

# Corporate Political Responsibility Taskforce

*Expert Dialogue with Ballou-Aares & Caplan*

## Ballou-Aares & Caplan - Module #3

**Elizabeth Doty:** [00:00:00] Welcome, my name's Elizabeth Doty and I'm the director of the Corporate Political Responsibility Task Force at the Erb Institute at the University of Michigan, and I am so delighted to be able to moderate today's conversation with Daniella Ballou Ayers and Lauren Kaplan of the Leadership Now Project.

The Corporate Political Responsibility Task Force, or CPRT, is an initiative of the Erb Institute. A 25 year long partnership between the Ross School of Business and the School for Environment and Sustainability at the University of Michigan. Led by Managing Director Terry Nelodov and Faculty Director Tom Lyon, the Erb Institute is known for its leadership in three areas.

Teaching and Learning. Business engagement with groups like the CPRT and scholarly and applied research. The CPRT's mission is to help [00:01:00] companies better align their approach to political influence with their commitments to purpose and values, sustainability, and stakeholders. As we're seeing, corporate political responsibility is an increasingly pivotal element in managing stakeholder trust, addressing systemic issues, and rebuilding public trust in institutions.

Daniela is It's the founder and CEO of the leadership now project, which you may actually have heard of, or we have members on the call here. It's a really incredible organization now, 400 members who began in 2017 to say, basically as business people, we are also citizens with a lot of influence and have a responsibility to the health of our democratic institutions in this country.

And people have done remarkable things as part of it, including part of the business response to the 2020 election. And many more and a very research based so we'll see. We'll hear some of that today. Daniella [00:02:00] began her career at Bain Company. I came from a consulting background as well. I think most of you know the respect that Bain garners and then was a founding partner at Dahlberg.

Which became the largest social impact strategy firm. She spent five years in the Obama administration advising secretaries of state Clinton and Kerry. She's been featured in Harvard Business Review, Politico, the New York Times, Fast Company, and at the World Economic Forum, and as a member of the Council on Foreign Relations.

So I think we'll have some good discussion about today's topic and democracy flashpoints and businesses response. So Daniela, thank you for making time. I'm so glad to be in conversation with you once again.

**Daniella Ballou-Aares:** Great to be here. Thanks so much, Elizabeth.

**Elizabeth Doty:** Terrific. And then Lauren Kaplan is a Managing Director and Director of the Democracy Aligned Investing Initiative at the Leadership Now Project, and she was at our launch in, in March of the ERB Principles and we've had a wonderful time collaborating [00:03:00] about what is an investor perspective?

On political responsibility and managing the risks associated with instability and distrust. She has been working on cross sector solutions to pressing challenges really big picture thinking applied to specifically to investment decisions in many cases, as well as how to manage endowments foundations nonprofits.

Most recently, she was the Associate General Counsel for the Yale Investments Office, helping advise them on private equity, natural resources, and real estate investments, as well as ethical investing and DEI efforts. She writes and speaks about responsible investing and the intersection of corporate social responsibility.

And capital markets. She's a lecturer in management at the Yale School of Management and has a JD from Georgetown University Law Center. We're so happy to have you with us, especially given that you bring all that big picture thinking to some very practical, real tools for managers and investors and boards.

**Lauren Caplan:** Thanks so much for having [00:04:00] us, Elizabeth, and it was really exciting to be at the launch of The Principles, so excited to be here as well.

**Elizabeth Doty:** That's terrific.

Let's for just a moment envision a future where corporate political responsibility writ large, the sense that you are really strategic and thoughtful, as you both have talked about, when to engage, the impact of your engagements, knowing that you shape the environment as much as responding to it. What would that look like in your mind?

What would be most different and positive if we hadn't had a norm around corporate political responsibility? And then who could do what to most move that forward in your mind?

**Daniella Ballou-Aares:** You know, I think the idea of corporate political responsibility, which says you kind of have a view on what your engagement and influence is, is like, Good management, right?

