

GETTING YOUR VOICE HEARD IN BRUSSELS

—
AN OVERVIEW OF HOW THE CORPORATE SECTOR ORGANISES
ITS EU AND BRUSSELS PUBLIC AFFAIRS CAPABILITY
—



VIAPUBLIC

CORPORATE AFFAIRS TALENT

watson | helsby

executive search

ABOUT VIAPUBLIC

Viapublic is a Brussels-based executive search firm that focuses exclusively on corporate affairs talent for the Belgian and EU market. We excel in finding experienced public affairs and communications professionals, both for permanent positions and interim assignments. Viapublic is your partner to ensure that the right person gets into the right position. As a boutique firm, we are offering high quality, results-oriented and specialised service. We seek to understand your business, find out what is important to you, and become a trusted advisor to both clients and candidates.

In addition to our core activities, we regularly organize networking opportunities that bring together senior public affairs executives in an informal manner. They provide the opportunity to exchange key insights and business experience amongst senior communication and public affairs professionals.

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ABOUT WATSON HELSBY

Watson Helsby is a London-based executive search firm that works with global organisations in both the private and public sector, helping them identify and recruit the talent that will enhance their corporate communications, public affairs and overall reputation/stakeholder management capability. We advise CEOs on the corporate affairs/communications leadership their organisation needs as well as working with corporate affairs leaders themselves to help them build the capability of their own leadership teams.

What sets us apart from our competitors are the industry reports we regularly publish. These are designed to examine the latest thinking, practices and issues in the disciplines into which we recruit. In so doing, they provide a contemporary view of the direction in which specific roles are evolving as well as the competencies that leaders of these disciplines, and their teams, require to be successful.

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1. INTRODUCTION

Is there any such thing as best practice in the context of organising and managing a public affairs presence in Brussels? Is there an approach or structure that works best for most companies? How best to integrate the role and its strategic value into the broader corporate structure? How much does a senior Brussels/EU public affairs leader get paid?

Viapublic, a Brussels-based corporate affairs headhunting firm and Watson Helsby, a London-based corporate affairs headhunting firm, joined forces to investigate these questions. Between June and September 2015 both firms interviewed over 30 EU public affairs/government relations heads. The

interviews represented multi-nationals from Europe, US and Asia-Pacific.

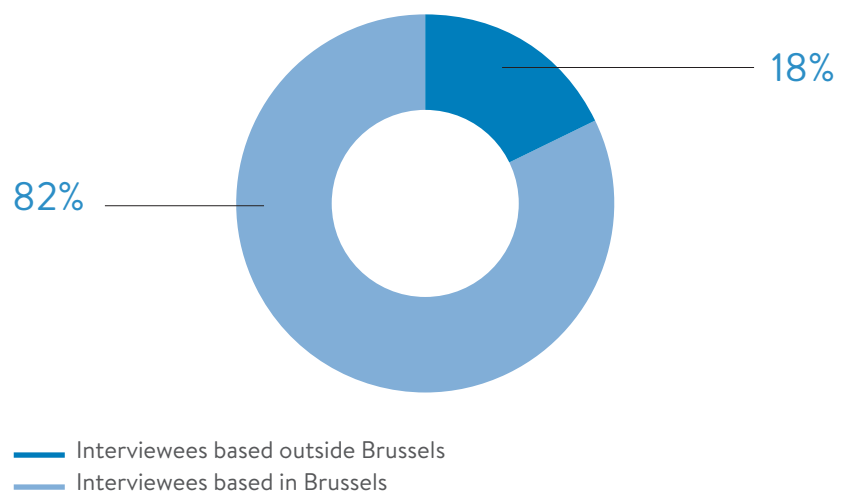
Sectors that were represented included financial services, ICT, energy, FMCG, manufacturing, transport and pharma. Whilst the sample size does not allow for statistically robust analysis within and between sectors, the spread of size, sector and geographical origin does enable us to make some valid comparisons.

