THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

A Strategic Holistic Approach for Government Relations: The SGR Framework

Rodrigo Navarro
Ph.D. Candidate, ESC Rennes School of Business, FGV Fundação Getulio Vargas, Brazil

Abstract:
This work presents a proposal fora holistic framework approach to address the complex activity of Government Relations with a strategic bias as the unit of analysis, through active research, direct participation and direct observation from the author, who is a practitionerand academic in this area for 30 years. This framework is also based on the 2014-2018 semi-structured qualitative research conducted by the author during his PhD at ESCR – École Superiéure de Commerce de Rennes, France. The work aims to throw more light on the Government Relations' field of study, especially when considered as a key component of the non-market forces' environment companies need to engage in order to achieve its goals and generate comparative advantages.

Keywords: *Government relations, strategy, non-market.*

1. Introduction

The importance of non-market forceson business environment has been discussed for many years (Dominguez, 1982; Golden, 1988; Hillman and Hitt, 1999), being defined as "the social, political and legal arrangements that structure the company's interactions outside of, and in conjunction with, markets" (Baron, 1995).

During the last decade, a greater emphasis on private-public relations and partnerships has grown on companies' radar, especially on developing countries, as shown by academic works from Bach and Allen (2010), Baron (2013), Baddache and Nicolai (2013), Henisz (2014), Bonardi and Bergh (2014), Lawton, Doh and Rajwani (2014), Navarro (2017, 2018) and Parnell (2018), that indicate the necessity of more focus and development of non-market strategies in an aligned form with the so-called "traditional" vision of market centered strategies.

This same attention comes from studies presented by consulting companies such as McKinsey (2010, 2011, 2012, 2013) and KPMG (2014), as well as institutions like OECD (2014) and the Foundation for Public Affairs (2014, 2017), and even Nobel Prize winners (Tirole, 2014).

The recent prominent participation and influence of Government at its different spheres – local, national, global – on different aspects of business also contributed for a greater attention on this particular component of the non-market forces' environment: regulatory environment shaping; determination of taxes, duties and rates on products and services; inclusion/exclusion of goods and activities on international trade agreements; standards definitions/requirements; restrictions for mergers and acquisitions; fostering (or blocking) substitutes and innovations; specific licenses, rules and regulations for commercial operations and advertisement; among other significant impacts.

Despite this growth of importance and perception, the non-market environment – and specifically the relation with Government – has been still an uncharted ocean of risks and opportunities for many companies, mainly when they do not strategically prepare themselves accordingly to deal with these kinds of forces.

As a result, there are still companies that do not have a dedicated Government Relations area, and even when there is one, they are generally understaffed or comprised by non-senior employees, hierarchically far from and not integrated with the decision-making process at C-level. At the same time, there are companies who are preparing themselves (although in different ways) to engage strategically with Government – and thus obtaining significant comparative advantages.

Complex social systems studies are reinforced through an engaged scholarship effort (Van de Ven, 2007), so further research on the field of non-market forces may provide guidelines and effective recommendations to solve real problems and improve practitioners' actions regarding the optimization of the relationship with Governments (Navarro and Dias, 2018; Navarro, 2018; Navarro et al., 2016; Navarro, Dias and Valle, 2013).

In this context, Strategic Government Relations (SGR) is defined here as the process of engaging with public administration representatives at its different levels – city, state, national, multinational and global – aiming to influence decisions towards a perceived value co-creation that allows a jointly achievement of strategic objectives for all involved parties and stakeholders.

2. Methodology

The research from which the SGR framework is derived comes from different sources: (i) semi- structured qualitative interviews (Myers and Newman, 2007), conducted during 2018 as part of the doctoral thesis of the author with 15 multinational companies (8 different nationalities) from different sectors, operating in Brazil and Latin America; (ii)

direct participation and action research (Silverman, 2011) from the author as a 30-year practitioner in the Government Relations field of expertise, acting as a senior executive for 7 market-leader companies and a consultant for more than 25 large-sized clients; and (iii) case studies analysis (Yin, 2009), many of them described on articles mentioned as references (such as Navarro, 2018, 2017; Navarro et al. 2016; Navarro, Dias and Valle, 2013).

Also, the work of the author as lecturer over the past 20 years on different MBAs from Fundação Getulio Vargas (FGV) – the best ranked business school in Brazil[1] and positioned as the 6th best think tank in the world[2] – dispersed on multiple Brazil's regions, led to the collection of a vast material (including feedbacks from over 1,000 post-graduate students on the perception of Government as a non-market force and how their companies were organized – or not – to engage this particular stakeholder) that was used to deepen the application of the framework here proposed.

In this context, since 2012 the author worked to conceive, co-develop, launch (in April, 2015) and coordinate at FGV the first MBA on Government Relations in the country[3], from which the interactions and results of the 14 cohorts so far (as per March, 2019) have been used to further gather information for this research.

3. The SGR Framework

3.1. Overview

The framework presented in Figure 1 seeks to consolidate market and non-market strategies theories, as well as best practices in the area of Government Relations (GovRel), in a holistic way. All of its different components, described in detail over the next sections, were perceived throughout the different interviews conducted, which contributes to reinforce the viability of its applicability, also attested by the author's use of it in companies and classrooms as an executive, consultant and/or lecturer.

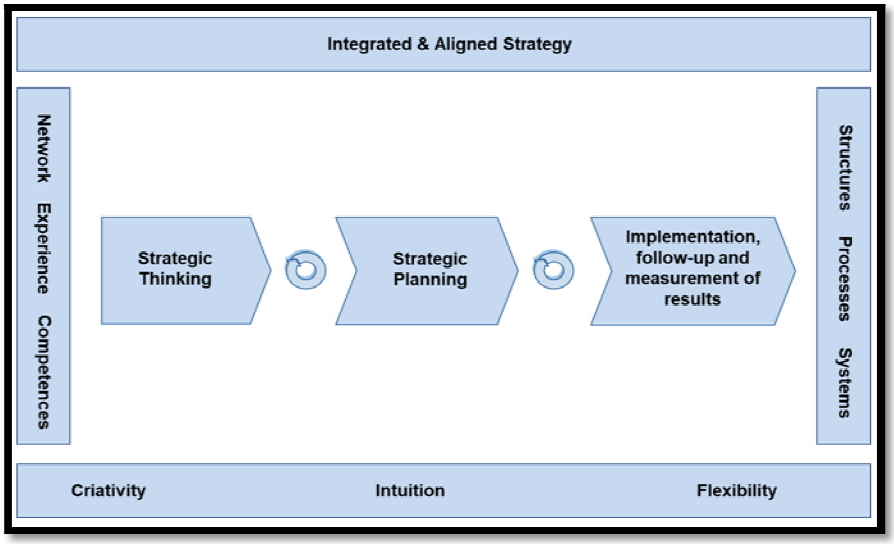

Figure 1: The Strategic Government Relations Framework

At the top of the figure, there is the main objective to be achieved, i.e. an integrated and aligned strategy (Lawton, Doh and Rajwani, 2014; Martinez and Kang, 2014) considering both market and non-market environments, specifically concerning the GovRel area and other areas of the company, recognizing the growing strategic importance of thiscorporate function (Navarro, 2017).

At the base, there are elements that were for a long time neglected in the strategy process, but which are increasingly fundamental, mainly due to the strong dynamism of the markets where companies operate nowadays: creativity, intuition and flexibility (Duggan, 2007, 2013).

As supporting pillars, on one side there is represented the necessary concern with the correct and appropriate structures, processes and systems(Mintzberg, 2010; Mintzberg, Ahlstrand and Lampel, 2008, 2006) that must be put into practice in GovRel – otherwise, much of what is proposed may not occur due to simple physical/intellectual impossibility. On the other side, there are fundamental aspects to the GovRel area, such as the network of contacts of its different members (which add up), the accumulated experience of each one (which can provide valuable insights when facing future challenges), and the specific competencies required for optimized performance in this complex area, which are many (Navarro, 2017; Henisz, 2014; Galan, 2012; Farhat, 2007; Prahalad and Hamel, 1994, 1990).

Finally, in the middle of the SGR framework, there isa 3-step process (Mintzberg, 1994) that presents in a simplified way what needs to be done to promote superior performance: the synergic phase of ideas, where an alignment of purposes and objectives is necessary with an ideally vast and differentiated group at the company; the application of different internal

[1]https://portal.fgv.br/noticias/retrospectiva-2018-fgv-consolida-lideranca-principais-indicadores-e-rankings-educacionais, accessed in March, 2019.
[2]According to the 2018 Global Go To Think Tank Index Report from the University of Pennsylvania, avilable at https://repository.upenn.edu/cgi/viewcontent.cgi?article=1017&context=think_tanks, accessed on February, 2019.
[3]https://educacao-executiva.fgv.br/rj/rio-de-janeiro/cursos/mba-pos-graduacao/mba-pos-graduacao-presencial/mba-executivo-em-economia-e-gestao-relacoes-governamentais?oferta=70314&unidade=botafogo, accessed in January, 2019.

and external environmental analysis tools (Porter, 1980, 1985; Porter and Kramer, 2011, 2007), so that strategies can be identified and agreed upon at the macro level (i.e. without all details); until they can be deployed in the last stage of implementation, monitoring and eventual adjustments, conducted operationally through the use of specific tools (Kaplan and Norton, 2008).

