

ARTICLE

Government and corporate affairs focus: Finding leaders who can effectively manage political and regulatory risk

Addressing the shifting government landscape is a strategic imperative today. Our work with US and global companies suggests a comprehensive menu of options and some questions companies can use to navigate them, whether they are just starting out or already have a foundation to build on.



Having executives who can manage political and regulatory risks and opportunities effectively is critical today, both in the United States and around the world. National-level politics and social issues have always had some influence on corporations' performance and growth, but in today's environment, regulation can quickly make or break a business model. Even discussions about regulatory change can spur companies to take fast action to avoid new challenges or position themselves for new opportunities. And, of course, governments around the world will continue to award huge contracts to some private sector companies and not others.

This intensification of political and regulatory risks comes against the backdrop of an already challenging environment in terms of business performance and safeguarding corporate reputation. In recent years, people in countries around the world have been expecting corporations to take on more responsibility for addressing societal issues.¹ Even before the current unpredictability, economic and geopolitical volatility had become persistent. A recent survey of CEOs and directors around the world found that geopolitical uncertainty was the second-most cited issue facing organizations this year, and the one they were least often confident their organization could manage.²

As a result, government and corporate affairs are no longer simply about lobbying. The types of skills that companies need—and the types of strategies that they employ—to mitigate political and regulatory risks and seize opportunities have evolved substantially.

These shifts are driving substantial change in the types of leaders companies need to manage political and regulatory risks and how those leaders fit into the overall organization. Many national and multi-national companies have long had government affairs functions and have developed the sophisticated architecture of internal and external resources needed to effectively manage today's risks. Highly regulated companies led this trend, not surprisingly, starting in the 1970s. But in many other companies, particularly those feeling less regulatory pressure, addressing government affairs and regulatory issues was not an everyday need. Broadly speaking, these companies followed one of two paths: creating a small government affairs function or relying on a mix of communications and legal executives, as well as external consultants and trade associations.³ Many of these companies are now finding that these approaches are no longer sufficient. For these companies, it can be challenging to know exactly which leaders and resources they now need. Based on our long experience working with executives managing these issues, we will lay out the key elements that organizations will likely need to combine to create an effective approach to managing political and regulatory risk today. We also provide guidance to help companies at the start of this journey understand their initial talent needs.

Options for organizational models

Traditionally, government affairs was synonymous with lobbying. Effective lobbyists used their relationships to gather important information about policy changes or political developments, and also influenced policy decisions directly by making a case for their industry or their company. Most companies did not need access to these skills full-time, and would hire lobbyists as and when a relevant issue arose. Meanwhile, companies generally managed communications internally, only calling on consultants for crises or other exceptional situations.

1 2025 Edelman Trust Barometer: *Trust and the Crisis of Grievance*, Edelman, edelman.com; and Jeremy Hanson and Tim Gallagher, "CEO and board succession in the age of impact | An evolving model: Trends and recommendations," Heidrick & Struggles, heidrick.com.

2 These have been the top two concerns of CEOs and board members around the world we have surveyed for the past two years. For more, see "CEO and board confidence monitor 2025: Persistent concerns, pockets of increased confidence," Heidrick & Struggles, February 5, 2025, heidrick.com.

3 For more on how trade associations are evolving in this context, see Tonya Muse and Teraesa Vinson, "CEO succession focus: Succeeding as a first-time association CEO," Heidrick & Struggles, heidrick.com; and Ellen Maag, Tonya Muse, William O'Leary, "CEO succession: How industry and professional associations are strengthening their leadership planning," Heidrick & Struggles, June 20, 2024, heidrick.com.

No single individual is likely to offer the full range of capabilities and experiences needed—or to offer the level of capacity required. Instead, companies can consider a range of options to use in combination to find the right approach for their organization.

In today's world, that model is no longer sufficient. Understanding and managing public policy risk requires broader strategies that bring in other partners, use political-style issue campaigns, and draw on sophisticated targeting techniques to reach relevant policymakers at all levels of government. Doing this effectively will generally require both more in-house talent and greater enterprise-wide coordination. No single individual is likely to offer the full range of capabilities and experiences needed—or to offer the level of capacity required. Instead, companies can consider a range of options to use in combination to find the right approach for their organization. These different options are not necessarily straightforward substitutes for one another. Instead, each position has a distinct role, structure, and focus, and—as a result—its own advantages and disadvantages.

