

Corporate Political Responsibility Taskforce

Expert Dialogue with Bonk & Eidlin

Bonk & Eidlin - Module #2

Elizabeth Doty: [00:00:00] Thank you, everyone. Glad you're here. I'm Elizabeth Doty, the director of the Corporate Political Responsibility Task Force at the Erb Institute at the University of Michigan. And I'm delighted Richard Eidlin and Sarah Bonk were our second expert dialogue way back in the day. And now we're back for round two.

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 [00:01:00] mission is to help 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.

Let me set up a little bit about these talented leaders. Sarah Bonk Bonk is a business leader with 20 years of experience in design technology leadership at Fortune 500 companies, most notably nearly 15 years at Apple. And then this is the pattern somewhere around 2014, she was doing volunteer work.

pro bono work on a nonpartisan political reform campaign and became convinced that business had a role to play in solutions and moving forward. And starting between, I guess, 2014 and 2017 founded Business for America is now the CEO. She'll [00:02:00] say a little bit more about the focus, but the group is really a business group dedicated to mobilizing the business community to help advance popular.

Bipartisan policy, political reforms and technology solutions that strengthen representative democracy. So that's a headline. We'll hear more in just a moment. Bonk, I'm delighted to be able to be in conversation with you, with you once again. Thank you for being here. And then Richard Eidlin, and Richard, I met you about the same time, is the policy director for Business for America, and you'll all see that that's a really important part of their their critical value add as a network and a community.

Richard was the co founder of the American Sustainable Business Council and was vice president for policy, and was very active in identifying the policy priorities and leading state and national campaigns on their sustainability initiatives. for Environment, Tax, Regulatory Reform, Campaign Finance, Economic Development, a whole range of issues.

And that's both the policy side and the [00:03:00] campaigns to get them done and to build to build momentum around those. He was the Business Outreach Director for the Apollo Alliance leading federal and state clean energy and job creation policies Colorado Clean Tech Obama Campaign. He was the co director.

In what was that about 2012? Richard somewhere around there worked with the UN on their environmental program and their environmental finance initiative and has been teaching as adjunct faculty at the University of Denver on environmental policy and sustainability. So we have two really capable, talented, committed.

Leaders who've been on this journey for a while and have a lot to share with us. So Richard, welcome. And thank you for for being with us today.

Richard Eidlin: Good. Thanks, Elizabeth.

Elizabeth Doty: You all did this very interesting thing. And I was really honored to join one of the working sessions because a big part of this, this work in this area you've targeted is around helping build awareness and help business leaders understand the [00:04:00] context that you convene this business backlash working group, and then led a survey.

So I wonder if you could give us, you know, kind of the findings from that what the group what you uncovered, what surprised you and, and the results of the survey. And then in this round, I'd also like to have you go, since this is troubling, I'd like to have you go to the solution, but we'll do that in just a moment.

First, what did you learn?

Sarah Bonk: Yeah. So in light of all the chaos and all the strain and all the risks, we'd love to be able to mobilize our businesses to take action. You know, without all of this overhead, but recognizing that businesses needed the support. That's why we decided to convene businesses. You know, how do we cope with all of these pressures while continuing to, you know, engage in our responsibility to try to help address these underlying root issues of our political system?

And so that's why we convened that working group. It was six sessions of a number of businesses, private working group and private, you know, attendee list and what have you. But A good variety of businesses participated in that. So we'd look at the news, talk about the [00:05:00] trends, you know, the macros as well as the specific case studies and starting to understand this group of concerns.

Then we wanted to get something more concrete and that's why we did the survey. So that was more than 50 companies. We had 15 fortune 500 companies represented. We figure about companies altogether between those 50 companies representing over 3 million employees. And the purpose of the survey was to find out, first of all, how do businesses perceive the current political climate and the culture wars?

How are those affecting them? seCondly, those attacks, the backlash, how's that affecting their company's internal risk assessment, as well as What they do, their social impact work. Has that changed at all? And then finally, we wanted to know what resources were going to be most helpful in navigating these issues.