Any company or individual either reviewing their approach to monitoring and influencing policy in Brussels and the EU, or considering establishing a presence there will find this report a helpful source of insight and intelligence.

2. HOW MANY COMPANIES HAVE A BRUSSELS OFFICE? IS IT A NECESSARY INVESTMENT?

We should be clear at the outset that a Brussels office and a Brussels presence are not synonymous. A number of companies, as we shall see, visit Brussels on a regular basis, to attend important meetings and to gather intelligence, but they don't actually have an office there.

PRESENCE IN BRUSSELS



“
If you are trying to drive and shape the agenda, you need to have someone on the ground to make sure you are in the right discussions.
”

There are a number of factors that influence this decision. They are:

- **Volume of policy / regulation** directly relevant to the business. In other words, how much political risk is inherent in the policy and regulatory agenda in Brussels for a particular company/sector? If a vast bulk of the regulation affecting a company originates from Brussels (e.g. environmental, tax, trade deals), and it represents an existential threat to the business, then it is important to have an office there.
- **How easy it is to access Brussels.** Corporations based outside Europe, in the US or Asia-Pac for instance, but with a significant presence in Europe (Ford, Microsoft, IBM) all have offices in Brussels, since regular travel to Brussels is both impracticable and prohibitively expensive.
- **The significant cost and bureaucratic hassle** of setting up an office in Brussels. Brussels employment laws create an expense that not all companies wish to invest in. Is it absolutely necessary?
- **The trade-off between having someone in Brussels** who may be removed from the business and its leaders **versus having someone close to the business but not on the ground in Brussels.** This trade-off may not exist for some companies but it is a dilemma that a number of companies highlighted.



If you are not living and breathing it, you are selling your company short.



For any major manufacturing company the rationale is compelling, almost existential.



The companies that participated in the research were by no means unanimous in their view that a permanent presence (i.e. an office) in Brussels is essential. Interestingly only half of those working for UK headquartered companies (mainly FTSE 100s) shared this view (the relative ease of access to Brussels is clearly a factor here). The majority of interviewees (82%) however regarded a Brussels-based individual team as business critical. This opinion is based on the perceived commercial and license to operate impact of policy and regulation and therefore the view that it was essential to have someone or a team permanently “embedded” in the Brussels political systems and infrastructures.



People go native very quickly and lose a sense of what the business wants and needs.



Those companies who do not believe a permanent presence in Brussels is necessary based their EU public affairs and policy function at group HQ. They take the view that regular trips to Brussels (2-4 days every fortnight), often taking senior executives with them, works effectively. Indeed not only does it work, it is seen as desirable, because it keeps the public affairs

function closely aligned with, and plugged into, the strategic priorities of the business and its leaders. This tends to lead to a more nuanced appreciation of how policy and regulation may affect the business, the internal stakeholders who need to be informed and involved and how best to use them in the process.

The research also revealed some concern about the dangers of going 'native' in Brussels, becoming disconnected from the business and getting too immersed in the minutiae of Brussels policy-making.

When this happens there is a danger that the team/individual will look at things from a policy perspective rather than a business perspective. They may also lack the relationships and conduits into the business.



The CEO wants someone who is visible to the key leaders of the business itself and understands their thinking and strategic priorities.



