

BUS 266f

Nonmarket Strategy: Governments, Activists, Media, and NGOs

Fall 2012 Module 1

Tuesdays and Thursdays, 5:00- 6:30 pm

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Syllabus

Just as firms must effectively manage their relationships with customers, suppliers, and business partners in order to be successful, they must also effectively manage their relationships with nonmarket players, including governments, nongovernmental organizations, activists, and the media. These nonmarket relationships can have an equally important impact on a firm's bottom line and can even determine whether a firm is allowed to compete in a particular market.

Part of the course will focus on firms' government-related interactions. Through legislation, regulation, judicial decisions, and political activities, governments help determine the playing field on which firms operate and the rules of the game. Because any particular rule gives competitive advantages to some firms or industries and disadvantages to others, firms should work to influence those rules. But the government context in which firms operate has become increasingly complicated in recent decades through the proliferation of government agencies, regulations, and avenues for political activity. The course will give students the conceptual frameworks and tools they need to determine which government-related issues and relationships deserve attention from a particular business or consultant. It will also help them know how to use those relationships to achieve favorable resolution of the issues chosen, while avoiding ethical hazards

This course will also look at key non-government players—activists, the media, and NGOs. Depending upon the situation, these players can be a company's most challenging opponents or most helpful allies. They can alter a company's business environment, affect its public image, compel it to undertake costly actions, provide it with new business opportunities, or hold it accountable to their social and political values. Because they are not shareholders or business partners, they are not normally concerned with maximizing the company's profits or the price of its stock, yet they can directly influence those profits and prices. Even a single blogger can affect a company's stock price.

Many prominent companies, including Exxon, Monsanto, Nike, Toyota, and Wal-Mart, have stumbled because they either were unprepared when a crisis landed them in the public eye or they underestimated the potential power of small groups of activists and NGOs. The course will consider how to avoid such problems and will consider specific skills and issues, such as crisis communication, how to speak to reporters, avoiding boycotts and other citizen campaigns, how to work with NGOs, forming alliances with unconventional partners, and pursuing corporate social responsibility in ways that make business sense.

General Course Structure

The module will include a mix of discussions, lectures, and group projects. After the initial introductory session, the class will discuss a case study of the Cape Wind project to begin to see the many different ways in which governments, activists, the media, and NGOs can influence a firm, and to consider how a firm can best interact with these varied players. We will then discuss a case study of Wal-Mart's nonmarket strategy to consider how a major company approaches nonmarket issues when its reputation has been under attack.

Having looked at nonmarket strategy in a general way, we will then focus on business relations with the government. We will consider three alternative conceptual frameworks for how businesses can think about their relationships with government. We will assess the strengths and weaknesses of each framework, and its applicability to different countries and situations. We will then look at particular aspects of business-government relations, including lobbying, the issues faced by multinational companies in foreign countries, and challenges associated with corruption,

The course will then turn to the media. Not only will we look at the general issues company managers and spokespeople face when dealing with the media, but we will learn and practice the skills needed to place stories in the media, to become a source for reporters, and to advance a company's interests when being interviewed by a reporter.

The section of the course on the media will be followed by one on activists and NGOs. We will learn more about the impacts NGOs are having on global business and will identify the threats and opportunities that activists and NGOs pose for businesses.

During the last several weeks of the module, the students will work on major group projects. For those projects, groups of 4-5 students will each focus on a different company. Each group will produce a 10-page paper describing and analyzing that company's nonmarket strategy for dealing with governments, activists, media, and NGOs around a specific issue.

Attendance and Participation

Class attendance is required. For most classes, there will be a case or article assigned and students are expected to come prepared to discuss it in detail.

Academic Honesty

Students are expected to be honest in all of their academic work. This includes the proper citation of the work of others in papers and presentations. Instances of alleged dishonesty will be forwarded to the Office of Campus Life for possible referral to the Student Judicial System. Potential sanctions include failure in the course and suspension from the University. For the University policy on academic honesty, please see section 5 of *the Rights and Responsibilities Handbook*.

Disabilities

Students with a documented disability on record at Brandeis who wish to have reasonable accommodations made for their disability should see me immediately. Reasonable accommodations will not be provided retroactively.