I'm going to share a little bit of the data here today. So you're all getting a little sneak peek. But if you want the full story, we are going to be having a webinar on November 9th. We'll get you that information later on in the session. So just know that you're just getting very high level stuff here.

[00:06:00] Top line is that companies agree that backlash is a real issue. Close to 90 percent agree. That attacks on business from political figures are at an all time high. And then when

it came to all these forms of backlash and these forms of risk, the thing that was the greatest concern to the businesses who participated was a PR crisis.

91 percent said that that was their top concern, but their second greatest concern was government retaliation, interestingly. And again, this was a survey of large to small businesses, so we really had variety, and we'll break that down further when we when we have our full webinar. But it was very valuable to recognize where their heads are at.

Elizabeth Doty: Was that surprising to you? Was there anything that you expected to see in the findings that didn't show quite so much?

Sarah Bonk: You know, I think that's nothing too surprising, but it was really great to have concrete data, of course, the real takeaway here is we said, you know, do businesses want help dealing with all this?

And I would say there's a resounding yes, that they are looking for [00:07:00] support, they're looking for resources. And I think that's actually a really good segue to questions that we wanted to cover in terms of the risk of political attacks, you know, the risk of backlash and what they can do to prepare internally.

Elizabeth Doty: Okay, that sounds great. So why don't we go to some of the strategies and when you ask, you know, what help they might need what strategies you're coming up with. And also as you do that if you don't mind clarifying, you say to prepare to prepare for an attack, to prepare to avoid attacks. A little bit of all of the above, right?

Sarah Bonk: So this idea of being proactive versus reactive and what you need to do as a company to, you know, even just manage your own internal employee climate, let alone external. Factors, right? So the pressure can come from all these variety of sources. So let me share one more piece of data. We asked these companies, I should say company representatives in their view, how prepared are their companies to respond to [00:08:00] activists or political pressures and blow back.

So they were given three choices. Not prepared. So if anything happens, we'd be flying by the seat of our pants, somewhat prepared. We have a rough plan. We know our key stakeholders, but we have more work to do and very well prepared. We have a response team. We've got a crisis plan. We have all the right cross functional stakeholders.

So out of these 50 companies, 17 percent said they were not prepared at all. 52 percent are somewhat prepared. So they believe they have more work to do. And those who feel really confident and very well prepared, 32%. One insight here that I think is really particularly interesting. That was that among our largest companies and that we were, we divided that out as 5, 000 employees and larger 0 percent said they were not prepared.

So as you might imagine, a larger company, more people, more resources, but also greater exposure, greater risk. None 0 percent prepared. So they're all in the, those other two categories.

Elizabeth Doty: And I think this is where some of the ongoing [00:09:00] conversations we've had about what role company values play, but also the idea of these principles for political responsibility that go beyond company values.

You've been thinking about how companies can prepare. I'd love to hear a little bit about how those feather in. Right.

Sarah Bonk: Yeah, so we've been working on this a lot of a lot of expert opinions rolling into this, but we wanted to kind of condense it down for, for easy consumption here. So number one is know your values and voice.

And maybe we should amend the language to say, know your values, your principles and your voice. And this is this idea that, you know, without having that grounding to begin with and knowing what you stand for, what your limits are and how you wish to operate in the world, as well as, you know, your. Your story.

You know who you're your most important relationships and what you want to achieve all those pieces that fit together. We've seen with purpose driven businesses and corporate social responsibility. It's really evolved. And it is amazing, though, there's still some companies out there that don't know how to translate those values into action, as you know.

So [00:10:00] having that as a concrete set of principles. That's something that you can always go back to at a time of crisis, but you have to do that work up front. If you're, if you're in the PR crisis and you're trying to figure out what your principles are, it's already too late.

Elizabeth Doty: I just saw something that said that speed of response, a completely different crisis or speed of response when you have those touchstones, because then you can reason from them.

And I will put a plug in that we are finding companies that feel somewhat prepared in our world. The gap is that my values don't say anything about Participation in, you know, electoral processes, right? I have to really draw a lot of dots.

Sarah Bonk: Yeah, the second piece about building your internal team, right?

