

INSIGHTS : ELECTION RESULTS 2016

November 8, 2016 yielded a new political landscape few expected. As U.S. citizens adjust to this new reality, so too must corporate America and industry. The Trump Administration will be more friendly to business. However, the media, parts of the culture, and non-governmental organizations will not. It will be business as usual for them. In fact, they may be more antagonistic than ever because Trump is seen as a plutocrat sympathetic to powerful economic entities. And, as business gains traction on the regulatory and legislative front, they will ratchet up their rhetoric and tactics against corporate targets animated by anger at Trump's victory. Expect shareholder resolutions, "investigative reports," and pressure campaigns against your customers and suppliers. Now is not the time to relax lively public affairs and grassroots programs or to take for granted that your goals will be achieved without strategy and effort.

WHAT HAPPENED?

While the outcome of this election raises many curious observations, three major trends emerged throughout the course of this very long and volatile election cycle that are important for the business world to consider.

1. Messengers matter. As a firm specializing in crisis communications, we've always preached that messengers matter as much or more than the message. And that the talent levels and communications skills of the messengers – political figures, CEOs, celebrities in crisis – sometimes drive strategy.

This was not an election for focus-grouped messaging and research-tested policies. The electorate cared about big themes and how these messengers embodied them:

- » Trump = anti-establishment, boldness, disregard for norms;
- » Clinton = establishment, coziness, a Washington insider.

There were no messages that could change this dynamic. The candidates were who they were as individuals, and consultants and strategists needed to work within those limitations.

2. The culture always wins. While as a firm, we work across partisan lines and have staffers who've served for elected Republicans and Democrats, we cannot ignore that for our clients – businesses and industry organizations – culture matters. If the culture likes you, your flaws don't matter as much. For example, Apple's business practices would cause trouble for any of the more vilified companies on Wall Street or in the energy industry, but Apple makes cool things and the culture likes them. Industry and companies on the wrong side of the culture – especially "old economy" companies – spend more time and money winning specific regulatory and legislative fights than those the culture embraces.

3. A culture clash. The media and popular culture led the country to believe that Clinton would take the Oval Office in 2017. But all the viewers of Bill Maher, Stephen Colbert, Saturday Night Live and the networks' nightly news shows combined don't match the viewership of the other American culture: Sunday Night Football or NASCAR. Emerging technologies that create excitement among elites – Uber, the next \$700 I-phone, laptops that double as tablets, and Teslas – don't create as much buzz in half the country as the opening of a retail store or factory that provides new jobs. Climate change, transgender bathrooms and gun control – issues constantly discussed by cultural elites – didn't ever register in the exit polls. Moreover, it's

entirely possible that the electorate, in the privacy of their voting booths, reacted *against* the kinds of things that coastal elites cherish, namely diversity and political correctness.

WHAT SHOULD COMPANIES AND INDUSTRY ORGANIZATIONS DO?

It's unlikely the Presidential changing of the guard will yield immediate changes to day-to-day operations for most industry, but there are a few key actions all organizations can benefit from going forward.

1. Develop an initial 100-day strategy. The Trump Administration is likely to push a large economic program in the first 100 days, whether it's tax reform, infrastructure spending, or regulatory reform. Maybe all-of-the-above. While those can be considered pro-business policies, business should not take anything for granted. There will be opportunities and challenges in having specific laws, regulations or programs changed.

Don't listen to "fixers" who tell you to let them work their magic with people they know on the "inside." We've seen how valuable experts who claimed to have the "secret sauce" fared this election. It's time to recognize the expert class for what they are – salesmen who may be uniquely unqualified to tell the rest of us how the world works. In most cases, listening to the fixers will put you way behind when they fail. If there is a policy initiative or regulatory change your industry or company wants, develop a marketplace defense-driven public affairs campaign. Chances are it will be more effective and yield tangible progress and results – something all organizations want to be able to deliver.

2. Conduct a vulnerability assessment. While the electorate brought major change to Washington, individual states cannot be ignored. Business antagonists will turn to friendly states to push policies that are now blocked at the federal level. Attorneys General can investigate businesses. Local and state ballot initiatives have become a vibrant line of activity for environmental and consumer groups. They also push state regulatory agencies to move. It's critical to war-game your antagonists' next moves and plan accordingly.

3. Expand and evolve political support. There is no doubt the political landscape has changed. Groups that once had tremendous influence may be sidelined. Some establishment business groups and advocacy organizations that were not enthusiastic Trump supporters will recalibrate to develop opportunities to continue to influence government and public discourse. Grassroots groups are developing programs and policies to push back on government for the next four years. Identifying these influencers and engaging them in a broader political network will be vital to advancing organizations' policy positions and initiatives.

4. Manage assumptions. It's human nature to be concerned with and focused on the issues that most directly impact an individual or their organization. However, the rest of the world may see your issues through a very different lens. It's short-sighted to assume the things your organization likes talking about are things people – the public, legislators, regulators, etc. – want to hear about. Corporate rhetoric is full of references to the old staples of transparency, diversity, sustainability, corporate social responsibility and the like. But there comes a point when these references cease to say anything of value – let alone be viewed as a sign of unoriginal thinking. As you examine the policies and specific regulatory changes that may best suit your business or industry, do so understanding the level of awareness and interest of those you're looking to influence.

FINAL THOUGHT

This election showed that money and organizational size can't beat a seat-of-the pants *modus operandi*, cultural rebellion, and a little bit of luck.