may not be the best CSR strategy for companies, the reality is that companies will continue to contribute to local or global issues because of tradition, CEO whim, or employee commitment. If companies choose this path, they should amp up their employees' skills and expertise. As the Mary Kay example shows, nudging government at all levels can have large impacts on the issues a company cares about.

IMPROVING OPERATIONS

Many corporations leave large footprints in their wake. Lobbying for good is an innovative way to reduce the negative value chain impacts of products and services. Even more valuable, though, is a company that uses lobbying for good to create new standards for entire industries. The company that pushes for improved standards can create competitive advantage for itself and safer, more environment- and consumer-friendly products and services.

The Cartoon Network is one company that is using advocacy to mitigate its value chain footprint. Today's 6- to 11-year-olds are getting less exercise and becoming more obese—partly because of the many hours they spend parked in front of the television watching cartoons. Criticized for contributing to youth's sedentary lifestyles and obesity, the Cartoon Network launched a "Rescuing Recess" campaign to bring back or establish recess periods in schools. (Nearly 40 percent of U.S. elementary schools either have eliminated or are considering eliminating recess because of budget constraints, teaching needs, or worries about playground liability.)

Using its reach into 91 million American homes, the campaign has turned parents and kids into unofficial lobbyists. Kids can download letters to send to their teachers and school board members, encouraging them to advocate for the return of recess. On-air specials, public service announcements, sponsored events, and grants likewise encourage viewers to get involved. Cartoon Network is also financially supporting intermediary organizations such as the National Education Association (NEA) and the National PTA to advocate restoring recess.

The Rescuing Recess campaign has been around for only a few years, but early results are promising. Close to 2,400 schools have registered for the campaign, and eight state boards of education have responded to more than 100,000 campaign letters. In New Jersey, a

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parent-backed petition to bring back recess to elementary schools stirred politicians to create a task force on student recess.

The benefits to Cartoon Network are also starting to flow. The network has received 22 awards from organizations such as the U.S. Chamber of Commerce Community Service Award, the Public Affairs Council Corporate Grassroots Innovation Award, and the PR News Platinum PR Award, as well as accolades from the President's Council on Physical Fitness and Sports and the NEA. Important stakeholders that shape the debate about childhood obesity and TV, such as the Centers for Disease Control and Prevention, the Robert Wood Johnson Foundation, the National PTA, and the Federal Communications Commission, endorse this program.

Reducing value chain impacts does not always entail removing the negative side effects of a company's existing products and services. It can also mean creating new products and services whose very design reduces the company's footprint. For example, when global warming became a top environmental concern, B&Q, the largest home improvement and garden retailer in Europe, was already selling several energy-efficient products. Realizing both market and environmental opportunities, B&Q worked with suppliers and consumers to increase consumers' access to greener products. The company estimated that if all households used the energy-efficient insulation sold in its stores, the United Kingdom could cut up to 6 million tons of carbon emissions and save $825 million in energy bills.

Yet homeowners pay four times more VAT (value-added tax, a sales tax in Europe) for green products than do builders, which could deter them from making their homes environmentally friendlier. European Union regulations prevented the U.K. government from reducing VAT. And so in 2002, B&Q organized a lobbying campaign to exclude VAT on energy-efficiency products such as insulation, hot water tank jackets, and energy-saving light bulbs. B&Q campaigned for a protective ruling from the U.K. government and urged consumers to download and send a form letter in support of the regulatory change. B&Q continues to lobby for the removal of VAT on all energy-efficiency products.

FORTUNATE CONVERGENCES

Lobbying for good can also target the social conditions that influence corporations' operating environments. This type of lobbying has the highest strategic value for companies. Although social issues exist outside companies, they nevertheless enable or constrain success. For example, the quality of school systems affects how easily a company can hire well-educated employees. Likewise, the nature and enforcement of business laws affect the fairness and transparency of competition. Addressing these social issues may simultaneously improve both the business and society as a whole.

Lobbying for a strong social environment is not new. In the early 1900s, small-town businesses persuaded city councils to dedicate funds for better roads and airports. They also convinced local school boards to support school bond resolutions, which would in turn ensure a steady flow of well-trained employees.