Grading

Grading will be based on:

- **General class participation: 25%.**
- **One-page paper: 15%.** The paper will focus on the Tata Motors case. Due XX before class.
- **In-class exam (class 8): 15%.** The exam will be 30 minutes and consist of a single essay. Study questions will be distributed in advance. Students will receive three study questions. Two of those three questions will appear on the exam and students will answer one of them.
- **Forum posts: 20%.** Each student will find a newspaper, magazine, or blog article about a company's interaction with a government, the media, NGO, and/or activists. The student will then write a forum posting of approximately 250-750 words about the article. Each student will also comment on at least two of the forum posts of other students, and should respond to comments on her/his initial posting, if appropriate.
 - The initial posting must be posted by XX.
 - Comments on two other people's postings must be posted by XX.
 - Responses must be posted by XX.
- **Group paper and oral presentations (due at end of module): 15% for paper and 10% for oral presentation.** Groups of 4-5 students will each focus on a different company, Each group will produce a 10-page paper describing and analyzing that company's strategy for dealing with activists, media, NGOs, and the government around a specific issue. The same grade will be assigned to all members of a team for the group project unless it is clear that an individual did not contribute in a consistent and meaningful way.

Learning Goals and Outcomes

From this course, you will:

- Understand how governments, activists, media, and NGOs can influence a firm's success or failure.
- Understand the concept of nonmarket strategy and why it is important for companies to give significant attention to nonmarket strategy.
- Be able to identify strategies that enable a firm to have successful relationships with governments, activists, media, and NGOs.
- Be able to identify those government-related issues and relationships that deserve attention from a particular business or consultant.
- Know how to develop strategies that can lead to favorable resolution of government-related problems and issues, while avoiding ethical hazards as much as possible.
- Understand strategies for minimizing the likelihood of being asked to pay a bribe or engage in other ethically problematic behavior.
- Know when it makes sense for a company to work collaboratively with other companies on a government-related issue and when it makes sense for the company to work independently.
- Understand the challenges company managers and spokespeople can face when dealing with the media.
- Know how to become a source for reporters.

- Be able to identify pitfalls company managers can fall into when being interviewed by a reporter, and know how to avoid those pitfalls.
- Know principles of effective crisis communication.
- Be able to develop strategies that simultaneously make business sense for a firm, are socially responsible, and address the concerns of activists and NGOs.

Readings

(All readings are available for downloading or purchase through LATTE)

David Bach and David Bruce Allen, "What Every CEO Needs to Know about Nonmarket Strategy," *MIT Sloan Management Review*. Spring 2010, pp. 41-48.

Phil Bodrock, "The Shakedown," *Harvard Business Review*. March 2005, pp. 21-41.

Center for Lobbying in the Public Interest. "Personal Visits with a Legislator." 2007.

Daniel Charles, "Backlash," in *Lords of the Harvest: Biotech, Big Money, and the Future of Food*. Perseus Publishing, 2001, pp. 205-229.

Michael Gordon, "Tiger, Toyota, and the Truth," *Huffington Post*. . February 24, 2010.

Robert Grosse. "The Bargaining View of Government-Business Relations," in *International Business and Government Relations in the 21st Century*. Cambridge University Press, 2005, pp.273-290.

NP Action. "Advocacy Strategy: The Fundamentals," "Build Public Relationships with Elected Officials," "Elements of Strategy: Constituents, Allies and Opponents," and "Summary of *The Citizen's Guide to Lobbying Congress*." Available on the NP Action website. www.npaction.org.

Debora L. Spar and Lane T. LaMure, "Power of Activism: Assessing the Impact of NGOs on Global Business," *California Management Review*. Spring 2003, pp. 78-101.

Sally Stewart, "Responding to Journalists" and "Lethal Mistakes: The Dirty Dozen" in *Media Training 101: A Guide to Meeting the Press*. Wiley, 2003, pp. 37-49 and 73-78.

Jeff Swartz, "Timberland's CEO Stands up to 65,000 Activists," *Harvard Business Review*, September 2010, pp. 1-5.