You should know what you're doing and what impact it has on your markets and what it does. And so I do think what part of, and we've talked about this in [00:05:00] the past, but part, part of the, um, reason we kind of have that gap is that government affairs and politics has been seen as this kind of like black box separate exercise in many organizations and also, or one that like operates by like different rules that like you wouldn't apply to any other part of your business.

Right. And I think that that. Effectively is like moving out of that thinking. And saying like, all right, we need to know how we actually are operating and we need to know what that means. We need to understand the unintended consequences if they exist of how we engage and we need to know if we realize there are problems going on, there is a path to influencing them in a better way, whether through our industry associations, through direct engagement with legislatures, whether through um, Um, being very clear publicly about what concerns are as a trusted voice.

So all of those things. In 2021, Michael Porter and I wrote a piece for Harvard [00:06:00] Business Review where we kind of spoke about how that sometimes business, it'll kind of like. You'll hear both things in some ways that like one. Oh, we can't do anything. There's kind of a sense like we can't influence these broader forces kind of what I was saying before.

Like, what can we really do to kind of change the equation? You know, we try, but like leaders don't listen, but we also know that when business is focused is, you know, very proactive. You see that when there's major tax bills in Washington or at a state level, et cetera, and is like, um, You know, a group of businesses come together are very clear on what outcomes they're seeking.

Sometimes those are for good or for things that you might disagree with, but that kind of focused. Effort I think is really important. And right now we're in a very fragmented kind of environment, right? Where many different efforts that that applies to our politics that applies to the way businesses engage, et cetera.

So I think kind of like focusing the part of all of our jobs, like focusing the mind, [00:07:00] like, what are the things that are important? How do we work together on them? Speed matters. Uh, process matters, but not too much process. You know what I mean? It's like, okay, in state X, we have a problem. Election administrators are being threatened.

We are going to come out as business community and say that is bad. And then we're going to be super clear with political leaders that that needs to change. So I do think that kind of proactive action and that takes, you know, I look at, you know, our, the head of our Wisconsin chapter, for instance, who has been very effective in this regard and is able to credibly speak as someone who was in the Bush administration as a veteran.

But he's also concerned with behaviors of those who are election denialists. It's just so we'll be like, very clear. Here's a problem. Here's where we're going to go. And that's what most people are good at. You know what I mean? So, like, turning that part of the brain towards this problem, I think, um, has a huge amount of potential.

And we're seeing it in various places. It's not like it's never happened. It just needs to happen more.

**Elizabeth Doty:** Yeah, understood. And I think one of the things that groups like Leadership Now or other, these other organizations can do is distill [00:08:00] what generalizes from those moments where you get clarity and then what are you going to repeat and build that capacity as a repeatable thing.

You're, you're echoing for me the classic management mantra, clarity is power, right? So it's a call to get clear, you know, where do you, where do you stand on what basis would you engage? What, what is your interest? What is your legitimate role? And then the moment arises and you. Take advantage of it. We were talking yesterday about the Overton windows, come and go.

And you'll recognize those if you have early warning systems and clarity about where you stand in your role. Terrific. And Lauren, anything from your picture of kind of envisioning? I think the comment in the chat from Chris was what can be learned from the field of business and human rights. But, uh, Let me invite you to speak generally to the vision of imagine a world where CPR was the norm, right?

Like what would most be different and who could do what to help advance that?

**Lauren Caplan:** You know, what would be different would be that across the board, [00:09:00] um, businesses would be more intentional about the impact of their activities on, you know, on the political institutions and, and broader climate. Um, and

Honestly, well functioning political institutions where the government is responsive and maybe, you know, businesses, um, weigh in when it makes sense, but, um, aren't pulled in as much to, uh, the range of issues as they are now, because we have, um, you know, functioning institutions again, and just this broader awareness that obviously business, um, are actors in broader society and aren't operating in a vacuum, but just integrating more of this idea that are.