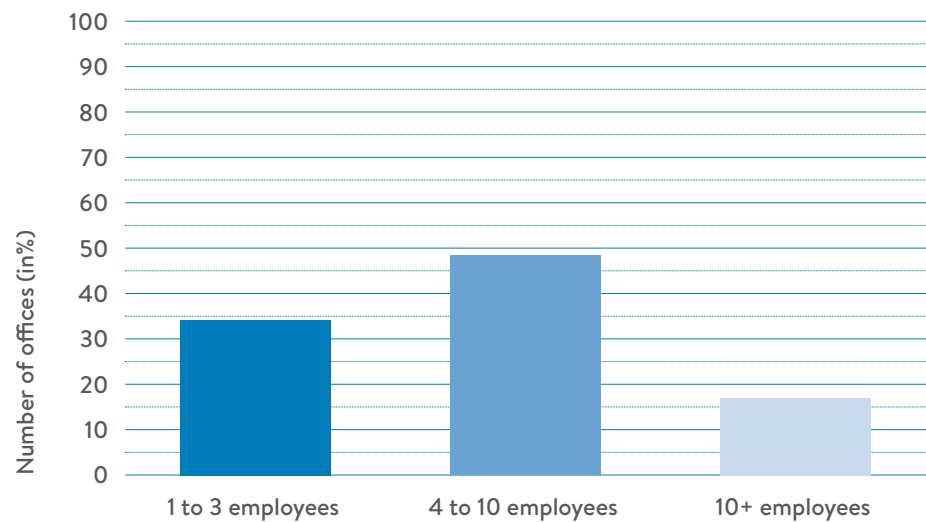
I like being in London because de facto I have an outside perspective. Brussels spends a lot of time talking to itself.



3.

SIZE OF TEAM / OFFICE

OFFICE SIZE / NUMBER OF STAFF



Brussels based EU offices tend to be small and standalone and they have no purpose other than to monitor and influence policy and regulation. Hence they are not comparable to other conventional operational units – they are, in effect, a single purpose functional unit.

The large US multi-nationals tend to have the biggest offices, though we noted that a number of Asian companies have expanded their presence over recent months. However, unusually, some of them include other EMEA/ European corporate functions in the office, as they have chosen Brussels as the location for their European hub.

If a company has a Brussels office the person running it is rarely the most senior EMEA/European public affairs person. It is more likely to be a Head of

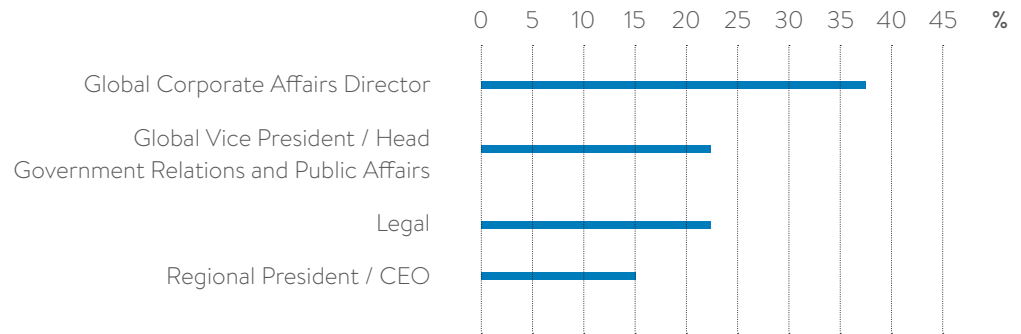
Office, ‘on the ground’, who will report either to a more regional or global senior public affairs head, or to a group corporate affairs director, or a regional CEO.

For those companies with a Brussels-based public affairs team this, on average, comprises about half of the total EU/European public affairs resource (in some cases as low as 20% and in some cases 100%). The remainder of the team tends to be based in-country, normally located in the bigger/key markets. This is because most companies recognise the importance of 1/ monitoring and influencing policy within the member states and developing relationships with politicians and officials within them and 2/ providing counsel and advice to the MDs of the businesses within them.

4.

REPORTING LINE

REPORTING LINES



There are no hard and fast rules but certain observations can be confidently made:

- Those that reported to a Group-level or regional President/CEO tended to be more senior/heavyweight and one interviewee sat on the regional operating board.
- The more heavily regulated the sector (financial services, technology), the stronger the likelihood of a reporting line into Legal/General Counsel.
- Those working in regional (European/EMEA) roles within global multi-nationals domiciled outside Europe were more likely to report to a Global VP of Government Relations (who reports in through legal function) or to a regional CEO.
- Those working for a company domiciled in UK/mainland Europe, in most cases, reported to the Group Director of Corporate Affairs (i.e. broad stakeholder/reputation management remit rather than a legal/compliance remit) or a company official in a similarly senior role, who in turn reported directly to the CEO or another Member of the Management Board.
- The role tends to be closer to the CEO/executive committee in European companies than it is in US companies where it is often a further step removed. Though this is a structural/hierarchical phenomenon, it is also probably a physical one too.