In a modern continuation of these practices, the Hewlett-Packard Development Company's executives sit at the table of such influential organizations as the Government-University-Industry Research Roundtable (GUIRR) and the Alliance for Science & Technology Research in America (ASTRA). Together these organizations influence technology research and training, push for the equivalence and portability of technical degrees awarded overseas, and increase the number of women and underrepresented minorities in technical careers. These issues are critical not only to the long-term success of Hewlett-Packard, but also to the economic prosperity of the United States.

Likewise, in 2002 the Shell Oil Company (the U.S. affiliate of Royal Dutch Shell) threw its financial support, brand, and assets behind a large-scale effort to tackle the biggest environmental disaster facing the United States: the loss of coastal wetlands along the Louisiana Delta. With 25 square miles disappearing each year, Gulf Coast wetlands are steadily vanishing, endangering sensitive bird habitats and fishing areas, as well as making the region more vulnerable to hurricane damage. Hurricane Katrina bore this out with tragic consequences.

Wetlands erosion also threatens Shell's infrastructure along the coast. Shell has more

Car Companies for Kids' Safety

Safe Kids Worldwide, an international nonprofit whose mission is to prevent accidental injury to children, is an example of a nonprofit that successfully used corporate lobbying to advance its cause. In 1997, Safe Kids asked General Motors (GM) to use its lobbying muscle to increase the use of children's booster seats. The nonprofit and the corporate giant created the "Buckle Up" program, which helped increase the number of states that have booster-seat laws from two in 2002 to 45 in 2008.

In addition to generous financial support, GM provided advocacy training and expertise to Safe Kids' own staff. GM personnel explained the physics of car crashes and why child car seats are important. GM also linked Safe Kids to its legislative contacts, shared its government affairs staffers, and encouraged policymakers to show up at various Buckle Up events. Chevrolet and other GM brand dealerships throughout the country also serve as checkpoints for parents to learn how to install their kids' car seats.

Since its inception, the Buckle Up program has donated close to 400,000 car seats, deployed 130 mobile car seat checkup vans, involved thousands of volunteers, and promoted child safety messages. By June 2008, the program had checked 1 million booster seats for proper installation. Meanwhile, U.S. government statistics showed a 25 percent drop in vehicle crash fatalities for children under 5 from 1997 to 2006. During that time—the same period during which Buckle Up had been operating—car seats saved the lives of some 3,800 children. **—K.P. & M.P.**

than 4,000 employees who call Louisiana home. The company also has a large operations base that includes two major refineries, two chemical plants, and more than 3,600 miles of pipeline.

Shell is contributing to solutions to the wetlands problem with a three-pronged approach: supporting research on wetlands restoration, partnering with nonprofit organizations to support wetlands restoration projects, and sponsoring a public awareness campaign. "America's WETLAND: Campaign to Save Coastal Louisiana" seeks to raise public awareness and congressional support for upwards of $14 billion in large-scale restoration of the coastal area. Campaign efforts include civic conferences, interactive kiosks, public service messages, concerts, petitions, scientific reports, and school-based educational programs. Leveraging a unique asset, Shell gives out wetlands maps and brochures at its Louisiana gas stations to educate the public about the fragile state of the coastal ecosystem. Results of the campaign effort include passage of the Water Resources Development Act with wetlands provisions for Louisiana. In addition to the prospect of reducing risks to its coastal assets through wetlands restoration, Shell has strengthened ties with members of the Louisiana congressional delegation and local and state officials.

Levi Strauss & Co. has similarly improved both the communities in which it operates and its own business. Levi's relies on Guatemala for materials for its textiles, and the Guatemalan economy depends on exports to the United States. In 2001, the U.S. government was reviewing whether Guatemala should continue to enjoy duty-free exporting to the United States. The U.S. government felt that Guatemala had not adequately enforced labor laws, which was a criterion for the country to trade without paying duties.