One point that should be noted is that the SGR framework represents a dynamic model, i.e. the circular arrows between the 3 phases described above indicate that even if a determined strategy is being already implemented, something can occur in the internal or external environments that requires a re-planning, or even to re-think the original idea.

Over the following sections of this work there will be detailed each of the 5 SGR framework's components:

- Integrated & Aligned Strategy;
- Creativity, Intuition, Flexibility;
- Structure, Processes, Systems;
- Network, Experience, Competencies;
- Strategic Thinking; Strategic Planning; Implementation, follow-up and measurement.

3.2. Integrated and Aligned Strategy

The field of knowledge generally called "strategy" is certainly vast and permeated by many concepts, models and tools with different and complementary views from a myriad of authors (Freedman, 2013; Dixit and Nalebuff, 2008; Mintzberg, Ahlstrand and Lampel, 2008).

This way, strategy can be defined in different forms, one being about (i) maintaining a balance between ends, ways and means; (ii) identifying objectives; and (iii) resources and methods available for meeting such objectives, that comes into play where there is actual or potential conflict, when interest collide and forms of resolution are required (Freeman, 2013, p. xi). In particular, non-market strategy refers to a company's pattern of actions to improve its performance by managing the institutional and/or societal context of economic competition (Lux, Crook and Woehr, 2011; Baron, 1995).

These definitions are particularly relevant when considering the role of multiple stakeholders, understood as a group or individuals that may affect (or be affected) by the activities and objectives of an organization (Freeman and Reed, 1983).

In fact, the need to consider different stakeholders into a company's overall strategy, i.e. the need of alignment of market and non-market strategies, was highlighted by many authors (such as Lawton, Doh and Rajwani, 2014), and the terms "shapeholders" and "corporate diplomats" gained force, the former being defined as the political, regulatory, media, and activist actors that may have little or no stake in an organization's success, but nevertheless shape, constrain or expand its opportunities and risks (Kennedy, 2017), and the latter as the role senior executives play in advancing corporate interests by negotiating and creating alliances with key external players, including Governments, media and non-governmental organizations (Henisz, 2014; Watkins, 2007).

In this context, the area of GovRel is receiving increased attention due to the growing involvement and influence of Governments around the world in different sectors[4] and, consequently, the related impacts (positive or negative) on companies' strategies at its different levels from the market perspective – corporate, competitive and functional – that need to be aligned with the 3 levels at the non-market perspective – institutional, sectoral and transversal, as follows.

Form the market perspective, the corporate strategy examines the full range of business opportunities and seeks to define "where" (in which sectors, in which geographic regions) the company must work for better results. At the competitive strategy level (also called business strategy) the focus is "how", i.e. once implemented in its business areas, define the movements that the company must take to position themselves favorably against their competitors – differentiation, low cost or niche (Porter, 1980). Finally, the functional strategy comprises the operational methods and activities that add value to the company, connected to the "what" to do to support the other levels. Some authors may consider that this level is more linked to the tactical than strategic side; however, these same authors recognize the strategic importance of these actions, which can often make a difference if executed well, or seriously compromise the other strategy levels if there are failures.

From the non-market perspective, aligned with the corporate strategy, there is the institutional strategy, which similarly indicates "where" the company should be present directly, seeking to adequately represent their interests with the different external audiences. This way, this strategy level can be defined as to maintain, improve and establish new institutional relations of the company, optimizing the direct relationship with different stakeholders that can impact – or be impacted in some way by – the company's business (Navarro, 2017).At this level are located institutional strategic decisions involving the company like, for example, in which trade associations to participate, in which events to be present (or sponsor/support), with which Federal agencies to maintain a relationship, and what States and/or Municipalities to monitor closely.The correct definition of an institutional strategy is paramount to the performance of a GovRel area, in

[4]Examples from social media, the pharma industry and cryptocurrency start-ups can be found at https://g1.globo.com/economia/tecnologia/noticia/2019/01/23/em-ano-de-pressao-google-facebook-e-amazon-intensificaram-lobby-nos-eua.ghtml, https://economia.uol.com.br/noticias/bloomberg/2019/01/23/lobby-de-farmaceuticas-tem-gasto-recorde-com-governo-dos-eua.htm, https://portaldobitcoin.com/empresas-de-criptomoedas-e-blockchain-criam-lobby-para-atuar-em-washington, all accessed on March, 2019.

order to ensure that the company is present where direct contact is important or prevent that any key stakeholder stays without the appropriate treatment.

At the level of competitive strategy, linked to dealing with competitors, it is found in GovRel the sectoral strategy (Navarro, 2017). It is a question of "how" to ensure proper representation and alignment of the company's interests in institutional actions conducted by the sector (or sectors) where the company operates. As an important part of its decision-making process, many Government representatives have the clear preference to deal with industry representative bodies wherever possible, rather than maintaining several meetings with companies from the same industry and dealing with interests on a case-by-case basis. The same applies to many of Congress members. It is not difficult to understand why this happens: a proposal that arrives already consolidated, representing a settling of common interests from many companies is much easier to be understood and taken forward. However, it is often not easy to achieve a common set of claims or proposals, for example in sectors where there is a wide range of companies in terms of size and capital origin. Hence the importance of this level of strategy for GovRel, which – once well maintained and executed – can give more relevance, scope and arouse more interest from stakeholders in claims or proposals initially thought to be from one company only (and therefore could be part of its institutional strategy, as seen).

The last level of market strategies – functional – find symmetry in GovRel in what can be defined as a transversal strategy, because both are related to "what" to do in terms of operational actions that add value and support to the other levels. In the case of GovRel, the goal in this strategy level is to make the area (which has the characteristic to influence and be influenced by many – if not all – other areas of the company) an effective strategic catalyst in supporting proactively the capture of opportunities and troubleshooting issues that permeate the entire perceived value chain (Navarro, 2017).As in the case of functional strategies, transversal strategies can be initially considered tactical actions, and not of strategic nature; but the GovRel area can help other areas of the company to achieve strategic objectives that depend, in some way, on external relations, especially government decisions. As examples, processes with regulatory agencies for product launches; new ways to solve problems at City Halls and State Departments; overcome legal barriers and avoid fines; reduce costs and increase revenues through tax incentives; enter new markets with a more favorable political environment, among many other situations.

In order to have this integration and alignment among the 3 levels of market and non-market strategies, it is necessary that the GovRel area effectively permeate the company's entire value chain, being involved and actively join (from the start) projects and initiatives from other areas, not being triggered only to solve specific problems or emergencies, as often is still common practice in many companies.

3.3. Creativity, Intuition, Flexibility

In any strategic process involving GovRel it is important to be prepared to have alternatives to offer – and be open to consider new ideas. Being creative is an essential characteristic of this professional, that must go beyond reading and interpreting a law or regulation and state what is and what is not allowed to be done. The use of creativity to overcome obstacles (legal, regulatory or other) is a constant exercise in the practice of GovRel.

Information is raw material for any professional, particularly one that operates in GovRel. In the past, the value was perceived on the one that held information; today, the value is in knowing how to deal with the excess of information available, and how to share it adequately. When achieving to discern between what is relevant information from what is not, it is possible to transform information into knowledge, i.e. data that can be valuable for professional work in the GovRel area, in all its transversal characteristic.

How valuable will be this knowledge will depend on turning it effectively into intelligence, that is, optimized knowledge. To do so, the combination of different sources of knowledge is key to be able to apply them aiming a corporate objective or goal. Again, here the GovRel professional can take advantage of the transversality of the area to concatenate demands, ideas and data coming from different areas of the company with which it is related – such as marketing, finance, logistics, legal, sales – to work out where and when that knowledge can be useful and so turning it into gains and comparative advantages (Duggan, 2013, 2007).

Thus, the GovRel area can be seen as a major strategic catalyst, in the sense of seeking external information, filtering them with corporate lenses belonging to different areas and applying this generated intelligence in favor of the company's interests, with a unique ability to "link the dots".

Also, in the practice of the GovRel activity it is not enough to have the right answer, the attitude (as a soft skill) also counts a lot. Sometimes, when there is a weak content from the investment or job generation standpoint, for instance, it may be compensated with the attitude with which the subjects are advocated before stakeholders.

Often the professionals of the GovRel area are taken to face true "impossible missions" (Navarro et al., 2016). And in that first moment, the determination, the attitude, and other intangible factors (such as intuition) can play an important role and contaminate positively the organization, due to the transversal nature of the area.

Flexibility is also important. In the GovRel area, it is about to evaluate and think about before picking the "battles" or causes that really need to be fought, considering the expenses (intellectual, financial, time, reputation, etc.) one will have to spend versus what, in succeeding, one would gain. In other words, the area of GovRel is lavish in presenting situations where it is needed to really consider whether it's worth to expend great efforts to get small victories.