Reporting line, as several interviewees noted, does matter since it fundamentally determines the approach and focus of the public affairs/government relations agenda. For instance one interviewee, whose reporting line was into General Counsel, remarked that the function becomes more inward looking and compliance focused.

Restructurings and changes in reporting lines that affect EU public affairs are not uncommon. A number of interviewees had recently been, or were about to be, reorganised. These are not always popular in that the outcome introduced new and unhelpful layers of hierarchy.



Public affairs is not a
controlling function.
It's about relationship
building, influencing,
optimising commercial
opportunities and
protecting / growing
license to operate.



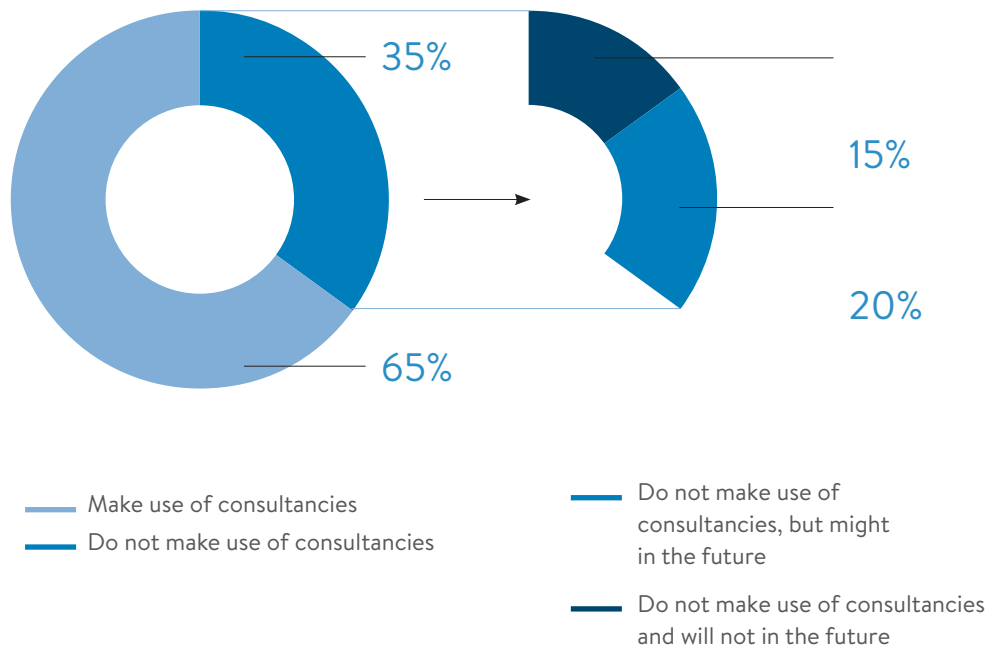
5.

WHAT IS THE VALUE OF A CONSULTANCY?