That's at the base of the principles and the base of what we've been talking about today in terms of really thinking about that role and how you navigate it as part of just, um, your base level of, of management of a company across the board. So not just some companies, but that this is the norm across all companies.

**Elizabeth Doty:** Fantastic. [00:10:00] I just wanted to echo because I don't think a lot of business people are aware now, but Lee Drutman has done some incredible work. I know he's someone that's been in your network, but I think it was his doctoral thesis about the history of government affairs and how the field has changed. And been shaped by the period at the end of the 80s, early 90s.

I remember Michael Jensen teaching at business school about the need to focus on discipline and shareholder value focus that government affairs both increased in importance and narrowed in the range of goals that would count as measurable. ROI on the function, right? And no, no villain required. It's just, it's just putting more pressure and discipline on something to do something measurable.

That's how you get a 76, 000 page tax code. Um, and I think now, uh, this can't all be laid at the feet of business, but that's one area where business could reconsider what is the role of government affairs. And I love it that so many reports are coming out about the need for policy that [00:11:00] aligns market incentives with.

value to society. It's a different approach, but it's very supportive of business. The other thing I would say that the folks at IBM have said is they supported the principles. One was they think this could actually improve trust in government and address the underlying causes. You know, at least business is part in the underlying distrust of civic institutions.

Who are viewed as captured by special interests of all kinds, but the other is it can reduce your inbox, like so many issues are being brought to business to solve because we're not trusting and it's not their field. It's not what they signed up for. It's not what they want to be doing. It's very hard to do legitimately.

Um, so getting out of that, you know, filling in the gaps is a long term benefit from what you just described that I heard their grace. Can you help us with, um. Chris Medina's question and or any others you think would be useful.

Grace: Yes, not sure if you guys are versed on this, um, act, but Chris is asking would

love Lauren and Daniela's take on business voting for Voting Rights [00:12:00] initiative that tried to push for the John Lewis Voting rights Act.

**Lauren Caplan:** A quick note I'll say on that is that, you know, over, um, between 2020, particularly in 2021, there was a big push around the Freedom to Vote Act. Um, and the John Lewis Voting Rights Act as federal legislation that would be, um, valuable to both ensuring access to voting, addressing gerrymandering, campaign financial reform, et cetera.

So those two bills, which were companion bills. So we were very engaged, you know, our members were engaging with the Senate, uh, in particular who were, who were particularly important 'cause they were passed by the house. Um, and we were getting, we were publicly out in the press. and supported these efforts and having business leaders speak out on them, etc.

So we knew that it was really risky in terms of the ability for these to pass. Um, they, and so we always were kind of looking at the full range and we also supported the Electoral Counts Act, which did pass. So we continue to believe that some of the [00:13:00] provisions of both the John Lewis Voting Rights Act and the Freedom to Vote Act.

Um, are really important. I think a federal standard on gerrymandering is really important. I think federal standards on voting access, um, are important and there's no shortage of things to do in campaign finance, including transparency of political spend by companies, right? So, which would be someone else asked a question around.

What else would create those incentives? I don't think federal legislation has a path right now, but I think that's something worth looking at beyond 2024. Those bills were just reintroduced actually this week because there was hope that by reintroducing them, they will have a life after the 2024 election.

So, you know, I think that is a place where companies can be useful. I think. Really having a coalition in business that's influential on this is, you know, takes more than endorsements. It would be, you know, really high engagement that you would need to do that. But I don't I think there's probably some of that's going to we're less involved right now.

But I think once [00:14:00] we get to a place where these could really be on the table to pass, I think, you know, certainly is likely to be a place that's worth investing.

**Elizabeth Doty:** Time again. Point well taken. We one of our speakers was in South Africa at the build up to the election, the first elections at the end of apartheid, and they talked about those relationships like the conversations in the Senate.