For example, during the negotiations throughout the year 2014 of the sugarcane industry with the Brazilian Government to increase the anhydrous ethanol blend in gasoline in Brazil from 25% to 27.5%, there was adeadlock: the test tubes used for inspection do not had half a percentage point gradings (thus preventing the correct reading to 27.5%).That left just two options: the sector could continue to negotiate for the remaining 0.5% (representing approximately 150 million liters of alcohol, something nothing negligible), but meanwhile the measure would not enter into force; or accept the increase to

27% immediately. The decision was for the second option, creating in parallel to the implementation a technical group to study how to enable the most accurate measurement in test tubes in the shortest possible time.
Finally, although creativity, intuition and flexibility constitutean important pillar, this does not mean that in the GovRel area there is always the need to "re-invent the wheel". In reviewing past cases, experienced by the company or others known from the usual extensive network of the area, experiences that keep similarities to what is being dealt can be used to promote initial strategic discussions. The examples are varied. Given the regulatory restrictions in Brazil suffered by the tobacco industry, the alcoholic beverages industry could anticipate what was ahead and outline proactive measures in the country, such as self-regulation in advertising, selling restriction programs to minors, among others. This same learning could also be used by the fast food industry. In the same vein, what was faced by fat and sodium in regulations served as a basis for the challenges of the sugar sector. The same can be said on the saga of GMOs (Genetically Modified Organisms) at regulators – first soybeans, then corn, and finally sugarcane. The rules for provision of internet services in Brazil were discussed based on the rules that already existed in the US and Europe. Similarly, to know how to implement the recently approved National Policy on Solid Waste, apotential good reference may be the Circular Economy Action Plan from the European Union[5].

This way, it is well worth a search within the sector, in other sectors, in one or other countries, in the strategic thinking phase, i.e. before effectively implementing actions, when talking about the GovRel area, especially when concerning products and/or services highly regulated.

3.4. Structure, Processes, Systems

In terms of structure, the research conducted by the author, summed up with many years of experience as a practitioner in the GovRel field, indicates that this may vary a lot, influenced by factor such as the characteristics of the company (e.g. size, history, maturity, beliefs, values, culture) and of the target markets (e.g. location, economic and/or strategic importance);type and quantity of key stakeholders; level of regulation; industry concentration; impact of non-market forces (e.g. concessions, authorizations, need of license to operate); what competitors (and/or new entrants) have done, do or will do ("herd effect"); and the measurement and dissemination of results from the GovRel area, both internally and externally. This leads to basically 3 types of GovRel configurations[6]:

- No relationship: the company is an institutional/sector follower, being at the mercy of the results that others achieve in the interaction with Governments;
- Eventual: the role of GovRel is performed by different senior executives (e.g. CEO, Legal VP, Corporate Communication Manager), without a clear definition of roles and responsibilities;
- Formal: the GovRel area exists in the company, under various denominations (e.g. Institutional Affairs, Government Relations, External Relations).
- In any case, companies may consider the following aspects of structure and organization when configuring a RelGov area, among others:

Structure: position in the hierarchy of the company and nomenclature of the position(s); area size, geographical location and dispersion (national/international); profile of the occupants of positions (e.g. academic background, seniority, experiences, skills); budget (values, process, influence, challenges); corporate functions above and/or below (e.g. legal, communication); use of internaland/orexternal intelligence (consultancies, associations, coalitions); linking/interaction with Institutes, Foundations, Research Centers, Academy.

Organization: involvement of the area in the definition of the company's strategy levels; interaction in the business value chain (transversality); formal/informal processes used in the interaction between areas; contributions (e.g. revenues, incentives, cost avoidance, reputation); definition of objectives and measurement of results; quantity, frequency and quality of interactions with Governments; proactive and/or reactive posture.
Regarding processes in the GovRel area, although several different can be found on the research conducted by the author, one common to many companies is stakeholder mapping. The tools used for this key, necessary process may vary (e.g. power x interest matrix; effective power x license to operate – see Navarro, 2017), but there are commonalities among them:

- The concept is the same, i.e. to properly manage stakeholders can make the difference between success and failure;
- There are usually 3 sequential stages: Identification – Prioritization/Ranking – Evaluation/Action;
- Different dimensions are involved, like power, legitimacy, urgency, interest, influence, impact, authority, among others;
- Separation into different groups: uninformed, resistant, neutral, supporters, leaders;
- It is a dynamic analysis, i.e. over time, stakeholders and their dimensions may change.

In this process, one must go beyond the obvious, looking to explore and expand the list of potential stakeholders that could affect or be affected by the company's strategies. If, for example, we consider a Brazilian agribusiness company, the Agriculture Ministry[7] is certainly a direct interlocutor, but if this company has significant exports, is seeking financing

[5]http://ec.europa.eu/environment/circular-economy/index_en.htm, accessed in March, 2019.

[6]In any of these types, one can have the support of specific external consultancies, to some degree, like think tank, advisory, monitoring, proactive/reactive actions and special projects.

[7]http://www.agricultura.gov.br, accessed in March, 2019.

lines, is a large buyer of equipment or is investing in factories in the country, then the Economy Ministry[8] needs to enter the radar.

After listing the main Government agencies/departments involved in the issue, it is necessary to elect those – within each area – that will be "heads" (decision makers) and "arms" (major "hands-on" developers),and identify possible "supporters" and "conflict generators". A proactive engagement process with all of them should then begin. A correct stakeholder mapping process can greatly facilitate the task of the GovRel professional; but the reverse is also true, that is, leaving out some important interlocutor can bring serious impediments to corporate objectives achievement.

Other two processes can be highlighted as best practices: the CONFORT approach (Navarro, 2017) and the OD²P methodology (Navarro, 2018), both summarized as follows.

The CONFORT approach refers to a fundamental aspect in the GovRel area, which is to have "comfort" with what is being advocated, in all views (legal, technical, ethical, cultural, among others). Also, the acronym brings 3 aspects that can be used as a checklist process still in the realm of ideas, before starting activities related to planning or implementation. The first is the content that is being presented; the second deals with the form, i.e. how key stakeholders are being addressed; and the third has to do with timing, or the moment of the approach.

Once paying attention to these aspects, which are interconnected, the chances of success increase and the risks can be minimized, emphasizing that an error in any of these levels can be fatal for the whole GovRel process.

The content appears first, because only with something in hands that is defensible from a technical, legal and ethical point of view one can be fully qualified to perform the GovRel activity to the fullest, regardless of the form and timing used. An executive who is not well acquainted with the subject he or she will defend before Government representatives runs serious risks of failure, although it is common in some meetings the professional in this area, a true "expert in generalities", bring colleagues from technical areas to address specific issues in detail. But one should be prepared for meetings where the technical part, however important it may be, stay in the background – depending on a political decision, for example. The GovRel professional should therefore bear in mind the correct understanding of the key issues related to the subject being treated: What are the impacts (political, financial, economic, technological, competitive, social, cultural, etc.) brought by a favorable decision? And, if not approved, what would happen? Which perspectives (local, regional, national, international) can be generated by an approval (or not)? In short, what is at stake and why the issue is important, with justifications, numbers and other complementary and supportive information properly studied as back-up. Therefore, a proper evaluation of the content, i.e. understand what is, in brief, the topic or issue to be dealt with Government stakeholders, is the first step. Once done this, one can move on to the also important matter of form.

Any professional who has held a meeting with Government representatives (whether in the Executive, Legislative or Judiciary branches, or at the state or municipal levels) realizes that the way the content is presented differs, depending on the hierarchical level involved. A slide presentation full of details can be ideal for an event in which the GovRel professional is an invited speaker, but not for a corridor talk at Congress with a House member or Senator; it would then be better to have half a page containing the main points of discussion that could be immediately available as an ad memoir. Knowing in advance what is the appropriate format for each type of audience is a critical process task in order that the content, that has been validated earlier, can be delivered optimally and effectively, producing the expected result. A good alterative that comes from skilled practitioners is to have multiple forms of the content available to different interlocutors: a 30-page document may be preceded by a one-page cover letter that sums up well the matter and bring the essential points; a presentation can be made available in full in both hard copy (or in a pendrive) at the end of a meeting, as through a link on the Internet so a further work can be carried out, taking the stakeholders (or their assistants) to a website where more detailed information is available (if necessary, using a password).

Defined the content and the appropriate form, the best timing is to be defined in the process, that is, the most appropriate time for the issue to be taken to Government stakeholders. This point is no less important than the other two mentioned before; all effort during this process can be lost if the right content is presented in the appropriate form, but on the wrong timing.

In the GovRel area, there are cases where time limits (deadlines) cannot be surpassed (e.g. contributions to public consultations, legal injunctions manifestations) and so in these cases there aren't many choices, being valid only the recommendation to not let the actions for the last moment. But there are other occasions where some flexibility exists, when the best time for an approach can be chosen: Before an election period or after? At the end of many public discussions or before this occurs? When the subject is "hot" in the media or after it "chills"? An important point is that the choice of appropriate timing should be based on criteria that consider both the interests of the company as the Government representative(s) – making this alignment to determine the best timing is fundamental. For example, it may be that a decision on a certain matter is urgent for the company, but in the Government party's point of view this sense of urgency is the same? Why would it be? Can it be made so? Often this preliminary alignment is required to determine the best timing for a matter to be addressed/discussed in the varied fora.