	External resources		Internal resources				
	Lobbyist/ consultant	Trade association	Executive roles			Non-executive roles	
			Government affairs	Corporate affairs/ external affairs	Vice chair/ president	Senior advisor/ advisory board	Non-executive directors/ advisory board
Role structure	<ul style="list-style-type: none"> Monthly retainer Sector and issues specific 	<ul style="list-style-type: none"> Annual membership Board roles give more influence in strategy 	<ul style="list-style-type: none"> Operational Typically no P&L Less commercial Reports to GC Team management 	<ul style="list-style-type: none"> Operational Typically no P&L Less commercial Report to CEO Team management 	<ul style="list-style-type: none"> Operational Often P&L leader More commercial Report to CEO Team management 	<ul style="list-style-type: none"> Non-operational No P&L Mix of commercial skills Report to CEO or C-suite leader No team/small team 	<ul style="list-style-type: none"> Corporate non-executive director Regional business advisory board Business unit specific advisory board
Focus of role	<ul style="list-style-type: none"> Intel and trends (eyes and ears) Advocacy/lobbying 	<ul style="list-style-type: none"> Intel, trends, and advocacy Industry reputation/branding 	<ul style="list-style-type: none"> Intel and trends (eyes and ears) Advocacy/lobbying Government affairs Public policy Regulatory affairs 	<ul style="list-style-type: none"> Intel and trends (eyes and ears) Advocacy Reputation management Government affairs plus Communications Foundation/philanthropy Brand/marketing on occasion 	<ul style="list-style-type: none"> Corporate affairs/external affairs expertise Client/partner relationship development Regional or business unit/public sector oversight 	<ul style="list-style-type: none"> Thought leader/subject matter expert Client relationships Client advisory Business development Advocacy for the firm 	<ul style="list-style-type: none"> Client relationships Government issues Regulatory and political judgment
Pros	<ul style="list-style-type: none"> Flexible terms Monthly retainer Ability to select for specific needs 	<ul style="list-style-type: none"> More influence than company alone Can be the bad guy Provides intel Experienced advocacy 	<ul style="list-style-type: none"> Strategic and tactical skills Company and sector knowledge 24/7 thinking about policy and regulation 	<ul style="list-style-type: none"> Higher-level strategic thinking Seasoned counselor Broad mix of experience and skills 	<ul style="list-style-type: none"> Commercially oriented/capable Highly experienced Broad relationships Lend their reputation to your firm 	<ul style="list-style-type: none"> Highly experienced Broad relationships Lend their reputation to your firm 	<ul style="list-style-type: none"> Fairly economical Lend their reputation to the firm Bring much needed perspective to boardroom
Cons	<ul style="list-style-type: none"> Can be expensive Don't know company intimately 	<ul style="list-style-type: none"> Can be expensive Association priorities don't always line up with yours 	<ul style="list-style-type: none"> Requires commitment from firm (time and money) Not a silver bullet 	<ul style="list-style-type: none"> Requires CEO and leadership team to buy in to the need 	<ul style="list-style-type: none"> Rare skill set Expensive May be less interested in political and government issues 	<ul style="list-style-type: none"> Can be expensive One of multiple clients/commitments Need to be managed to be most effective 	<ul style="list-style-type: none"> Direct external support of the company can be limited for directors

The precise configuration of these positions will vary significantly across organizations. One multinational investment bank, for example, has a head of corporate affairs, who reports directly to the CEO and manages several teams, including a government affairs team and a communications team. These teams may each contain around 20 people globally. At the same time, the investment bank has a number of high-profile senior advisors—including a former senior US Treasury official—and employs several different firms of specialist lobbyists and consultants.

The bank is also a member of at least four trade associations, which together cover the full range of financial services issues. In general, the broader the business, the broader the issue sets it faces and the broader range of consultants and industry groups it requires to cover them all.

Getting started

Many companies may be beginning the process of building their political and regulatory risk strategy and team from scratch. The right starting point will vary by industry, geography, and company-specific context, but will likely involve a combination of the options above. It may be, for example, that a carefully chosen external resource and a senior advisor with extensive industry-specific knowledge and connections could fulfill the immediate need. Starting with a small, in-house team can also help the organization build momentum by demonstrating the value of investing in leaders in this area.

The following questions may help CEOs and board members to get a sense of the precise mixture of skills and roles they need:

1 What problem or potential problem are you trying to solve?

2 Which of the following inputs or results are you looking for?

- Have more information/insights about what may be coming
- Increase awareness of your company among policymakers
- Influence/change regulation or legislation
- Obtain/retain government funding/contracts
- Bring political/government experience to the C-suite
- Bring political/government experience to the boardroom

3 What skill gaps do you have today? Do you need one-time or temporary expertise or ongoing leadership?

4 What kind of resources are you willing to commit to this? And how will these resources be managed and overseen within the company? How much time, for example, is the existing executive team willing to commit to both managing and executing these efforts?

Roles related to political and regulatory risk have not been a top priority as CEOs and boards have shaped, and reshaped, their executive teams in recent years,⁴ but this is starting to change. While companies have always had to consider, and work with, governments, they now need to do so more often—and in more complex—ways. To be effective, companies need both additional skills and enhanced firepower. The framework of options laid out here can be a useful guide, both for companies just getting started and for those with some resources already in place. In all cases, companies should base their talent and leadership decisions on a detailed understanding of the potential strategic impact of political and regulatory actions, their desired outcomes, and the level of resources they are prepared to commit.

4 Alyse D. Bodine and Victoria S. Reese, “The evolution of Fortune 100 leadership teams, 2020 to 2022,” Heidrick & Struggles, heidrick.com.

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Legal, Risk, Compliance & Government Affairs Practice

Heidrick & Struggles' Legal, Risk, Compliance & Government Affairs Practice draws on more than 60 years of leadership expertise to provide strategic counsel to some of the world's most influential public and private organizations.

When it comes to legislation, litigation, and regulation, a handful of critical roles can help determine an organization's profitability and success. Our experienced team helps clients acquire, develop, and manage talent in these core practice areas on a global scale: legal, risk, compliance, and government affairs.

As the general counsel role has evolved, our Legal team knows CEOs are looking for attorneys who are not only trusted legal advisors but also valued business partners with impeccable integrity. Due to unstable markets, regulatory uncertainty, heightened public scrutiny, and the growing need for data security, our Risk function experts know that organizations need leaders who can effect change, exert influence across business lines, and partner with senior managers and boards. As companies face intense regulatory pressure and uncertainty, our Compliance team understands that organizations need leaders who can collaborate with other functions and communicate effectively with a sophisticated set of internal and external stakeholders. And our global Government Affairs experts place world-class senior leaders with leadership, judgment, integrity, and technical core competencies into multinational organizations.

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Global

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