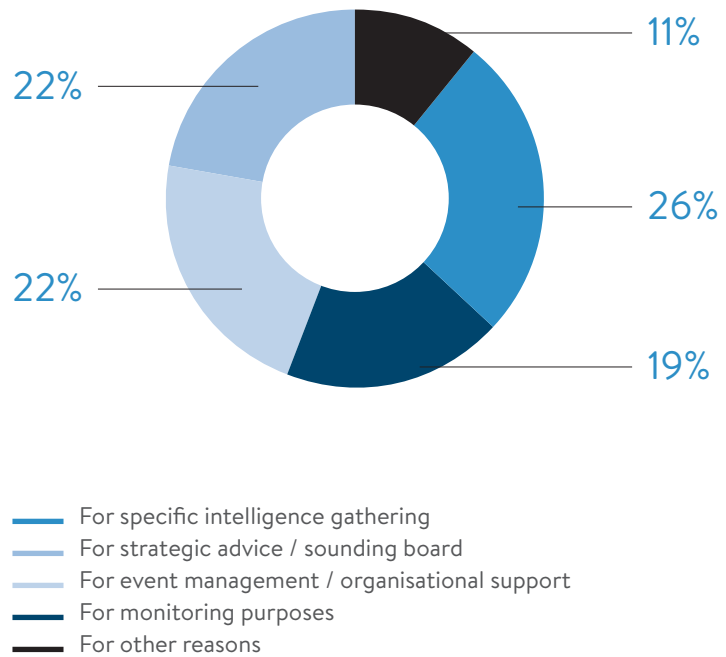
Our research revealed that the majority of companies (65%) and their respective Brussels/European public affairs head do use a consultancy, mainly on a retainer but some on a project only basis. Sometimes it is for very specific intelligence, such as insights into particular Commission Directorate Generals.

But it is clear that not all companies (35%) are convinced of the added value of consultancy services and believe that they can stay abreast of developments and influence effectively without the support of a consultancy.

USE OF CONSULTANCIES



USE OF CONSULTANCIES – WHY?

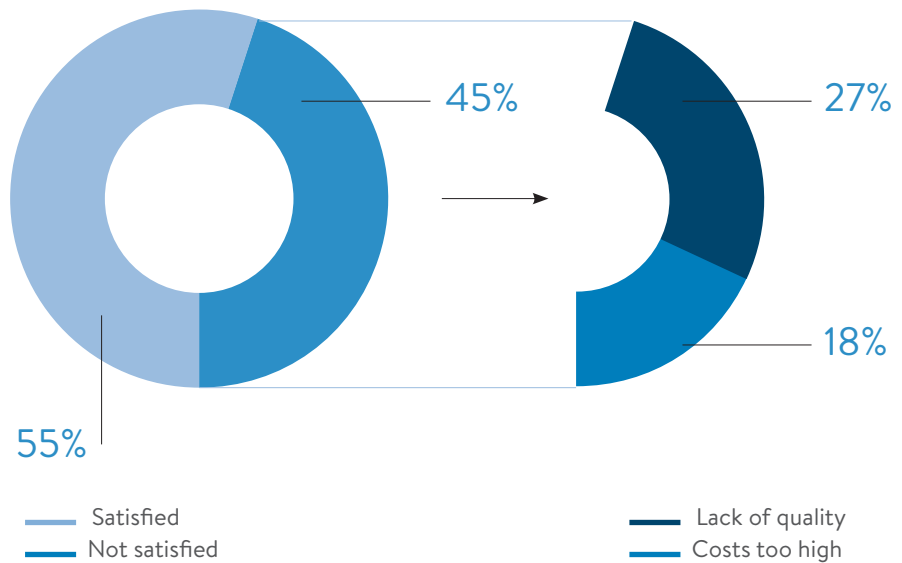


“
 They were meant
 to be providing
 me with an
 outreach
 programme,
 but at most
 of the meetings
 I wondered why
 I was there.
 They didn’t
 get me into
 anywhere new.
 ”

A consultancy’s biggest selling point, and one which allows them to charge a premium, is its depth of knowledge and expertise in a specific industry sector, although only a few are perceived to have this.

The research revealed a lack of satisfaction with consultancy services. Almost half of interviewees reported dissatisfaction. That said, surveys of this nature rarely report agency satisfaction levels of much greater than 50%-60%; so it could be viewed as a generic consultancy issue. The major reasons were a lack of quality concerning intelligence gathering services – their monitoring was not fast enough or they produced newsletters with factual mistakes, information too late, not tailored sufficiently to the client, junior professionals rather than senior professionals servicing the interviewees, and prices that left them calculating that a full-time staff member in their own office would come at the same price or less.