Thus, the preparation and validation of these aspects – content, form and timing – gathered at the CONFORT process is an important part of this pillar for the complex activity of GovRel.

When discussing a subject, especially a new matter, as is the nature of those intrinsically related to innovation, there are a lot of opinions being expressed, by different stakeholders involved. These individual manifestations deserve to be heard, respecting differences – it is part of a beneficial process. However, in order to effectively seek the change of a certain stage (concerning a regulatory environment, for example) these multiple opinions can end up generating

[8]http://www.economia.gov.br/, accessed in March, 2019.

stagnation: many involved parties present their multiple different opinions, and the discussion can often not advance, restricted to more opinions on those brought to the debate. For this inertia to be avoided, an effective methodology can be implemented:OD²P (Opinions – Data/Diagnostic – Proposals).

Once having access to opinions, data should be sought (e.g. information, benchmarks and other possible references) that may help to transform these opinions into a precise diagnostic, i.e. to objectively confirm some of the opinions, discard others and perhaps adapt certain parts of them. A good diagnostic, therefore, is essential if one wants to assure that the situation discussed deserves attention, being backed-up by sufficiently reliable material. Finally, for the process to be completed, an additional step is still necessary: with the diagnosis at hand, one must draw up a proposal (or, ideally, more than one, remembering the popular saying that "great is the enemy of good") that aims to resolve the diagnosed situation. In the complex process of GovRel, reaching this stage of concrete proposals is fundamental. The different key interlocutors, which have been previously identified and prioritized, have many issues to deal with, and only by bringing to the table a set of concrete proposals to meet a precise diagnostic can the chances of success be increased.

In terms of systems used by the GovRel areas, the research conducted by the author indicated that many different types are used, developed by the interviewed companies or by third parties. One common subject that can be highlighted in the treatment of information, internally and externally.

Due to the transversal characteristic of the GovRel area, it is common for its professionals to be asked to help to "put out fires" from different components of the value chain. Less often is to see the area being invited to be part of cross-functional teams at the start of a strategic relevant project for the company.

By having this nature, and once well performed the function, the GovRel area can – and should – be involved as soon as possible on corporate strategic initiatives. Using the holistic view which it holds, it can contribute with insights, perspectives and course corrections that become more difficult to perform later.

To avoid this, the GovRel area needs to periodically disclose internally what is being done, what are the main projects in progress (e.g. through a Newsletter or Intranet reserved space), containing the status, next steps and new initiatives, in a simple and straightforward language. Using this system, feedbacks of interest in activities that are being developed and the need for adjustments can be more easily received, as well as requests for new topics to be inserted in the working agenda can be added. Taking advantage of this increased interest generated by the engagement of collective intelligence via the systematic dissemination of information, proactively a presence of a GovRel staff member can be offered in initial meetings of projects from different areas, as well as on those of milestones' monitoring.

As this is an area of cross action within the company, that interacts with several others, dealing with multiple subjects simultaneously, it is essential to keep a record system of the most significant joint decisions taken and the respective reasoning and justifications, after every internal interaction. Similarly, when issuing an opinion or position, it is important to assure that everyone involved is fully copied, even if someone from the GovRel area already talked to them about the issue several times. This is also valid when demonstrating that big goals were achieved by the area, which preferably must be recorded in writing (or in an electronic system), even if they were already verbally mentioned in reporting meetings.

It is common to exit meetings with Government representatives where, after appropriate statements, promises are made to address the discussed issues. In these situations, it is worth to have in place a system to forward to the participants a brief summary of the meeting, as a contribution so the memory of the most important points is not lost (this can be done, skillfully, on an appreciation e-mail for having the meeting). In addition, requesting a review of the distributed version, thus further engaging the interlocutors, it is also a good system.

In addition to transversality, another characteristic of many of the interviewed GovRel areas included in the author's research analysis is its seniority (besides the usual reduced number of employees). Despite its varied positions in hierarchy, configurations and denominations, GovRel areas are usually comprised by professionals with extensive experience in the specific field of expertise. This eventually results in a certain difficulty in finding talents in the market ready to take on this role in companies – much need to develop some of the skills required for the activity or learning more about the specific sector where the company operates.

Regardless of the denomination, which is increasingly consensus is that the GovRel area needs to be integrated into all the others within the company, being recognized for its potential contributions and have the support of other peers to be able to materialize them. Even if for all that the first step must be given by the area itself, through the implementation of specific systems, processes or structures.

A final highlight in this pillar of structure, processes and systems that appeared during the conducted research (and that makes sense from the practitioner standpoint) is the choice of focal points.

As the relationship with many people is part of the strategic activity of GovRel, a good practice is to elect, wherever possible and after careful analysis, a focal point. On those most important Ministries, in that State Secretary from where the most relevant decisions for the sector start, in the City chamber of that municipality where the factory of the company is located, or for those more strategic issues where there is lack of time to its resolution, to have a focal point in these cases helps maintain a constantly updated and fast flow of key information from one side of the table to the other.

In addition, often in GovRel may be worth having, in fact, two focal points: one in the political sphere and at the same time – ideally indicated or supported by the former – another in the technical field. This can be done through direct inquiries to the political focal point of who would be the ideal technical responsible for further interaction until the conclusion (or a decision need) can be brought. This way, the "control" of the situation is maintained, leaving all parties comfortable.

3.5. Network, Experience, Competencies

The first term of this pillar, network, certainly is a very important aspect for the executive in general, but in the case of the GovRel activity, is key. Knowing the right people, in the right places, greatly facilitates the work of this professional (Vance, 2012). This occurs because these professionals develop (many over several years) a "relational asset" which greatly facilitates their work. No one can hope to know everybody, everywhere; but with a good networking, after two or three contacts most likely one can be able to get where desired.

Of course, there is the other side. With a sequence of improper attitudes and actions, certain professionals in this area can develop true "relational liabilities", which can significantly harm their own activity and the company's reputation for which they are working. In such cases, it is important to be careful when arriving to a new company to work in this area, and find out beforehand what is the "heritage" received from a predecessor: relational asset or liability? The same reasoning applies when talking about groups of people, such as those gathered in industry associations, for example. Leaving one's positive or negative "brand" in an entity which had participated in the past may yield good or bad fruits in the future.

In previous times, from a practitioner's point of view, network was recognized as the most valued asset for companies (and, hence, by headhunters) when looking for an executive in the market to lead a GovRel area.Having worked "for the Government" (in a Ministry, Secretary or Agency, for example) seemed to be a sine qua non condition for the position.

It was hoped that by having the "right" contacts, brought by this hiring, the company would have solved all the problems of dialogue with the Government. It is not like this, as known – much more is needed, in a complementary way to a fundamental good networking.

The second term of this pillar, experience, refers to all that has been accumulated by the professional in the career, working in other companies and sectors, or in different areas than GovRel. Much is said that this activity depends on how much is learned "in the field", i.e. theory alone is not enough. Indeed, in this area practice counts a lot. And nowadays practice does not necessarily mean to be measured in "time", but in "mileage" – many entrepreneurs in their mid-20's has accumulated several interesting experiences (successes and/or failures) and have learned a lot already, facing crisis, hiring and firing people, making partnerships, launching innovative products and services in culturally different markets. Experience of past cases can be very useful, because they can serve as a basis for tracing new strategies to deal with current situations (Duggan, 2007). Mistakes (and successes) once committed can also be used as a learning source in a continuous improvement process. The very extensive use of the above listed competencies also becomes, over time, a powerful ally as it gives more confidence to the GovRel professional in its daily tasks, whether in dealing with people within the company, as with their external stakeholders. Finally, the knowledge of the company and the industry, accumulated over time, can help to answer recurring questions and indicate exits to complicated situations that invariably appear in this area.

The final component of this pillar are competencies. When talking about GovRel, they encompass the basic and core competencies that this professional must have well developed to perform optimally its function, and the knowledge of the company and sector(s)for which is acting. Many times, when brought to discussion what is necessary to become a lobbyist, the answer is "ethics". However true, this is only a basic competence (Prahalad and Hammel, 1994, 1990) that every professional, not only the ones who deal with Governments, must present. The skills that this professional needs to develop are not few, either due to the transversality of the area within the company, or the necessary competent defense of corporate and business objectives with key external (and often internal) public. The many challenges in order to learn and acquire these skills were object of study from many academics recently (Marlowe, 2015; Griffin and Thurber, 2015; Holyoke, Brown and LaPira, 2015), but the agreed common sense is that this is basically a matter of combining academic knowledge and professional wisdom – i.e. theory and practice.

