

## **The Public Affairs Industry in 2008 – Winners & Losers**

2007 was the public affairs industry's annus horribilis. We spent twelve months (during a time of huge political change) having to defend what we do to an increasingly sceptical and bemused world. Instead of demonstrating why and how we deliver commercial advantage to our clients, we were forced to debate whether or not it was essential to declare one's clients on a public register. The result of this futile and unnecessary debate was a PASC inquiry into the industry - the result of which is unlikely to be an endorsement of the status quo.

Towards the end of 2007, however, a degree of sanity started to take hold and the guiding principles were published. There is always a temptation to gloat over a huge volte-face but on this occasion the publication of the guiding principles was a very welcome development even if long-overdue. Perhaps commonsense is now going to prevail in the year ahead.

Enough of 2007. What is 2008 going to mean for the industry and who are going to be the winners and losers? I sense that it is going to be a challenging year. We have a third-term government acting like all third-term governments - making mistakes, looking tired and becoming ever more unpopular. We have a Conservative Party which is now consistently ahead in the polls but finding it hard to get above 40% and we have a Liberal Democrat Party under a new young leader which is not sure whether to go left or right. In short, politics is interesting again not least because a hung parliament is looking increasingly likely if not probable.

So who are going to be the winners?

- The major winners will be researchers with a good pedigree in the Conservative Party. After thirteen years of being social outcasts and having to contemplate the prospect of a future working as bouncers or waiters, there will once again be work for Conservatives within the public affairs industry. That said, David Cameron's Conservative Party is very different to that of his predecessors. Some of us can still remember him when he joined CRD in 1988! It follows that the industry needs to attract Camerons as opposed to ageing or even youthful Thatcherites.
- The same applies to the Liberal Party although there has always been over-representation of Liberals and then Liberal Democrats within the industry as until recently there was very little prospect of them becoming an MP. Having top quality Liberal Democrats as part of your team is now essential as we head towards a possible hung parliament or knife-edge majority in 2010.
- Within the industry, the winners will be those consultancies that can demonstrate that they can deliver commercial advantage for their clients through high quality analysis and advice. The days of being political dating agencies are hopefully a thing of the past. The challenge now is for the industry to work at board level and to become a key weapon in every company's commercial armoury.

- On the client side, the winners will be those companies who demand a great deal from their consultancies and reward them accordingly!

So who are going to be the losers?

- With a few notable exceptions, 2008 will be another bad year for those advisers and researchers with a Blairite past. Their time has come and gone.
- 2008 will hopefully be the year when the APPC finally expires and passes away. The last twelve months has shown the need for a new style of leadership for the industry – one that works and delivers for all of the industry and not just for some companies. The recent survey which showed that APPC membership is relevant for only 5% of in-house public affairs managers when appointing a consultancy was surely the final nail in the proverbial coffin.
- Within the industry there are a number of consultancies who are going to face a difficult year. At a time when most clients are becoming much more demanding in terms of their consultancy delivering measurable added-value at a time of real political uncertainty, those consultancies with no USP are going to find it hard to survive.
- On the client side, those companies who are not sufficiently demanding of their consultancies will lose out to those competitors who are.

2008 needs to be a year of reckoning for the industry. We need to demonstrate by what we do rather than by what we say that we are a force for good. Most Ministers and special advisers understand the benefit of what we do when we do it professionally. By ensuring effective and constructive dialogue between business and government we are contributing to UK plc. In this sense, both government and business are winners when public affairs is done well. We must now persuade a sceptical media that this is the case.

After more than twenty years in the business, what is exciting about 2008 is the fact that political uncertainty makes what we do even more important than usual for the business community. Having steered our clients through the change from Blair to Brown (and a great deal of the industry was unable to do so), we now look forward to working with them as we steer a clear path through the uncertain terrain which is the new politics.

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