

# **WORKSHOP ON BUSINESS DIPLOMACY**

MANAGING NON-MARKET CORPORATE RELATIONSHIP CAPITAL

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# BSA COMPANIES

			
			
			
			
			
			
			
			

## **Business diplomats ('lobbyists') in transnational enterprises**

- role & activities
- 10 rules of thumb
- Internal & external functions

## **European cases studies**

- software patents
- product liability

## **Patterns & discussion**

# What are the main functions of a business diplomat ?

Role and activities  
of a lobbyist

Rules to lobby by

Internal / external  
functions

## Roles:

- **Representative/Communicator**
- **Advocate**
- **Strategist**
- **Broker**
- **Policy Maker/Expert**

## Activities:

- **Information processing**
- **Intelligence gathering**
- **Analysis, competitor and stakeholders analysis**
- **Education**
- **Lobbying, outreach**

# What are your main functions as a lobbyist?

What are your  
main functions as  
a lobbyist

Rules to lobby by

Structure for setting  
up internal and  
external functions

## Not the main functions of a lobbyist

- **Expert in industry (unless in-house lobbyist)**
- **Press coordinator**
- **Researcher**
- **Spokesperson**
- **Legislator**

# Rules to lobby by

Role and activities  
of a lobbyist

**Rules to lobby by**

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functions

## Ten rules of thumb

# Rules to lobby by

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## **1. Politics are Consumer-Driven**

- **Help your legislator understand why your position is important to his constituents. Constituents are voters.**
- **Speak in terms of effects – effects on voters, employers and employees**
- **Understand role of media in consumer centric campaigns**
- **... be wary of demagoguery...**

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## **2. Do Your Homework**

- **Know your issue. Understand your issue, the legislation you support or oppose**
- **Know your friends and foes. Before you approach your legislator. Know who the key stakeholders are, who decides what, and which issues are hot at the moment**
- **Understand the political process and rules of the process**
- **Know the key decision-makers, know their background and trigger points**



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## 3. Information is Power

- The secret is the distribution of information to legislators and their constituents. Be prepared to give the legislator information he or she can use.
- Make sure information is as evidentiary based as much as subjective statement (prove your point)
- Information is only as valuable as it is used – a default should be to share the information, not withhold it

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## 4. A Little Professionalism Goes a Long Way

- **First impressions are key**
- **Don't use threats**
- **Ability to respond to new information is a critical step**
- **Set the boundaries of what you can do – never offer something you can later not deliver**
- **Always provide full transparency of who you are, what you are there for**
- **Be able to spell out your position in a few sentences**

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## 5. Be positive

- **Always make your case without being critical of others' personalities or motives**
- **Offer positive scenarios – why changing something is a positive step, not why a piece of legislation is a negative step**
- **Explain why support is in the best interest of the decision-maker**

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## **6. There are No Permanent Friends of Foes**

- **Don't take your traditional friends for granted. Never write-off a legislator just because of party affiliation. Don't make enemies of legislators - you may need them as friends in the future.**
- **Approach both sides of the aisle – too much dependency becomes a handicap on later issues.**
- **Lobbying is ultimately a business, albeit a very personal one**
- **Lobbying is in a special network – all the parts eventually work together at some point**

**... and the wheel keeps spinning...**

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## 7. Build a Bond, Not a Gap

- **Research things you might have in common with the legislator. Use shared values to create easy, friendly, frequent communication with the legislators. To adopt the logic of the authorities.**
- **Prepare to devote energy and resources to maintaining the relationship – approaching just when the issue comes up makes one of more of an opportunist, not a companion in the legislative process**
- **Maintain active networking programme**

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## 8. Be a Partner

- **Build coalitions and look for allies among other organizations. Be accessible to legislators and other lobbyists if they have questions or need follow-up information. Become known as a reliable resource, always deliver on promises**
- **Insert yourself into the main protagonists of an issue, the issue will eventually consolidate amongst a few drivers of the policy and compromises – the same goes for lobbyists**

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## 9. Rome Wasn't Built in a Day

- **Aim for consensus rather than for a "victory." Be willing to settle for making progress toward your goal, getting the legislation passed, and fine tuning it in future sessions.**
- **Be prepared to build in pressure release mechanisms (review periods, sunset clauses, monitoring mechanisms, devolved detail to regulators, etc.)**
- **Keep the mission as main objective, be flexible on tactics**