To name just a few of these competencies, that comprehend both hard and soft skills, leading this GovRel professional to be a "specialist in generalities" or a "generalist in specialties":

- Strategy: need of alignment of market and non-market components, strategic characteristic of the area, its transversality and potential impacts (Navarro, 2017; Henisz and Zelner, 2012);
- Negotiation: government stakeholders represents a particular case, demanding a special set of skills and techniques due to the imbalance on power, information and time (Salacuse, 2008; Susskind, 2005);
- Corporate Communication: represent the company to external audiences, including media, demand training and specific knowledge (Galan, 2012);
- Interpersonal Communication: ability to communicate with interlocutors in general, in a clear, objective and credible way (Farhat, 2007);
- Corporate Marketing: different interactions in the spheres of Government (D'Aveni, 2004) can influence and be influenced by the Marketing area (e.g. new product launches, fairs, events, investments);
- Leadership and Management of High-Performance Teams: the GovRel area is almost always linked to the high hierarchy of the company, with few employees;
- Legislative Process: knowing the procedures (Carvalho et al., 2013) can make the difference in the evaluation of risks and opportunities as in proposing alternatives (e.g. provisional measures, bills, amendments);
- Constitutional, Administrative and Regulatory Law: fundamental to understand (even in the case of those in the area that are not lawyers) how these three areas work and how to interact with them;
- Crisis Management: call to contribute to "put out fires", being vital to know who, how and where to approach the Government interlocutors in this context (Alsop, 2004);

- Taxation and International Trade: complex issues involving taxes (e.g. fiscal benefits), as well as trade agreements between blocs (e.g. Mercosur and EU);
- Public and Sectoral Policies: knowing how the different public and sectoral policies are generated and applied is an opportunity to act as a strategic catalyst within the company (Harris and Fleisher, 2005);
- Ethics and Sustainability: fundamental as a basic competence in any initiative of GovRel (Navarro and Dias, 2017);
- Media relations: this area's actions can generate spontaneous media (e.g. events with guests from Government) enhanced by the digital environment (Watkins, 2003; Watkins, Edwards and Thakkar, 2000);
- Research: knowing how to get the right information quickly and effectively is a "know-how" that many people believe to have mastery, but there are always opportunities for improvement (e.g. technology advancements);
- Risk and Scenarios Analysis: the GovRel professional is (ideally) required to assist in the company's plans and to establish scenarios, with the appropriate risk analysis (Van der Heijden, 2005);
- Project Management: to handle multiple themes simultaneously, with beginning, middle and end, and know how to accompany them properly, optimizing their performance and facilitating their work (Valle et al., 2014);
- Innovation and Knowledge Management: in the information era, dealing with the excess of data that can easily be obtained is the most difficult task, and these combined competencies can make a difference in the generation of new ideas applied to GovRel and in the process of supporting other areas (Govindarajan and Trimble, 2012).

It's not the case of the GovRel professional becoming an expert in all these areas of knowledge (as a practitioner, there will always be the joint work with technicians), but a good notion of them and the specialization in some is necessary. This may come along with the original academic background of the professional. For example, a lawyer (there are many working in the GovRel area) obviously have deep knowledge in Regulatory Law, but it may be needed to deepen the knowledge in Corporate Marketing and Media Relations. Similarly, a journalist (there are also many who work in GovRel) certainly dominates Corporate Communications, but need to know at least the basics of Foreign Trade and Taxation to perform in full the function.

This vast number of competencies were reinforced on February, 2018 by the Brazilian Federal Government when recognizing, for the first time, the activity of "lobby" in the country – officially named as "Institutional and Government Relations Professional" under number 1423-45 at the Brazilian Classification of Occupations (CBO)[9]. Besides statistical purposes, this recognition is part of an effort to discipline, professionalize and regulate the lobby activity in Brasil. At CBO, there are listed 91 competencies for this professional activity, including – besides the aforementioned – scenario analysis, sponsorship recommendations, conflict mediation, viability studies, public policy participation, holistic vision, among others.

The specific knowledge about the industry in which one is acting is a joint task of the company and the GovRel professional. The former needs to provide the means so that the latter can study and learn about the market, products and services, competitors, suppliers, buyers, the main numbers, technologies involved, future perspectives, that is, all sort of information to a "dive" of the GovRel professional if he did not already know the industry and/or the company. From its side, this professional has to "chase" and does not accommodate, for example, if the information is not well organized and an induction like this is not ready and available – books, journals, websites, events, seminars, courses, among other sources must be applied until there is comfort on the knowledge gained about the company and the sector(s) of operation.
In short, constantly applying specific knowledge (either of the GovRel area, with all the competencies involved, or of the company and/or industry), added to previous experiences (successful ones or not, but providing a continuous learning), to the correctly selected stakeholder (among its long list of contacts) is a fundamental pillar that can optimize chances of success in this area.

3.6. Strategic Thinking; Strategic Planning; Implementation, Follow-Up and Measurement

Strategic planning is not the same as strategic thinking (Mintzberg, 1994) – in fact, the former may often hinder the latter: many successful strategies are derived from visions, not carefully detailed plans. Therefore, strategic thinking (synthesis) should be seen as a fundamental activity with no concerns on details that comes before strategic planning (analysis), which comprehend a step-by-step process discussed after the definitions of strategies at macro level originated in the previous step.

The strategy formulation process has to do with assimilating what is learned from all sources (perceptions of internal teams' experiences and those of others in all the organization – i.e. soft data – as information from market research and alike – i.e. hard data), and then synthesizing this learning into visions and directions that should be given to the business (Mintzberg, Ahlstrand and Lampel, 2008).

From the context explained above, the activities of the GovRel professional should be, first, to participate effectively – from the beginning – of the strategic thinking activity in the company. One reason for this is the inherent mission to seek, at all times, the soft and hard data that guide its performance. With this, it can certainly help and assist decision makers in the formulation of macro-level strategies with insights, ideas and perceptions, mined in (e.g. relationship with media, marketing, legal and manufacturing) and outside the company (e.g. meetings of private sector associations, corporate events).

Then, it should play the role of an important strategic catalyst, due to the transversality of the Gov Rel area, which has relations with all others of a company, being affected (and affecting) by the external environment.

[9]www.mtecbo.gov.br, accessed on March, 2019.

Thus, this professional can help other areas to achieve superior results in less time, for example using its institutional network so that key messages reach the right parties or viewing "shortcuts" in procedures and protocols. This role is part of the "Transversal Strategy" mentioned in the beginning of this work, linked to the level traditionally called "Functional Strategy" in the academic literature. Finally, this professional can still contribute acting as a strategic programmer of certain strategies, defining the steps that are needed for corporate goals to be achieved. These strategies can be under the GovRel area's direct responsibility (as increased positive perceptions of corporate reputation with a State Government, for example) or indirectly (as in the case of assisting the installation of a new plant in the country, which will result in increased political gains for the company before Federal Government).

For the first step, Strategic Thinking, a tool that can be used by the GovRel area to expand analysis and foster creative/intuitive thinking is an adaptation of the 5Ps (Navarro, 2017; Mintzberg, Ahlstrand and Lampel, 2006), in order to help defining strategies at the macro-level, before moving on to the planning stage and later execution.

The first "P" refers to the most common definition of strategy, which is to see it as a "Plan". This way, it is understood as a specific set of actions or guidelines indicating the ways to solve problems or seeking opportunities. It is the classic military approach (Sun Tzu and Carl von Clausewitz, among other authors), being understood as the design of a war or campaign plan, or as in game theory (quoting John von Newman, for example), viewed as a plan that specifies which choices can be made by the player on each possible situation.

Certainly, strategy can be seen as a plan, but not only that way, otherwise it can get "stuck" to pre-defined steps. In the corporate world it is often common to hear "if it is in the plan, I will do; if not, I won't", an attitude reinforced by the fact that rewards (bonuses, awards and other benefits) are linked to the success of these steps previously established. Another caution on this point is to be alert to "emerging" opportunities (and/or risks) previously unplanned, that precisely because were not included in the plan may not be captured (and/or avoided), on the grounds – in a first moment even plausible – that "we do not have budget (and/or time) for it".

In the strategic activity of GovRel there is the need to design plans, but flexibility is needed, as pointed out on the previous analysis of one of the pillars of the SGR framework. It is virtually impossible to predict every round that will take place during a negotiation with Governments or other external factors that may influence the ongoing processes, such as national or international economic conditions, or a crisis situation, for example.

In this area, one must have back-up (contingency) plans previously thought, although not fully defined in detail, to be activated if necessary. The activity of scenarios-based planning (Van der Heijden, 2005), held by many companies, can help in this process. Unlike common practice to draw some scenarios (usually one optimist, another conservative, and a pessimist third) and choose from them – running the risk of being the one most convenient – the scenarios-based planning looks for listing those possible situations, regardless of their likelihood to occur, and trace for each case the main objectives, actions and responsible(s) to be involved.

Otherwise, strategy can also be defined "looking back", leading to the second "P", as in "Pattern". In this approach, strategy can be a procedure that repeats over time, giving consistent behavior. It is what the company is doing effectively and proved to be working (or, also, wrong). When looking at most family businesses with many years of tradition, a good example of this approach rises: by asking why acting in a certain way, a probable answer would be "because it has always done so".

This second type of definition for strategy can be of great help for the GovRel professional, as pointed out in the creativity, intuition and flexibility pillar – many of the situations faced are not entirely unprecedented; it can be found parallels (good or bad) in the past, whether in the same business sector or in other related, or even in different sectors; nationally or in other countries; occurred recently or long ago.

The third definition of strategy is about "looking from above", or in terms of "Perspective". Thisapproach seeks to formulate strategies considering a better understanding of the externalities that surrounds the company.