As the key when the moment arose, right, so, so important and people getting their voice and being clear is part of the process

**Daniella Ballou-Aares:** on footnote I'll add to your point, Elizabeth, I think as we think about businesses engaging and leaders engaging on these issues like It can't just be at the moment. That the bad thing happens, and I think we've seen that is really important to our own organization that you have to be engaged, even when it's not the moment that the crisis is happening is, then you're smart enough and you have the relationships enough to do something.

This doesn't mean you have to be super engaged all the time, you know, like, we now have 400 members and I [00:15:00] kind of know who I should call if something bad is happening in the state or that. Right. But you have to have some level of engagement so that you are you're Um, smart enough aware enough and accessible enough.

You've identified yourself or your company as someone who's willing to do something if the occasion arises. Because if you're just out there and you're like thinking that in your own mind that you'd be willing to do something but no one knows that it is very hard to mobilize in the moment we saw that in 2020 where we were able to mobilize in a good way but You know, I think there's a lot more that needs to bend to have that standing, um, kind of

mobilizing force and as part of the role we like to play, but there needs to be many more completely understand.

**Elizabeth Doty:** And also, to the point of awareness building you have that with the media as well. And they pressure test you know, is this really principled Are you trying to win, is it like so there's. Lots of things that go into those prior conversations and laying the groundwork for the moment, uh, to be clear. And I think that's one of the things that our task force [00:16:00] member engagement, the, the implication from what you said of government affairs and other functions being more engaged with each other is lots more complexity and trade offs.

And if you've wrestled with those, then you can be clearer when the moment, uh, uh, arises. All right, let's open it now with any final, uh, comments, reactions, takeaways. What do you feel is most important for you now, given your networks, um, and these risk factors and flashpoints that Daniela and Lauren have laid out?

What are you taking away?

Grace: Actually, we have a question from Henry  
and

I don't want to steal his thunder, so if he wants to come up and ask it, um. I'll open the floor to him.

Henry: Yeah, sure. Um, so I was just thinking, you know, when we're talking about the vision earlier, kind of ideally these principles of corporate political responsibility are kind of just at the forefront of our businesses, you know, kind of just as an obligation to preserve our democracy.

But you guys see a future [00:17:00] where we need to offer incentives to actually, or, you know, reward these businesses to actually do up implementing these frameworks, similar to their principles.

**Elizabeth Doty:** Can I jump in and, uh, and respond to you, Henry?

Henry: Yeah, of course.

**Elizabeth Doty:** Um, I'm thinking one of the biggest barriers is that companies will make a change, and not, and no one notices, or in their words, the activists move the goalposts.

So one, one incentive would just literally to have it be registered as progress. Acknowledged as progress would really help increase the coherence I think increase the feedback loop between civil society and business is just literally. So I do think there need to be incentives and clear recognizable short term payoffs that they register, and that those are missing right now and that's one way civil society could really amp up the progress.

**Daniella Ballou-Aares:** And then I think also like the transparency measures, using things like the Zicklin index existing transparency. Pushing on [00:18:00] relation there. I mean, I think there are regulatory pieces that, um, would be important in terms of regulating spending or otherwise. So I do think but in absence of that, I do think that recognition and transparency.

Can really important and then also, you know, employees can ask hard questions, right? Management teams can ask hard questions. Boards can ask hard questions. What are we really doing here? Etcetera. So that. You know, um, pushing that envelope can happen anywhere in an organization in my experience, right? It can come from more junior team



members, it can come from executive team members, it can come from board members, it can come from investors.

So it's not like only in one place that those incentives can come from. And sometimes I think like employees have become more active, but I think sometimes they don't know what to ask for. Um, and so if you're asking for transparency and spending clarity on how you're addressing this, what's the, what's the plan, et cetera, um, that can be more effective than, you know, when I've asked to make a statement on an issue.

**Elizabeth Doty:** Two things there, and this goes to your [00:19:00] field, uh, Lauren, um, management teams when investors ask a question. Suddenly, I mean, this is an old leadership strategy. People manage to what questions you ask. Investors ask a question. It really gets on their, uh, radar. I want to be ready to answer. Do you want to add to anything?