USE OF CONSULTANCIES – REASONS OF (DIS)SATISFACTION



Those that don't use a consultancy have a number of reasons for not doing so that boiled down to either budget, no perceived need or satisfaction with in-house capability plus support of trade association(s).

What we very clearly detected is a trend towards employing consultancies for very specific reasons and thereby limiting their involvement, partly for cost reasons and partly because there was no perceived need for any broader, ongoing input. This in turn was driving a preference for a project-based relationship, rather than a retained one.



I will hire a consultancy against a project but otherwise you end up with the most expensive assistant on the planet



WHAT CAN WE CONCLUDE FROM THIS?

Consultancies achieve highest satisfaction with services that cannot be duplicated by the client, and the lowest satisfaction with services where the client has some intelligence/capability of their own and needs to engage in collaboration with the consultancy (i.e. where Brussels office can do the same tasks, just does not have the time to do it).

Sometimes, consultancies just do not deliver top quality – factual mistakes in news items to be used for communication purposes, for instance. Most of the time however, the criticism is that the in-house resource manages to get the same or better information in a shorter timeframe. So why pay for it?

That said, some respondents do like to have consultancies as sounding boards, but make sure they have specialist consultancies with individuals they trust as sparring partners. Many respondents stated that a strong personal relationship is necessary. Others focus on specific projects or tasks where they do not have the necessary expert knowledge, such as media outreach/social media use.

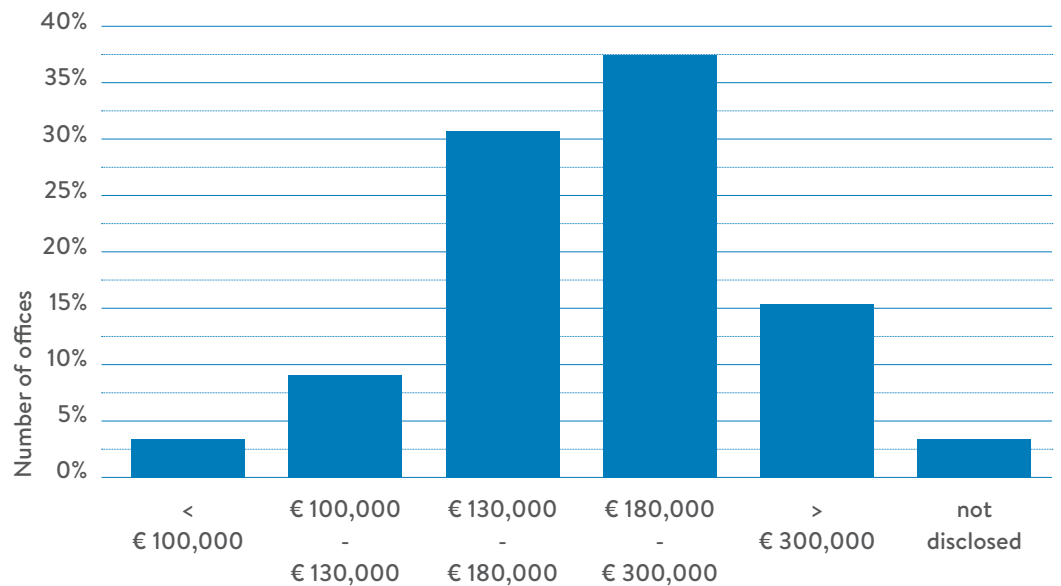
6.

SALARY RANGES

Salary levels vary according to staff responsibility, company size and experience/status. Amongst our respondents, public affairs heads of an office with no or only administrative staff tended to be paid salaries that would correspond to senior manager levels in bigger offices – between € 80,000 and € 130,000 annually.

The majority (69%) of interviewees earned a salary between € 130,000 and € 300,000, though with the remainder equally split below and above this range.