This way of thinking – seeking a "broader vision" – can also help the GovRel professional to "see the entire picture", not only regarding their company (which itself often involves different segments), but also competitors, suppliers and potential new entrants, for example. In fact, in this area, this kind ofapproach, involving tangible factors (e.g. cost reductions, higher revenue generation, tax incentives) and intangible (such as reputation and corporate image), is fundamental.

The fourth "P" deals with Strategy seen as "Position" (Porter, 1980, 1985). On this view, strategy is closely linked to the position that the corporation assumes before its competitors, customers and other players in the industry in which it operates, seeking one well-defined generic competitive strategy: differentiation, low cost or focus (niche). In the case of GovRel, when thinking of strategy as position, an analogy can be made with the types of manifestation that the area can adopt with its main interlocutors: (1) favorable, contrary or neutral; (2) proactive or reactive; (3) influencing or monitoring; (4) institutional or sectoral. The first type relates to how the company will position itself regarding a particular subject (e.g. with respect to a particular bill of law being discussed at Congress); the second, to the approach of the action, being more "incisive" or not; the third, to the form of the company's positioning, approaching more or less of the subject and/or parties involved; and the fourth, which is related to the process and strategic convenience of the company to engage directly or via its sector (i.e. institutional versus sectoral strategy) in certain subject and/or selected stakeholders from Government.

Finally, the fifth "P", of "Plot" (in the sense of maneuver, trick), brings the interpretation of working as a ploy aimed to weaken or topple opponents and competitors, in real bargain processes and use of power and influence.

Here may be found the most common association with the work the GovRel area (also) performs: the famous lobby, but with an interpretation often unfair. The legitimate backstage talks with Congress members and representatives from governments, aiming to meet corporate and/or sectoral targets (such as the adequacy of a given regulatory environment,

for example) often takes this negative connotation. Regardless, the fact is that these maneuvers – always paying attention to ethical issues – many times are needed by practitioners in order to sensitize stakeholders, accelerate processes, draw attention to the importance of certain decisions, among other reasons.

Important to notice that these concepts should not be considered as mutually exclusive, but compatible and complementary steps in the Strategic Thinking phase: the GovRel professional can appeal to the use of the 5Ps when developing its strategic alternatives and analyzing possible ways forward against the many challenges that are faced. The goal is not to find a single solution, but consider the results from different approaches, contributing positively to its performance.

On the second step, Strategic Planning, several external and internal environmental analysis tools can be used. As examples, Porter's Five Forces Model (1980) and Value Chain (1985) can be adapted and complemented to be used by GovRel professionals (Navarro, 2017), as follows.

The essence of strategy planning needs to go beyond dealing with competitors, based on economic fundamentals represented by also other different forces: customers, suppliers, new entrants and substitutes products (and/or services) are all participants who may be more or less prominent or active, depending on the industry. This way, the resultant of these five forces would determine the maximum profit potential that can be obtained, and the risk run by the company. In other words, the more tenuous are the forces, the greater the opportunity for superior performance, with the corporate strategist to find a position in the industry where the company can defend against these forces or influence them in its favor. It is then due to the strategist to also dive beneath the surface and analyze the determinants of each of these forces, since the knowledge of the competitive pressure sources provides the foundation for a strategic action agenda, and may point the critic strengths and weaknesses of the company, clarify the areas where strategic changes can generate bigger rewards and point out places where industry trends promise to hold the greatest significance, either as opportunities or threats.

Three important observations are necessary to be made regarding this modeling. First, the methodology proposed by Porter requires a care, often overlooked, to determine before the start of its application which industry, sector or business segment is being object of analysis, i.e. to have focus. This detail is important because, despite their interaction, the competitive forces behave in different ways when examined in different parts of the same sector or industry. The application of the model "to the communications industry", for example, can produce distinct analysis and bring divergent conclusions when focused in different segments such as fixed, mobile or data. Second, the model of the five forces provides a static "picture" of the industry, therefore it should be exercised regularly for the purpose of adjustments in the planning activity. Over time, the competitive forces often change, as well as new determinants may be present in the industry. With this, new strategies and actions may be necessary. Finally, a third important point, especially for GovRel: although well considered the market forces, it was not taken into account by the original modeling the influence of non-market forces. This 6thforce, that can be named "Externalities" or – in particular – "Governmental influence", is represented by all Governments spheres (Federal, State, City, Executive. Legislative, Judiciary)that can, depending on the industry, increase or decrease the bargaining power of buyers and suppliers; facilitate or hinder the entry of new competitors; promote the creation or elimination of substitute products or services; and enhance or moderate the rivalry of existing competitors.
Therefore, the 6th force can effectively change the intensity of any of other forces, being the main determinants of its influence the degree of control and regulation of the analyzed sector, and the need or not of government licenses (concessions) to operate (Navarro, Dias and Valle, 2013). Of course, to establish the ideal degree of government intervention in different sectors of the economy is a complex and controversial subject (Tirole, 2014), but as the 2018 Global Report from the Reputation Institute[10] indicates, externalities such as fairness in doing business, ethics and positive influence on society are increasingly being considered as key strategic attributes for companies' success – and all of them can be influenced by the 6th force.

Once evaluated all these six forces affecting competition in the industry, their respective determinants and intensities, then one can identify the strengths and weaknesses of the company with respect to each of them – and to their resultant. The crucial strengths and weaknesses from a strategic point of view therefore represent the position of the company vis-a-vis the underlying causes of each competitive force. Upon completion of this analysis, the strategist can then develop a plan of action that includes:

- Position the company in such a way that its capabilities provide the best defense against those more intense competitive forces; and/or
- Influence the balance of forces through strategic initiatives, thereby improving the relative position of the company; and/or
- Anticipate possible changes in the determinants of the intensity of the forces and respond to them by choosing the appropriate strategy for the new competitive balance before opponents can recognize it.

This external environmental analysis represents one important step on the SGR framework, andspecial attention should be given to the non-market forces, in particular the Government influence, further reinforcing the strategic role of the GovRel professional in the company.

For the analysis of the internal environment at the stage of Strategic Planning, every company can be understood as a set of activities that are performed to design, produce, market, deliver and support their products and/or services, represented by the Value Chain.

In this tool, the company is divided into 9 areas, being 5 primary activities (Inbound Logistics, Manufacturing, Outbound Logistics, Marketing & Sales, and After Sales Services), more isolated and directly linked to the flow of products

[10]www.reputationinstitute.com, accessed in January, 2019.

and/or services to the customer, and 4 support activities (Infrastructure, Human Resources, Research & Development, and Corporate Purchasing), these crossing the corporate structure and supporting the primary activities. The idea is that the sum of the value added generated by each of these areas with the established margin results, then, on the perceived value of the product or service by the customer. This way, the Value Chain allows to examine in detail, separately and systematically, all the activities performed by the company and how they interact with each other, seeking opportunities for improvement and sources of potential competitive advantages, so the perceived value is increased, which includes the possibility of keeping in the chain or outsource one or more areas, in order that the maximum value can be generated by the ideal configuration.

By applying this tool, it is important to maintain the aforementioned aspect of flexibility. The predefined areas can be modified or adapted in order to adequate them to the reality of a certain company. As an example, in the case of a software developer there is no area of "manufacturing", but it can be replaced by a DPC (Data Processing Centre), which plays a similar role when seeking sources of competitive advantage in the company's value chain. And it is precisely because of this flexibility to re-configure the generic value chain that the model can be complemented to encompass the GovRel area, creating an Extended Value Chain.

As in the case of the 5 (or 6) Forces Model, externalities brought by non-market forces, in particular the Government, can influence the whole set (in this case, the primary and support activities).For example, in a company a new labor law may change Human Resources decisions about hiring criteria and working hours definitions; the obtainment of tax incentives can change the location of a manufacturing plant; changes in customer relationship rules may determine less service time in after sales; regulation of Internet operations may affect sales and corporate marketing; and sector specific legislations can stimulate research and development activities in certain areas over others.

Thus, non-market forces – in particular Government – influence all areas of the value chain, expanding it, and can contribute to generate more or less perceived value.

With this, the mission of the strategist in looking for sources of competitive advantage in the internal environment becomes not only to examine each of the 9 areas of the value chain, but also incorporate additional analysis to see how the GovRel area can influence and contribute to generate higher perceived value for each of them. This activity is part, therefore, of the level we called previously as "Transversal Strategy".

For the last step of Implementation, follow-up and measurement of the SGR framework, two tools can be used by the GovRel professional: BSC – Balanced Scorecard (Kaplan and Norton, 2008) and Project Management, as follows.

The BSC is a corporate performance evaluation system, presenting as main differential the recognition that financial indicators alone are not enough. It complements these measurements with others in 3 perspectives: perceptions of the customer; identification of internal processes that should be improved; and analysis of learning opportunities.

More than a performance meter, the BSC can be used for communication, information and learning the company's strategy, enabling critical management processes as clarifying and translating the vision of the company; associate objectives and strategic measures; plan, set goals and align initiatives; and improve feedback and learning.