There's no one person at the company that should be handling this alone. We need those variety of perspectives to really understand the risks. You need somebody who knows what's happening with the workforce. You need somebody who understands the political situation outside the company. You need somebody with the legal mind.

You know, and the risk mindset as well as somebody who really knows the, you know, the, the company's voice and how you want to come across. So [00:11:00] building that internal team, it's going to be unique for each company and getting that leadership buy in is, is the other part of that, that all fits together of knowing these are the people that you bring to the table.

And it's a different mix, you know, depending on the type of crisis, of course, but that you've got that, that all together, the next piece is, you know, when you have all the right people that you should build your playbook. Get your defenses ready. What that can look like is, you know, a decision making tree.

It can be some case studies. It can be some scenario planning. Look, thinking about, like, if, if X were to happen, most companies have some amount of a physical location. What if something were to happen at, at our plant or at a store? Let's think through what all the steps are and make sure everybody has that.

So if it, if and when it does happen in those unfortunate circumstances, we already know what to do. We're not flying by the seat of our pants. Number four, keeping your eyes on politics and trends. So this is that big picture. And just to really drive this home, you know, we have some friends who have [00:12:00] built built in a new role around a corporate political officer.

The landscape is so volatile. Maybe you don't like following the politics and the news and the PR crises that are happening to other companies. You need somebody who's tracking all of those trends. You need somebody who understands what, what is happening and what the triggers are for the angry crowds and the boycotts and what have you.

You know, what are those, what are those causes and what are those trends? And that can keep the rest of the organization up to date. And also recognize if you need to go back to your values or your principles, your playbook. And build in new contingencies and then finally staying engaged. You know, we think that the ostrich approach we do not think is effective.

We really recommend that companies do continue to stay engaged, be part of the conversation, try to stay away from that third rail. I think that the other four steps should help you do that. But nonetheless you know, given the challenges facing our society, we do not recommend that anybody. Give up and and step away.

Elizabeth Doty: Doesn't it really make sense to hunker down and just wait [00:13:00] for the dust to settle? Maybe wait for the next election, the 2024 election, and, you know, just try and cope until then? And Richard, if I could put you on the spot for that and any other commentary you might have on how to How to prepare.

Richard Eidlin: I'm not a fan of, you know, enabling and legitimizing certain bad behavior advising companies.

I would say that, you know, putting your head in the sand is not going to minimize the critique. It will simply empower those that are, you know, misrepresenting the truth or damaging our democracy, you know, so there are a number of threats, Elizabeth, obviously, you know, one is from consumer boycotts, you know, which you, you know, company has modest amount that it can do in response, you know, it cannot take a stand at all to avoid critique and that kind of blowback.

You know, one of the theories of change is that if companies do [00:14:00] respond to elected officials critique and criticism, will that change the incentive structure and maybe dissuade elected officials from behaving in that way? You know, that's a theory, you know, to build on this idea that Bob mentioned about a corporate political officer, you know, we're finding increasingly that people in the risk management business.

Writ large or, you know, that have thought about political risk abroad. If they're a multinational company are now beginning to think about that domestically, you know, particularly for larger companies that have that level of expertise, they need to begin applying that domestically.

Elizabeth Doty: That is a useful analogy.

I just came from a conference on business and human rights, and there are processes for due diligence. Someone makes a claim. Here's how you listen to it. Right. There are processes for recognizing and weighing the risks. For prioritizing harms. So some of these around geopolitical stability could be transferred home.

The other one I, I, I would follow up here is do you think it's even possible to stay out when it's your [00:15:00] products or your risk management strategies that are core to your business? Right. This is not just making a political statement. As we saw in say in Florida, but actual policy product decisions or risk management or financing decisions.

Do you think it's possible for companies to stay out of the fray?

Richard Eidlin: Not really. I mean, there was an interesting article or op. Ed piece by Catherine Rampell and the Washington post, where she made the suggestion that companies, you know, are generally concerned with their market share and, you know, wanting to move in a direction where they keep most of their customers happy, you know, companies are first and foremost, I think, oriented around having products and services that the public wants to buy.