Case Studies

- Cape Wind: Offshore Wind Energy in the USA (Richard Vietor, 2008), supplemented by a Grist website article ("RFK Jr. and Other Prominent Enviro Face Off over the Cape Cod Wind Farm") and the websites of Cape Wind Associates, the Alliance to Protect Nantucket Sound, and Clean Power Now
- Rejuvenating Wal-Mart's Reputation (Thomas A. Hemphill, 2005)
- Tata Motors in Singur: Public Purpose and Private Property (B) (Laura Alfaro, Lakshmi Iyer, and Namrata Arora, 2009)
- One of the following:
 - Aguas Argentinas: Settling a Dispute (Louis T. Wells Jr. and Alexandra D. Royere, 2005)
 - Google in China (B) (Majela Yin, Yulin Fang, and Deborah Compeau, 2010)
 - Revenue Flow and Human Rights: A Paradox for Shell Nigeria (Aileen Ionescu-Somers and Ulrich Steger, 2006)

Outline of Classes

(All readings are available for downloading or purchase through LATTE.)

Introduction to Business Relationships with Governments, Activists, Media, and NGOs

Class 1

- Introduction to the course
- Introduction to nonmarket strategy
- Reading: David Bach and David Bruce Allen, “What Every CEO Needs to Know about Nonmarket Strategy”

Class 2

- The range of outside influences on a company’s prospects
- Discussion of a case study of the Cape Wind wind energy project
- Case Study Reading: Cape Wind Case Study plus the websites of Cape Wind Associates, the Alliance to Protect Nantucket Sound, and Clean Power Now

Class 3

- Assessing a company’s nonmarket strategy
- Discussion of a case study of Wal-Mart’s nonmarket strategy
- Case Study Reading: Rejuvenating Wal-Mart’s Reputation

Dealing with the Government

Class 4

- Discussion and assessment of a conceptual frameworks for understanding business-government relations
- Reading: Robert Grosse. “The Bargaining View of Government-Business Relations”

Class 5

- Multi-national companies and foreign governments
- Students will divide into groups, each one focused on a different conflict between a multi-national company and a government: Google’s relationships with the government of China, Shell Oil’s relationships with the government of Nigeria, and Suez and the government of Argentina
- Reading: One of the following
 - “Google in China (B)”
 - “Revenue Flow and Human Rights: A Paradox for Shell Nigeria”
 - “Aguas Argentinas: Settling a Dispute”

Class 6

- Guest lecture/discussion by Charles Yelen. He is an attorney with extensive experience representing businesses before governments. He is also a former senior government economic development official in Massachusetts.

- Purposes and principles of lobbying
- Working with trade associations, government relations firms, and lobbyists
- Readings: Center for Lobbying in the Public Interest, “Personal Visits with a Legislator;” and NP Action, “Advocacy Strategy: The Fundamentals,” “Build Public Relationships with Elected Officials,” “Elements of Strategy: Constituents, Allies and Opponents,” “Summary of *The Citizen’s Guide to Lobbying Congress*,” and “What Is Administrative Advocacy?”

Class 7

- Dealing with corruption and requests for bribes
- Consideration of the issues involved when a business deals with a government in a foreign country
- Preparation for major group projects and distribution of assignments
- Reading: Phil Bodrock, “The Shakedown”

Class 8

- In-class exam on the material covered in the first half of the course
- Discussion of a company’s interaction with a sub-national government: Tata Motors in West Bengal
- Reading: “Tata Motors in Singur: Public Purpose and Private Property (B)”

Dealing with the Media

Class 9

- The importance of media relations
- Corporate managers’ role in media relations
- Skills training for dealing with reporters
- Readings: Sally Stewart, “Responding to Journalists” and “Lethal Mistakes: The Dirty Dozen.”

Class 10

- Practice interview sessions (students will play the part of reporters and corporate executives being interviewed; ahead of time they will be given role cards to use to help prepare for the practice interviews)

Class 11

- How to prepare for and deal with a crisis
- Video interview with Michael Gordon, CEO of Group Gordon Strategic Communications
- Readings: Elizabeth Seigenthaler Courtney and William Buitelaar, “Negative Press and How to Deal with It,” and Michael Gordon, “Tiger, Toyota, and the Truth.”

Dealing with Activists and NGOs

Class 12

- Group oral reports on the three case studies
- General lessons to be learned from the case studies
- The impact of NGOs on global business

- Reading: Debora L. Spar and Lane T. LaMure, “Power of Activism: Assessing the Impact of NGOs on Global Business”

Class 13

- Discussion of the impact of NGOs on Monsanto and the prospects for genetically modified foods in Europe
- Readings: Daniel Charles, “Backlash” and/or Jeff Swartz, “Timberland’s CEO Stands up to 65,000 Activists”

Presentation of Group Projects

Classes 14

- Presentation of group projects