For the BSC to function properly in its 4 perspectives, it is essential to correctly identify each respective KPIs (Key Performance Indicators), whose regular monitoring will reveal whether the execution of the outlined strategies is on track or if corrections are necessary. Some examples of KPIs are:

- Financial: Profit; Growth and composition of revenues; Reduction of costs and expenses; Productivity improvement; Assets utilization increase; Return on investment; Risk reduction; Sharing resources between areas and/or units.
- Clients: Corporate and image reputation; Market share; Customer retention; Acquisition of new customers; Customer satisfaction; Customer profitability; Perceived quality of the product and/or service.
- Internal processes: Manufacturing; Marketing; Communication; Innovation; Purchasing; Logistics; After-sales services; Development of new processes.
- Learning and development: Competencies covered; Satisfaction; Retention; Productivity; Motivation; Empowerment level; Alignment; Organizational climate.

So, businesses (or organizations) value what they can measure. If the GovRel area is not able to measure the concrete results of its many efforts, both internally and externally, and make them visible to decision makers and other areas of the company, a series of problems can occur. Thus, a structured process of measurement in several dimensions, and the correct record of the impacts of the achievement or not of outlined goals and objectives in an aligned way, is a critical part of the GovRel activity.

First, based on surveys and the analysis of internal and external environments performed during the previous phases of Strategic Thinking and Strategic Planning, using the adaptations and complements of concepts, models and tools mentioned, and in line with long-term goals, aligned and integrated macro-level strategies for the relationship with Government stakeholders can be set: what are the priority strategies and their respective goals expected to result from each of them?

On the sequence, the detailment of each macro strategy into operational actions can be done by launching a work plan containing a series of GovRel strategic projects that will be conducted by multi-functional teams, and supervised/evaluated by a leadership committee (comprised, for example, by executives of those areas most affected by each project, in addition to decision makers of the company, i.e. C-level), as seen in Table 1:

Project	Objectives	Actions / Resources	Responsibles / Deadlines
ABC (Description)	• ... • ... • ...	• ... • ... • ...	• ... • ... • ...
DEF (Description)	• ... • ... • ...	• ... • ... • ...	• ... • ... • ...
...	...	...	...

Table 1: Work Plan with Details of Priority Govrel Strategic Projects

At this point, with respect to the definition of specific KPIs for GovRel that will serve to measure the progress of strategic projects, there are several challenges. For example, lack of agreement on what metrics to use. What one think that makes GovRel successful may not be what the CEO or other C-level member believe. Metrics such as quantities of stakeholders listed in a database or meetings with Government representatives are short-term measures, which one can certainly follow, but do not serve to effectively measure the success of the area. Generally, in GovRel the focus on the results obtained, not simply carried out activities or isolated numbers, is a far better metric. If the team is being measured, for example, by the number of meetings with members of Congress – and thus, the more the better – it may be led to an error, after all the fewer the meetings needed to convince your stakeholder, the better. Gov Rel teams should be evaluated with metrics that emphasize the speed with which they produce results, preferably long-term ones.

Also important to the definition of KPIs for GovRel is to perform benchmarks not only in the industry where the company operates, but in those where there are the most outstanding professionals in this area, in order to avoid the risk of relying on median performances. Industries such as tobacco, alcoholic beverages, firearms, pesticides, fast food, soft drinks, medicine, among others, may be useful as benchmarks in this sense.

Given these considerations, some KPIs applied to GovRel can be cited, making an adaptation of changing the perspective of customers by stakeholders, as this term can cover external and internal parties, which – due to the transversality of the area – are both important:

- Financial: Maintenance and/or obtaining of fiscal incentives*; Number of followed legislative proposals* that are positive and/or generate results aligned with corporate objectives on the short, medium and – ideally – long term; Access to public policies; Number of hostile legislative proposals* archived or whose pace was slowed; Changes in legislation* that result in cost savings or new revenue generation for the company (*at Federal, State and/or Municipal levels).
- Stakeholders: Increase in positive perception of image and corporate reputation; Increase in personalized and customized responses compared to standard communications; Demands and/or involvement for consultation and exchange of ideas; Invitations for participation (e.g. speaker) on events; Objectives and institutional positions adopted as goals and sectoral positions; Hierarchy level of interface; Use of information and data made available on official positions.
- Internal Processes: Number of proactive contacts seeking consultations and/or support; Involvement in priority projects from other areas of the company; Understanding, coordination and engagement of the area within the organization; Common goals and objectives; Cooperation, synergy and integration between areas; Level of intra-areas relevant communications flow*; Proactive coordination of subjects versus reactive situations; Processes with value co-creation (*peers, hierarchical levels above and below).
- Learning and Development: Decrease in the number of meetings with representatives of government that generate accelerated results; New absorbed and/or transmitted competencies; Decrease in time-response to consultations (public and/or internal); Spending on external consultants; Spending on training and developing skills.

The monitoring and evaluation of the progress of each of the strategic projects listed in the work plan, based on their respective KPIs, can be done through meetings and periodic reports between the leadership committee, the project managers and teams, reminding that excellent performance and achieved goals should be recognized properly, and made the necessary adjustments and course corrections whenever necessary.

After these definitions, outcomes and follow-ups, we can relate the strategic projects and expected results to be generated to each of the 4 BSC perspectives that are respectively more relevant, as shown in Table 2:

BSC Perspective	Expected Results	GovRel Strategic Projects
Financial	• ... • ...	• ABC • DEF
Stakeholders	• ... • ...	• GHI • JKL
Internal Processes	• ... • ...	• MNO • PQR
Learning and Development	• ... • ...	• STU • VXY

Table 2: Linking Govrel Strategic Projects to BSC Perspectives

4. Conclusions

Several concepts, models and tools traditionally used in the strategy field of knowledge can be adapted and/or supplemented for use more specifically in the GovRel area. The ultimate goal must be to assist the practitioners of this complex area to "think" strategically, i.e. whatever the used concept, model or tool, when applying them one will not have a "silver bullet" or "one single truth" that will ensure 100% success – the important is the result of a combined application of them, which should allow a broader view in the generation, development and driving strategic nature of initiatives in the GovRel area.

It is important to involve the GovRel area since the beginning of the strategy formulation process, aiming to aling and integrate market and non-market components.

Attention to processes that value the transversality of the area is essencial, as it is a correct sizing assessment of the GovRel team in terms of headcounts and assignments. Gains and losses can be significant, specially if a competitor has a more adequate team working on the same sector(s).

Continuous investment in training in the different competencies that form today this complex area, complementing the academic background of origin of the professional of the GovRel area, is key, including both hard and soft skills (e.g. positive leadership, empathy, criativity).

Finally, proper dissemination of the results obtained by the GovRel area, preferably using metrics, tools and/or systems that are already known in the company can help the area to be better understood and motivate synergies.

In this sense, the SGR framework is intended as a contribution to the improvement for the GovRel area, holistically consolidating the results of extent research and practice in the area,aiming to assist its professionals to enhance their performance.

5. References

i. Alsop, R. J. (2004). The 18 Immutable Laws of Corporate Reputation: Creating, Protecting and Repairing Your Most Valuable Asset. NY: WSJ Books
ii. Bach, D.; Allen, D. (2010). What Every Ceo Needs to Know About Nonmarket Strategy. Cambridge, Ma: Mit Sloan Management Review.
iii. Baddache, F.; Nicolai, I. (2013). Follow the leader: how corporate social responsibility influences strategy and practice in the business community. In: Journal of Business Strategy, Vol. 34, Number 6, pp. 26–35.
iv. Baron, D. (2013). Business and Its Environment. Boston, Ma: Pearson, 7th Ed.
v. ____. (1995). The Nonmarket Strategy System. In: MITSloan Management Review Magazine, October.
vi. ____. (1995). Integrated Strategy: Market and Nonmarket Components. In: California Management Review, Vol. 37, Number 2, pp. 47–65.
vii. Bonardi, J.; Bergh, R. (2015). Political knowledge and the resource-based view of the firm. Routledge.
viii. Carvalho, G. et al. (2013). Relações Governamentais: Interagindo Democraticamente no Processo Decisório Brasileiro. Rio de Janeiro: Ciencia Moderna.
ix. D'Aveni, R. (2004). Corporate Spheres of Influence. In: MIT Sloan Management Review.
x. Dixit, A.; Nalebuff, B. (2008). The Art of Strategy. NY: W. W. Norton & Company.
xi. Doh, J.; McGuire, S.; Ozaki, T. (2015). Global governance and international nonmarket strategies. Journal of World Business, Vol. 50, pp. 256–261.
xii. Dominguez, G. (1982). Government relations. New York: John Wiley & Sons.
xiii. Duggan, W. (2013). Creative Strategy: a handbook for innovation. New York: Columbia University Press.
xiv. ____. (2007). Strategic Intuition: the creative spark in human achievement. New York: Columbia University Press.
xv. Farhat, S. (2007). Lobby: O que é, Como se faz – Ética e Transparência na Representação Junto a Governos. São Paulo: ABERJE.
xvi. Freedman, L. (2013). Strategy: A History. NY: Oxford University Press.
xvii. Freeman, R.; Reed, D. (1983). Stockholders and Stakeholders: A New Perspective on Corporate Governance. California Management Review, Vol. XXV, No. 3., pp. 88–106.
xviii. Foundation for Public Affairs (2014). The State of Corporate Public Affairs 2014–2015. Washington, D.C.: FPA.
xix. ____ (2017). The State of Corporate Public Affairs 2017–2018. Washington, D.C.: FPA.
xx. Galan, G. (2012). Relações Governamentais & Lobby – Aprendendo a Fazer.São Paulo: ABERJE.
xxi. Golden, M. (1998). Interest groups in the rule-making process: Who participates? Whose voices get heard? Journal of Public Administration Research and Theory, Vol. 8, pp. 245–270.
xxii. Govindarajan, V.; Trimble, C. (2012). Reverse innovation: create far from home, win everywhere. Harvard Business Review Press.
xxiii. Griffin, P.; Thurber, J. (2015). Teaching public policy advocacy by combining academic knowledge and professional wisdom. In: Interest Groups & Advocacy, Vol. 4, Number 1, pp. 40–51, Macmillan Publishers.
xxiv. Harris, P.; Fleisher, C. (2005). Handbook of Public Affairs. London: Sage Publications.
xxv. Henisz, W. (2014). Corporate Diplomacy: Building Reputations and Relationships with External Stakeholders. UK: Greenleaf Publishing.
xxvi. Henisz, W.; Zelner, B.(2012). Strategy and Competition in the Market and Nonmarket Arenas. In: Academy of Management Perspectives, August, pp. 40–51.
xxvii. Hillman, J.; Hitt, M. (1999). Corporate political strategy formulation: A model of approach, participation, and strategy decisions. Academy of Management Review, Number 24, pp. 825–842.