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## 10. Stay Committed

- **Politics forms short term battles, but long term gains require years**
- **Opportunities come up when you least expect it**
- **Continue building your base when the immediate issue is over**
- **Prepare systems that gauge your influence on the debate – refine and improve your approach during “down time”**



# Internal and external functions

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## **Internal Functions (corporate diplomat):**

- 1) Informer – inform business units, executives, managers**
- 2) Briefer and trusted advisor – to prepare and set up decision-making for executives and managers**
- 3) Support builder – to build up recognition and role of PA in organizational operations**
- 4) Compliance – aim to inform departments on future requirements**
- 5) Planner – Building regulatory policy into decision making for commercial services and products**

# Internal and external functions

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## **Internal Positioning (corporate diplomat):**

- 1) Achieve senior management level support**
- 2) Have position reflect importance**
- 3) Make sure PA is a primary role for someone, even if delegated**
- 4) Make sure PA is part of planning**
- 5) Make sure Board has agenda item on PA for each meeting**
- 6) Create information flow for internal constituents**

# Internal and external functions

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## **External Functions (business diplomat):**

- 1) Representative – you are the sole embodiment of the constituency you represent**
- 2) Briefer – outlining a “layman” on details of an issue**
- 3) Conduit – acting as bridge between constituency and decision-maker**

## **Case study: EU software patent**

**(large scale civil society outreach campaign)**

**Issue:** The EU is introducing a new Directive that risks expropriating transnational patent holders of certain software-based technologies for 'interoperability' purposes.

**Cost:** the cost for the software sector can be tremendous. One single company is engaged in litigation at EU level and its defense heavily relies on such patents. Overall, a negative outcome could lead to the 'commoditization' of innovate software technologies

**Process:** the legislation process is fairly advanced - passed the first reading by the EU Commission, the parliament and the European Member States. We are late in the game and no more than 6 months are left.

**Stakeholders:** Massive civil society support for compulsory licensing of software patents. Unprecedented number of parliamentarians lobbied by numerous 'anti-patent' activists.

### **Tactics/Implementation:**

Hire software engineer team and University researcher (Colorado College)

Acquire 3 Terabyte of 'row' patent data (EPO) and extract the following:

- All patent software in Europe
- All software patent holders in European
- ALL European SMEs patent holders (approx 7000 in total)

Contact ALL SMEs patent holders and enable them to join the policy debate

Provide SMEs patent holders with advocacy materials for the elected representatives

(include 60, 000 postcards) and invite them to engage to protect their property

Work the media, use the Study, the SMEs patent holders. Work by proxy

Timeline: preparation 4 months + 2 month roll out

**Policy result:**

Radical shift in Parliamentary vote. Majority of approx 30 votes (close!)

**Unprecedented rejection of the entire directive. Status Quo.**

**Business result:**

Status quo is preserved. Software patent remain valid

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## **Case study: Software product liability**

### **(Targeted pressure campaign)**

**Issue:** A newly appointed EU Consumer Commissioner announces that she will introduce new product liability rules for software developers

**Cost:** Software providers **repair, return repay** warranty policy will be voided. Instead, new financial cost will be imposed on developers for faulty software. Software is by nature, faulty. 'Stacking' of software applications by multiple vendors increases the potential for faults.

**Process:** Early stage. No legislation yet. Only public announcement and ongoing public consultation by the EU Commission. Parliament and Council not yet involved.

**Stakeholders:** Consumer groups, civil society in favor of proposal. No media activity at this point

**Atmosphere:** technical debate, lack of understanding. No FUDs.

**Business diplomacy challenge:** how to stop this process before it reaches the EU Parliament?

**Response:** Make good faith effort on product quality and apply pressure on responsible Commissioner using her constituencies.

### **Tactics/Implementation:**

Build local coalition in Bulgaria (home country of the Commissioner)

Work with local software publisher and lobbyist

Organize media; organize public event

Highlight cost for local employment and innovation; highlight unfeasibility

Promote product quality and security via public events

Highlight responsibility of the responsible EU Commissioner within its Bulgarian political group and constituency

Relay criticism in the local media, by sponsoring local groups

Make friend if / when the politician gives up

Timeline: preparation 2 months + 4 month roll out

### **Policy result:**

EU Commissioner abandons proposal

### **Business result:**

Status quo is preserved. No new liability..; until the next Commissioner takes office?