



# Strategic Government Relations

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# Reputation Management and Image

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- Reputation is an asset .
- It should be managed so that it can be used for the benefit of the organization.
- Effective reputation management can contribute directly to the bottom line through improving customer satisfaction.
- We manage reputation through effective external communications and public relations.



# Key Stakeholder Groups: Targets of a Reputation Strategy

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- Employees
- Customers
- Shareholders
- Community
  - Media
  - Government
  - Associations
  - Friends and neighbours



# Elements of a Reputation Management Strategy

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- Brand strategy
- Image considerations
- Media strategy and plan
- Issues management and crisis communications
- Community relations plan
- Employee communications
- Customer communications
- Investor relations
- Government relations



# Why have a G.R. Strategy

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- government is a key audience for any reputation strategy
- access to vital information -research
- government decisions impact on your business:
  - law and regulations
  - taxes, credits and grants
  - approvals and permissions
  - purchasing



# Fundamental Principles of G.R.

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- Position yourself to have access and influence, when you need it
- Build relations with key people
  - political and bureaucratic
  - Relative importance varies with governments
  - in the centre and the region
- Monitor continuously government activity and decisions that effect you
- Do your homework before you make your first call:
  - research & reading
  - networking calls for info & issue identification



# What Can happen without a G.R. Strategy?

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- The example of Icelandair's departure from Halifax: the problem
  - company's fiscal position led to a decision to reduce routes
  - tourist travel business in Halifax excellent
  - Halifax problem: couldn't get 5 flights necessary to attract business traveler: hence, winter volumes not sustainable



# What did Icelandair do wrong?

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- failed to have NS government realize the importance of Icelandair to NS tourism and economy
- failed to convince federal transport minister to allow 5 flights
- had no significant support from the Govt of NS to achieve this objective, or to establish a joint strategy to influence Transport Canada and its minister



# How could a GR strategy produced a different result?

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- An in-place strategy relating to both the federal and provincial governments could have allowed them to convey their message at the critical time
- A relationship with the Provincial Government could have:
  - **attracted substantive support before the decision to leave was irretrievable**
  - **might have won financial support from the province**
- A relationship with the federal Minister of Transport and his officials might have counteracted the effective lobbying by Air Canada to block the extension of routes
- In fact, all decisions were made by company officials in Reykjavik
- Local sales manager made approaches to GNS, but through the wrong persons, who gave him bad advice



# Organizational Approaches to G.R.

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- company executives do their own G.R.
- Board members agree to use their contacts
- in house professional G.R. people
- external G.R. resources: GR firm



# Keys to Successful G.R.

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- identify and develop relationships with key people
  - goal is to get your phone calls returned
  - want them to think of you as a friend
  - build friendships when you don't need them so they will be there when you do!
- think long term as well as short term
  - make sure the firm has relationships with both sides of the political fence, as well as with key bureaucrats
- Don't waste busy people's time



# Understanding Government and Decision-makers

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- recognize that key people are busy people
  - don't waste their time
  - go with a solution not a problem
  - use your bullets wisely
- always take your problem to the right level
  - avoid going over people's head
- never forget who is paying you, but present the issue as your helping the government solve with a problem: make it a win-win



# Bank Mergers: a case study in how not to do it!

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- Failed to understand politics
- Failed to understand the depth of public feelings about the banks
- Failed to understand the power and ambition of the Minister of Finance (who is now Prime Minister!)



# Examples

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- having made an agreement with the Minister, Royal/BMO staged a preemptive strike intending to force the government's hand: it backfired
- banks were not in agreement, thus neutralized CBA
- banks had not done their homework with MPs or public
- Some banks, like CIBC, didn't use their in-house expertise!



# Bank Mergers: update 2005

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- '98 government response was (arguably) good politics, but bad business
  - Turn down led to massive layoffs
  - Our banks have been marginalized as international players
- TD/CT deal went through smoothly
- We are still awaiting the announcement of a new process for approving bank mergers



# Conclusion

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- Effective Government Relations doesn't just happen
- It is the result of a carefully and strategically planned
- The right plan properly implemented will achieve its objectives