Rather than lobby the U.S. government to retain Guatemala's preferential trade status, Levi's decided to attack the root cause of the problem: the Guatemalan government's lax labor laws. Motivated by both a sense of social responsibility and a business need to maintain a Guatemalan sourcing base, Levi's sent representatives from its government affairs team, sourcing organization, and code of conduct team to the Guatemalan Ministry of Labor. The Levi's delegation directly lobbied the minister to strengthen his country's labor laws. It also organized local suppliers to lobby the government. In response, Guatemala passed a package of stronger labor laws and continues to enjoy protected trade status with the United States.

Lobbying for good is not just for big multinationals. Domestic plastics firm Cascade Engineering is lobbying its home state of Michigan to invest more funds in "welfare-to-career" programs. (For an article on Cascade Engineering's program, see "Bridging the Cultures of Business and Poverty" in the spring 2003 issue of the *Stanford Social Innovation Review*). Different from traditional welfare-to-work programs, welfare-to-career programs help employees advance within a company. Cascade benefits from the reduced turnover, lower training costs, and more motivated workforce that its program brings. And as the state with the third largest welfare tab, Michigan benefits from supporting fewer welfare recipients and having citizens who are moving toward economic self-sufficiency.

WHAT'S THE HOLDUP?

Although lobbying is a powerful tool for advancing social responsibility, most firms underuse it. The leading CSR organizations barely mention how companies can use their government affairs departments and outsourced lobbyists to advocate for social issues. And CSR executives rarely discuss lobbying for good at conferences on corporate citizenship. Europe leads what little discourse there is, as recent reports from SustainAbility and AccountAbility demonstrate. Yet here, too, the emphasis is still on avoiding irresponsible lobbying rather than promoting its proactive cousin: lobbying for good.

The irony of the post-Enron world is that the organizations with the greatest assets to influence government—companies—are the least likely advocates for social issues. In contrast to most nonprofits, companies represent thousands of voters—their employees—and create the tax base on which governments run. They can leverage their vast brand recognition and marketing channels to broadcast policy messages. They can reach beyond their own operations to mobilize entire industries, including supply chain partners and downstream buyers. They can multiply the power of their social advocacy by forming business coalitions. And they can lobby more liberally than nonprofits and private foundations, which face tighter state and federal restrictions.

Why have firms been so slow to lobby for good? Our analysis suggests three reasons. First, CSR lobbying conflicts with CSR as

Letters for the Red Snapper

Worldwide, seafood populations are collapsing because of overfishing. In the Gulf of Mexico, the red snapper has taken a major hit—in part because of inadvertent "by-catching" by shrimp boats. To turn the legal tide in the fish's favor, the Plitt Company, a seafood wholesaler based in Chicago, joined forces with the nonprofit Ocean Conservancy in an advocacy campaign. Plitt executives wrote letters to the National Marine Fisheries Service, the National Oceanic and Atmospheric Administration, and the Regional Fishery Management Councils, asking them to save the red snapper. These letters, as well as letters from Plitt's customers, lent credibility and market drive to the Ocean Conservancy's efforts. The letter-writing campaign, as well as other efforts, resulted in new legal limits on red snapper fishing and shrimp boat activity.

In addition to protecting an important product for its business, Plitt earned the approval of many environmental groups. Not all nonprofits that care about sustainable seafood think lobbying for good is the way to solve the seafood crisis, however. Some environmentalists believe that companies such as Plitt should not be buying fragile fish at all. Yet in the case of the red snapper, corporate advocacy seems to have paid off. **—K.P. & M.P.**

usual. The current trend among corporations is just to make dollar contributions—the bigger the better—or to report on and constrain companies' social and environmental footprints. Companies are only beginning to apply their expertise to social problems, and when they do they wield more conventional capabilities such as marketing, finance, and strategic planning. Adding the weight of government affairs personnel to address social problems is both new and difficult to value.

Companies are also wary that CSR lobbying might invite skepticism. Applying government affairs personnel to social problems may provoke questions about whether companies have hidden agendas. Companies may also worry that they are crossing a legal boundary by using their government affairs offices for social advocacy.

Yet these fears are unfounded. When companies lobby for good, they are on the right side of the law. In the United States, corporate foundations cannot use foundation funds for direct lobbying, nor can companies reap direct benefits from their foundations. But as long as companies themselves are doing the advocacy, corporate lobbying for good does not incur any more legal requirements than does conventional lobbying.