And that's. Probably their primary motivator weighing in on issues is, you know, in most cases, secondary, you know, there are exceptions to that rule. But so I think as long as companies continue to [00:16:00] offer products that a minority of the public doesn't want or opposes, then, you know, they will find themselves.

In in the crosshairs of this argument.

Elizabeth Doty: One thing and what you just said that makes sense to me is I'm listening to people at sustainable brands. They're talking about purpose and this idea of what's defensible because there's no safe place, you know, to stay out completely. And this idea of what is defensible would be to be really clear about the products and services the role what it takes to be competitive.

And the commitments you've made so that people can choose to engage with you to invest in you to work for you to buy from you brands that do that and stick with it, then give people choice and then provide that that value. Okay, Henry if I can turn it back to you now I'm. In this case, just looking for reactions to the idea that companies can prepare.

And there are these effectively governance and risk management steps that they could do [00:17:00] and clarifying the basis for their for their decisions with that values, voice and principle step looks like

Henry: George and Tom had an exchange earlier about what specific criteria. can be used for determining when governments cross the line.

Elizabeth Doty: I want to put you on the spot. What questions do you have as you think about your job coming up this summer, who you want to work for, or how you're thinking about companies? You've, you've been on a lot of these dialogues now. Do you have a question yourself?

Henry: Well, one thing I noticed earlier, Sydney and I are both working on understanding distrust in our political systems in America.

And I know Sarah, you mentioned that earlier, so I'm just kind of curious as someone who's working on that project right now related to that. How important do you see understanding, like, the origins of distrust in Business for America's mission?

Sarah Bonk: Certainly, absolutely you know, when it comes to institutions and understanding, like, what is happening in our society, I think it's, it's essential.

We talk a lot about our democratic institutions. [00:18:00] We're here to preserve, protect, promote our democratic institutions. And understanding, like, why they're failing. The pressure's coming from lots and lots of different directions. We highlight usually the ones that we're engaged in trying to address.

So when we talk about the hyper partisanship and how businesses can be a third side in politics, how we can help to norm civility. And working together across the aisle there's a

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concrete things that we can do to help address those issues. And the other part is, you know, where we can engage in the policy arena and try to change the incentives in the system and the way folks are working together.

You know, Richard, as he's talking about, like the Electoral Count Reform Act, as a really good example where We need to have clear rules of play, we need to have greater transparency, we know this will help us have a more stable system going forward. It's all about the rule of law, fairness and consistency.

The other point that I would highlight here and like part of why this is really, really a sticky problem [00:19:00] and I is is going to be at many decades. Issue is that a large part of why we're seeing this distrust has to do with the fact that our our society is changing rapidly and the rate of change is increasing and our institutions have not kept up and we're seeing, you know, greater transparency, greater information sharing that also can lead to more miss and disinformation because that information can move faster.

But Where true information is being shared. We have greater access to understanding the flaws in our institutions. So sometimes when we say like, Oh, isn't it terrible that people don't trust Congress. But when you look at the results of Congress, you're like, you know what, I can't blame anybody for not trusting Congress right now.

I know there's many good people in Congress who really want to do well. In fact, these institutions, whether it's, you know, our agencies or our or universities, what have you, full of good people trying to do good work. And yet, as a body, they are failing to adapt, update, and keep [00:20:00] up with current conditions, and to address some of the flaws and mistakes that they've made adequately.

Elizabeth Doty: We invite you to go to the CPRT website. Make sure you're on the mailing list for these if you're a guest this time. We will be updating our resource list in the next three to four weeks. We've got a research assistant working on a fantastic upgrade to the library. Go to BFA's website. Always interesting things there and and campaigns you can learn about.

And then if you would like to be part of a conversation, Where companies work across issues and across industries and sectors around what are those principles and how do you apply them to complex issues, please reach out to me and we'll talk about the CPR task force and you can see our contact information on the right there.

Thank you, Bonk and Richard. Thank you very much for sharing your lessons on this journey. I know you are very rigorous about continually testing things, seeing how they work, and, and threading the [00:21:00] needle. I think some people would like you to be more controversial, some people like you to be less and you have really been learning as you go and I appreciate your sharing that with this community.