Career Path: Are You Afraid of Your CEO Speaking to the Public?

Career Development

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I sure was. I am so glad my company adopted a Political Participation Policy before society went collectively bonkers.

When people ask me what a general counsel does, the shortest answer I have is “risk management.” As in, we try to help our companies stay out of trouble by identifying relevant risks and mitigating our exposure to them.

There are much longer answers — after all, I am a lawyer — and I share the best of them in Career Path columns. The common thread is adding value to our companies, either by directly contributing to shareholder value or by helping protect against damage to shareholder value.

I've never seen more avoidable losses in shareholder value than in the last five years. And all of them come back to companies losing sight of their primary purpose while their CEOs chime in on hot-button political topics.

The business of a company is business

Unless you are a lobbying firm, *the business of your company is not politics*. When employees, customers, and the public are all expressing heartfelt emotions about political questions, it's easy to get distracted from this fact.

> The business of your company is not politics.

If management does anything well (and this is open to debate, I know), surely it is in the domain of what the company has been established to do.

- Do you make and sell software? You probably know something about ones and zeros.
- Do you buy and sell commodities? I trust that you know your way around the trading floor.
- Do you publish books for your paycheck? I sincerely hope you're reading this right now.

What I do not expect is that a typical company executive knows the first thing about politics. Oh, they know as much as any layperson, which is to say they're a bundle of confusion and anger and hold a mix of often contradictory opinions.

But do these masterful executives know that expressing a view on any controversial topic is going to land them in deep trouble? Apparently not, judging by the number of CEOs who have done exactly that.

As a CEO, remain cautious of your personal politics for the safety of your company. Gannvector / *Shutterstock.com*

Why CEOs making public statements backfires

It’s never about the substantive issue itself. (For clarity, whatever you believe, dear reader, is no doubt honorable, correct, and fantabulously great!) Rather, it’s about the meaning of the word controversial.

A controversy means people have differing views on an issue. Hence, taking a public stand on the issue will tick off approximately 100 percent of the audience.

“Wait, James. Did you say 100 percent? Won’t at least some of the people be happy the CEO took a public stand?”

The answer is no. *The CEO can never get it right*. Their statement is never strong enough to satisfy true believers. And it will outrage all those on the other side of the issue. Truly a no-win situation.

Enter the Political Participation Policy

In my role as risk manager in chief, I realized we were entering a new era of danger when Mr. Trump announced his candidacy in 2015. Otherwise sensible and sober executives were flat-out losing their minds, to say nothing of the political establishment.

Together with the intense push by ESG fans to impose their wills on corporations, I saw we were heading into choppy waters. (Again, it's not about the substance of any individual topic, on which honest people can agree about much.)

Looking to prevent our CEO from being headline news for all the wrong reasons, I drafted a Political Participation Policy, which, to their credit, the board of directors adopted. The very first sentence lays it out in black and white:

[Company] has a long-standing policy of not participating in or contributing to campaigns, individuals, or groups, and does not take positions in public policy debates. …

[Company] does not participate in any organization for the purpose of influencing political campaigns or public policy.

Why this policy is so wonderful

It mitigates the risk of our being invited to join no-win discussions by people looking to score points in the political debate.

The company is still happy to hear your concerns on any topic, and in the last several years when I ran our global sustainability program, I listened to every stakeholder you can imagine.

But because of our policy, we never took a public position on any of them. This is not cowardly. And it's not shirking our responsibility. We spent many millions on our environmental, social, and governance programs. We simply avoided being tricked into becoming unwilling fodder for the culture wars.

Could your organization use a Political Participation Policy?

Keep in mind that you must tell the truth in your policy. That is, if you say you don't seek to influence political campaigns and public policy, then you can't do it.

That means no donations to political campaigns or political action committees. Even tougher, that means no lobbying to change regulations in your favor. For many companies, this would be a sacrifice indeed.

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In my company's case, it was easier to commit to doing so because we had undertaken precious little such activity in the past. Still, stating publicly that we were staying out of the political arena entirely came with the cost of lost flexibility.

But what we gained in staying out of the news all these years was precious indeed. You might even say it was pure shareholder value.

Be well.

Join ACC

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