Companies also like quick results. Governments, in contrast, take their time to change their ways. Compared to funding a nonprofit grantee, influencing lawmakers is complicated and, at times, tedious. Companies are not so naive as to think that the speed of social change should mimic quarterly business results, but they prefer that their CSR initiatives deliver at least in time for an annual report. Budging the government may be slow work, but the payoff can dwarf that of conventional grants.

Finally, some critics take a page from economist Milton Friedman and argue that lobbying for good is even more irrelevant corporate largesse than is pure philanthropy. Although we disagree with the argument that companies should focus solely on business, particularly in this increasingly interdependent world, we agree that companies have a responsibility to think strategically about which issues to tackle.

ADDING ADVOCACY

Over the last several years, CSR has undergone intense analysis, profound change, and new prominence. In the past, companies mostly undertook defensive CSR initiatives to mitigate the impact of their business activities or to repair their reputations. More and more, however, companies are adopting a proactive stance, viewing the improvement of relations between business and society as a new opportunity for innovation and competitive advantage.

Companies are certainly not the only actors confronting social issues, and so establishing their distinct contributions is difficult. Government, nonprofit organizations, individuals, and the media all play essential roles in changing policy. When corporations do succeed in lobbying for good, however, they should not use their victory as a fig leaf to cover their unsightly forms of corporate influence. Instead, companies that are serious about aligning their corporate lobbying and social responsibility agendas should first make sure that their government relations do not undermine their CSR initiatives. Likewise, they should make sure that the industry associations and think tanks with which they are affiliated do not contradict their CSR actions. This requires greater coordination between government affairs and CSR departments. Companies must also make their government policy positions more transparent.

More affirmatively, companies should identify opportunities to use their government relations expertise and resources to advance social issues. There is probably no more respected voice in today's halls of power than business. Global companies have sophisticated government affairs operations, both internal and outsourced. They understand what makes politicians tick and how to phrase "the ask."

Companies also need to recognize that lobbying for good is another way to build better relationships with policy makers. Many companies use their philanthropy and CSR programs to show that they are making a difference with policymakers' constituents. Yet companies find it difficult to stand out when every corporation is playing the same game—all in hushed tones and awkward embraces to avoid perceptions of quid pro quo programs.

Lobbying for good offers a completely different approach to building relationships with government stakeholders through shared social goals. *Relationships are the intervention.* Rather than merely partnering with policymakers to cut the ribbon on a donated building, lobbying for good requires a much more substantive form of engagement. Levi's is a case in point. Because of the efforts of Levi's in Guatemala, the U.S. government now perceives the company as an industry leader and comes to Levi Strauss to discuss textile trade issues.

Last, corporations need to forge tighter relationships with nonprofits. One of the problems with many corporate-nonprofit relationships is that companies simply donate money and then outsource the problem solving to the nonprofits. This patron—not partner—role is exacerbated when companies are addressing generic social issues that are not consequential to their business.

At the same time, nonprofit organizations that are looking for strong voices and connections should consider requesting time from companies' government affairs staffers, rather than checks. (See the sidebar on page 47, for example, to find out how Safe Kids Worldwide worked with General Motors to strengthen child car seat laws. Likewise, "Letters for the Red Snapper" on page 48 reveals how the Ocean Conservancy worked with the Plitt Company to change laws regulating fishing.)

Adding the tool of lobbying for good requires resisting two kneejerk reactions: one from critics who believe that corporate lobbying in any form is bad for society, and a second from corporate managers who look to lobbying merely to defend the status quo. In both cases, the result is a missed opportunity for companies to create tremendous social value and business benefit, to leverage their true expertise and natural advantages, and to build more active, two-way relationships with policymakers and nonprofits. Companies that move beyond responsible lobbying to lobbying for social issues that are relevant to them may be practicing one of the most powerful forms of corporate social responsibility. ■

Note

1 Michael E. Porter and Mark R. Kramer, "Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility," *Harvard Business Review*, December 2006.