xxviii. Holyoke, T.; Brown, H.; LaPira, T. (2015). Learnable skills, or unteachable instinct? What can and what cannot be taught in the lobbying profession. In: Interest Groups & Advocacy, Vol. 4, Number 1, pp. 7–24, Macmillan Publishers.

xxix. Kaplan, R.; Norton, D. (2008). The Execution Premium: Linking Strategy to Operations for Competitive Advantage. Harvard Business School Publishing.

xxx. Kennedy, M. (2017). Shapeholders: Business Success in the Age of Activism. NY: Columbia University Press.

xxxi. KPMG (2014). A New Vision of Value: Connecting Corporate and Societal Value Creation. KPMG International Cooperative.

xxxii. Lawton, T.; Doh, J.; Rajwani, T. (2014). Aligning for Advantage: Competitive Strategies for the Political and Social Arenas. London: Oxford University Press.

xxxiii. Lux, S.; Crook, R.; Woehr, D. (2011). Mixing business with politics: A meta-analysis of the antecedents and outcomes of corporate political activity. Journal of Management, Vol. 37, pp. 223–247.

xxxiv. Marlowe, H. (2015). The role of education in advancing the lobbying profession. In: Interest Groups & Advocacy, Vol. 4, Number 1, pp. 65–75, Macmillan Publishers.

xxxv. Martinez, H.; Kang, Z. (2014). Non-Market Strategy: A Contemporary Literature Review of its Application Considering the Importance of the Social, Ecological and Political Environments. In: International Journal of Business and Social Science, Vol. 5, Number 9.

xxxvi. Mellahi, K. et al. (2016). A Review of the Nonmarket Strategy Literature: Toward a Multi-Theoretical Integration. In: Journal of Management, Vol. 42, No. 1, January 2016, pp. 143–173.

xxxvii. McKinsey & Company (2013). Organizing the government affairs function for impact. McKinsey & Company.

xxxviii. ____. (2012). Engaging and understanding governments. McKinsey Global Survey Results.

xxxix. ____. (2011). Managing government relations for the future. McKinsey Global Survey Results.

xl. ____. (2010). How business interacts with government. McKinsey Global Survey Results.

xli. Mintzberg, H. (2010). Managing. Bookman.

xlii. ____. (1994). The Rise and Fall of Strategic Planning. NY: Free Press.

xliii. Mintzberg, H.; Ahlstrand, B.; Lampel, J. (2008). Strategy Safari: The complete guide through the wilds of strategic management. 2nd Ed. Pearson Education.

xliv. ____. (2006). O Processo da Estratégia: Conceitos, Contextos e Casos Selecionados. Ed. Bookman.

xlv. Myers M.; Newman, M. (2007). The qualitative interview in IS research: Examining the craft. Information and Organization, Number 17, Vol. 1, pp. 2–26.

xlvi. Navarro, R. (2018). Políticas Públicas, Inovação e o Papel das Relações Governamentais: O Caso da ABRAMAT e a Indústria 4.0. In: Relações Governamentais e Inovação (Galvão, E. – Org.), Chapter 7, pp. 185–208, Clube de Autores.

xlvii. ____. (2017). Relações Governamentais Estratégicas – Versão Ampliada – 2ª Ed. Clube de Autores.

xlviii. ____. (2017). Mission: Remanufacturing. In: Relações Governamentais e Investimentos (Ferraz, D.; Galvão, E. – Org.), Chapter 2, pp. 35–45, Ed. CRV.

xlix. Navarro, R.; Dias, M.; Valle, A. (2013). BMW and Brazilian Federal Government: Enhancing the Automotive Industry Regulatory Environment. Conference of the International Journal of Arts & Sciences, 2013, volume 6 (2), pp.551–567.

l. Navarro, R.; Dias, M. (2018). Teaching Materials: Role Play Simulation on Brazilian Government and Non-market Forces Negotiation. In: European Journal of Training and Development Studies, Vol. 5, N° 4, October, pp. 45–56.

li. ____. (2017). O Fator Confiança em Relações Governamentais. In: Revista ABRIG, 3ª Ed., August, pp. 38–41.

lii. Navarro, R. et al.(2016). Negotiating with the Brazilian Government: Five Short Cases. In: The International Journal of Business & Management, Vol. 4, Issue 11, pp. 181–189.

liii. ____ (2014). Estratégia de Empresas. Rio de Janeiro: Editora FGV.

liv. OECD (2014). Lobbyists, Governments and Public Trust, Volume 3: Implementing the OECD Principles for Transparency and Integrity in Lobbying. OECD Publishing.

lv. Parnell, J. (2018). Nonmarket and market strategies, strategic uncertainty and strategic capabilities: Evidence from the USA. In: Management Research Review, Vol. 41, Issue: 2, pp. 252–274.

lvi. Porter, M. (1980). Estratégia Competitiva: Técnicas para Análise de Indústrias e da Concorrência. Ed. Campus.

lvii. ____. (1985). Vantagem Competitiva: Criando e Sustentando um Desempenho Superior. Ed. Campus.

lviii. Porter, M.; Kramer, M. (2011). Creating Shared Value: How to Reinvent Capitalism – And Unleash a Wave of Innovation and Growth. Boston, MA: Harvard Business School.

lix. ____. (2007). Strategy & Society: The Link Between Competitive Advantage and Corporate Social Responsibility. Boston, MA: Harvard Business School.

lx. Prahalad, C.; Hamel, G. (1994). Competing for the Future. In: Harvard Business Review, July–August issue.

lxi. ____. (1990). A Competência Essencial da organização. Harvard Business Review.

lxii. Salacuse, J. (2008). Seven Secrets For Negotiating With Government: How To Deal With Local, State, National, Or Foreign Governments – And Come Out Ahead. New York: Amacom.

lxiii. Silverman, D. (2011). Interpreting Qualitative Data. Sage Publications, 4th Edition.

lxiv. Susskind, L. (2005). Negotiating with Regulators. Harvard Business School Publishing.

lxv. Tirole, J. (2014). Market Power and Regulation – Compiled by the Economic Sciences Prize Committee of the Royal Swedish Academy of Sciences. The Royal Swedish Academy of Sciences.

lxvi. Valle, J.; Camargo, A.; Mota, E.; Zygielszyper, P. (2014). Gerenciamento de stakeholders em projetos. Rio de Janeiro: Editora FGV.
lxvii. Van de Ven, A. (2007). Engaged scholarship: a guide for organizational and social research. New York: Oxford University Press.
lxviii. Vance, S. (2012). The Influence Game: 50 Insider Tactics from the Washington D.C. Lobbying World That Will Get You To Yes. New Jersey: John Wiley & Sons.
lxix. Van der Heijden, K. (2005). Scenarios: The Art of Strategic Conversation. England: John Wiley & Sons.
lxx. Watkins, M. (2007). The Rise of Corporate Diplomacy (Finally!). Harvard Business Review network blog (http://blogs.hbr.org/2007/05/the-rise-of-corporate-diplomac, accessed January, 2019).
lxxi. ____. (2003). Winning the Influence Game: Corporate Diplomacy and Business Strategy. Boston, MA: Harvard Business School.
lxxii. Watkins, M.; Edwards, M.; Thakrar, U. (2000). Winning the Influence Game: What Every Business Leader Should Know About Government. Hoboken, NJ: Wiley.
lxxiii. Yin, R. (2009). Case Study Research: Design and Methods. Thousand Oaks, CA: The SAGE Publications, 4th. Edition.