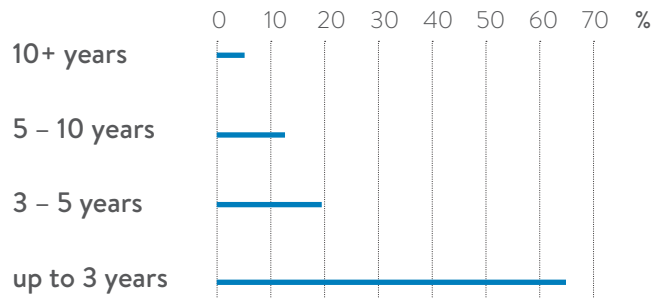
SALARY LEVELS



Inevitably public affairs heads working for companies whose license to operate and profitability is profoundly impacted by policy and regulation tend to be remunerated proportionately (i.e. above average).

7. TIME IN ROLE / CAREER PROGRESSION

Our statistics show the following:



Interestingly, two thirds of the interviewees have been in their current role for less than 3 years.

No one we interviewed was particularly anxious to move on but most saw their next move as either:

- 1 Another big public affairs role, in another region/geography such as Asia-Pacific or Africa (the majority). But preferably with their current employer.
- 2 Another public affairs role in a different company and different geography.
- 3 A broader and bigger corporate affairs role (the minority).



CONCLUSIONS

- 1 There is a noticeable difference of opinion between UK interviewees and those from other regions about whether an office (i.e. permanent presence) in Brussels is absolutely necessary. This comes down to size of team and ease of access. Many of the UK domiciled companies had lean EU public affairs teams, so a decision had to be made (as in either/or) whether the EU public affairs lead should be close to the business or close to Brussels. In the majority of cases they want someone close to the business who can visit Brussels on a regular basis. Those companies with bigger teams (i.e. 5+) can afford to do both and if corporate HQ is a long way from Brussels then regular travel is just not an option anyway.
- 2 However there is no doubt that companies want their Brussels person/team to be more business literate and business focused and less of a Brussels 'insider'. Technocrats have their value, but there is a much stronger demand for business-focused public affairs operators, rather than ones that are steeped in the Brussels processes. This means ability to translate policy outcomes into commercial/business outcomes, to make Brussels political "gobbledy-gook" intelligible and relevant to senior management. In the other direction, today's EU public affairs practitioners have to be able to distil complex business information into a concise and coherent messages/arguments to politicians, officials and regulators.
- 3 Though the investment in Brussels EU public affairs capability is not generally questioned (not by US and Asian companies anyway), we detected a lack of conviction that their role and value is fully understood and valued back at HQ. Some interviewees expressed a concern that they did not feel fully integrated into the business nor sufficiently visible to its leaders. Since executive teams, and Boards, are increasingly expectant of a rigorous analysis of the political and regulatory risk to which their company is exposed (and Brussels is a major source of this risk) this is both surprising and worrying.

- 4 Reporting line varies - in US companies the Brussels office head tends to report to the Regional (EMEA) government relations/public affairs VP. S/he will in turn report to the global VP of government relations who, in most cases, will report to the board/CEO via General Counsel/Legal. However, in Europe and particularly the UK, the EU or Brussels public affairs head (tends to be the same person) reports either directly to the corporate affairs director or to the group (as in global) public affairs director. The role therefore tends to be closer to the CEO/executive team in European companies than it is in US companies, where it is often one step further removed.
- 5 Consultancies yield greatest value when delivering a service that EU public affairs teams cannot duplicate. Whatever this service or expertise may be, it is increasingly bought in on a project basis. Hence, as in most areas of communications/PR, retainers are on the decrease, since in-house expertise/resource is stronger and less needful of ongoing (as in retained) consultancy support.
- 6 Range of salaries is broad, reflecting the different levels of experience that are found in those leading EU public affairs teams.
- 7 Not many people stay in a Brussels-based role for over five years, though we detected very little restlessness. A large percentage of those asked said their next role, ideally, would be a big public affairs/government relations/external affairs role in a different region/geography.

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