Um, your thoughts on that?

**Lauren Caplan:** Yeah, I mean, I think one that goes back to the point of investors as a powerful lever, right? And, and trying to push for change, um, because they do tend to have an influence. And then I was thinking, honestly, you know, one. One incentive is actually that the pressure stops a bit, right?

And so, um, as companies start to move forward on addressing some of these things more effectively, they're going to feel less under the pressure from all sides and conflicting because they're more proactively dealing with it. And so that, to me, would seem like an incentive as well.

**Elizabeth Doty:** And I think they will be more likely to get the credit for that, to have the pressure stop.

The Zicklin [00:20:00] Index is a fantastic starting point. Two thirds of the S&P 500 now voluntarily disclose their treasury spending related to elections, um, through the work of the Center for Political Accountability. We're collaborating with them on their model code for boards to oversee that. But also, people are talking about the EU's new regulations, the CSRD, include disclosure of your political spending and other activities.

If you have, I think it's 150 million euros or more in Europe, so there's, there are new disclosures that will lead to scrutiny and a chance to shine. Right. A chance to, to differentiate and show model this. Mike, you came off camera. I wanted to give you a chance to, to weigh in. Do you want to say anything about the, uh, about NANR?

I mean, the, it's an incredible organization. I think people might like to know about it.

**Michael:** Since you asked, NANR is the National Association of Nonpartisan Reformers. I think most of the folks on this call are intimately familiar or at least somewhat familiar with that. And we're focused on the structural electoral reforms also very well tied into the [00:21:00] broader democracy community that touches the work that we're all talking about here today.

I'm personally very passionate about groups that are focused on democracy that are as part of their strategy. Focused on business community and the business leaders, given that I think we're all on board with the challenge with the need. And I think we're all on board with the challenge and the difficulties with meeting the challenge of getting the businesses to figure out a way to safely engage in a way that they're comfortable.

And I just threw out an idea that keeps coming into my head about. Business leaders, Danielle, it really plays off of your comment about 1 of the key steps of being education and awareness and helping them be ready. 1 of the ways I think leaders business leaders could lead by example. Is just on the education front and on the awareness front.

And if we create opportunities, for example, 1 of the folks on. Looking to connect with Eddie in Los Angeles next [00:22:00] week. You all might be familiar with it, but I was not YPO had created a group focused on democracy. And so, to me, that's 1 way to educate the business community is go through their peer groups, the groups like YPO and educate them the chamber and things like that are obvious places.

But I think there's, there's another 1, um, the conference board. Um, has a subgroup that's focused on the corporate. Um, councils, so groups like that, I think are ways that if we can take our resources and ideas to them and help. Educate them and make them more aware. Um, I think that's. a way they can lead by example and not be really even taking a position necessarily.

**Elizabeth Doty:** If you want to go further with this, there are ways to stay engaged going to the [00:23:00] website for the task force. We have speakers every month like this who come in for conversation. It's an honor to be part of it and the community is growing in, in the thinking, I think. A resource list, some of the important ways to help build awareness we've talked about.

You can also go to the Leadership Now Project. I encourage you to join if you're a business leader. The newsletters are awesome and the projects are incredibly valuable and focused. And then contact me if you would, uh, if you're interested in looking into the Task Force actual private, uh, group that works on these issues, uh, in more in ERB principles if they might be relevant for your business.

Thank you so much. Um, really appreciate the depth of thought that you, um, that you brought today and the focus on how to enable and empower, uh, business leaders and investors and boards, uh, to take thoughtful strategic action in the coming, coming year. Really, really appreciate it. Uh, thank you to you both.

And I look forward to continuing to collaborate. Thanks

**Lauren Caplan:** so much for having us.

**Daniella Ballou-Aares:** Yeah. Thanks so much for having us.[00:24:00]