Russell Reynolds ASSOCIATES



Corporate Affairs Leadership Comes of Age

Why politics, policy and reputation are converging, and what CEOs must know

For most of my time recruiting in this space, the lines within corporate affairs were relatively easy to draw.

Communications managed reputation and the media. Government Affairs managed policymakers and regulators. Employee Communications focused on the workforce. Sustainability teams addressed environmental and societal issues.

Sure, those distinctions were always a bit blurry, but they largely reflected how companies organized themselves and how executives thought about external risk.

Today, these boundaries are much harder to maintain.

The reason is relatively simple: the line between policy risk and reputation risk is disappearing.

The external environment bears this out. Russell Reynolds Associates' latest Global Leadership Monitor found that 54% of leaders now rank geopolitical uncertainty among the factors having the greatest impact on organizational health—making it one of the top three factors they're grappling with. Yet only 32% believe their leadership teams are prepared to address it. We hear from executives (across all functions - not just corporate affairs practitioners) that technology, policy, workforce and economic pressures are playing out at the same time, often around the same business decisions.

Issues that once might have been managed primarily by Government Affairs or Communications now move quickly across constituencies. Regulatory decisions become customer issues; community affairs issues become national politics; pricing decisions attract media attention and fuel legislative scrutiny; and a geopolitical development can disrupt a supply chain, affect costs and quickly become an employee, investor and reputational concern.

For CEOs and chief communications and corporate affairs officers, the question becomes: Do we have the right structure and leadership capabilities to navigate issues that cut across traditional functional boundaries?

The answer requires looking beyond the organization chart.

Business acumen matters more than ever

The first implication for CEOs and commercial leaders is that corporate affairs leaders need a much deeper understanding of how the business actually works.

Consider tariffs. On the surface, tariffs are a government policy issue. But their effects rarely remain in Washington. They can change the economics of a supply chain, increase input costs, affect consumer pricing, influence investment decisions and create questions from employees, customers, shareholders and the media.

The same is true of supply chains more broadly. COVID-19 forced lessons to be learned the hard way here, and recent disruptions have reinforced just how interconnected the global economy remains. More and more, corporate affairs leaders need to understand the basic plumbing of the business: where products come from, how they move, where costs sit, which stakeholders matter and where the organization is most exposed.

This expectation is visible in senior leadership mandates. Government affairs and corporate affairs leaders are being asked not just to understand policy, but to also translate political and regulatory developments into business implications, advise executives on risk and opportunity, and connect external developments to commercial priorities.

Talent implication: Place greater weight on business acumen when selecting and developing Corporate Affairs leaders. Functional expertise remains essential, but it is no longer sufficient. The strongest leaders understand the business model well enough to anticipate where an external issue will matter before it becomes a crisis.

The increasingly complex environment requires a broader stakeholder lens

The second implication is that stakeholder management can no longer be divided as cleanly as it once was.

Data centers are a prime example. They sit at the intersection of AI, energy demand, infrastructure, jobs, environmental impact, community development, and electricity prices. For an existing facility, community concerns may affect the ability to expand. For a proposed facility, those same concerns can influence permitting and whether the project proceeds at all.

Is that a Government Affairs issue because elected officials and permitting authorities are involved? A Communications issue because public perception matters? A Community Affairs issue because local residents need to be engaged? A Sustainability issue because energy and environmental questions are central?

Of course, it's all of them.

The same dynamic appears in energy, where long development timelines mean projects often span election cycles and administrations. Corporate affairs leaders must understand the national political environment while building durable relationships locally and avoiding the perception that the company is aligned with one political party or moment.

That requires leaders who can see stakeholders as an interconnected system rather than a series of separate audiences.

Across sectors, our senior-most mandates call for leaders who can work across government, communications, legal, regulatory, community, advocacy and business stakeholders, even when those capabilities remain organizationally separate.

Our Global Leadership Monitor points to the same challenge. Leaders are no longer navigating one dominant external issue at a time. Technology, geopolitics, workforce change, regulation and economic uncertainty increasingly overlap. For corporate affairs, that makes the ability to connect issues and stakeholders as important as expertise in any one of them.

There is a broader talent challenge behind this. Our Transformational Leadership research found that just 43% of leaders are highly confident in their executive team's ability to drive transformation successfully. CEOs are notably more confident than the leaders around them: 62% express high confidence, compared with 40% of other C-suite leaders and 34% of next-generation leaders.

> **Talent implication:** Look for stakeholder range, not just depth. A leader who has spent a career working primarily with policymakers may need broader exposure to media, communities, employees or advocacy groups. Likewise, a communications executive may need greater fluency in policy and regulation. The goal is not to turn every leader into an expert in every discipline. It is to develop credible leaders who understand how the pieces connect.

Build leaders who can connect the dots

As our review of recent senior corporate affairs and government affairs job specifications found, organizations need leaders who can synthesize complex regulatory, political and technical developments, translate them into clear implications for senior executives, and communicate them credibly to a range of external stakeholders.

Take drug pricing in healthcare. High prices can be reduced to a simple political message, while the underlying system involves many complex components: research and development, clinical trials, reimbursement, insurance, market access, patient affordability and healthcare delivery.

A corporate affairs leader needs enough technical understanding to participate credibly in the policy conversation. But expertise alone is not enough. The leader must also be able to explain why the issue matters to a patient, employee, policymaker, or member of the public. That requires moving comfortably between technical details and human consequences.

Technology presents a similar challenge. AI policy cannot be separated easily from questions about energy, privacy, jobs, national security, economic competitiveness, governance and trust. Leaders do not need to become engineers, but they need enough fluency to explain complicated technologies accurately and credibly to nontechnical audiences.

Contemporary senior mandates emphasize the ability to synthesize complex regulatory, political, and technical developments and turn them into clear recommendations for executives and understandable narratives for external stakeholders.

Talent implication: Test for the ability to translate, not simply subject-matter knowledge. Can the leader understand complexity without hiding behind it? Can they explain an issue differently to the board, an elected official, an employee, and a community leader without changing the underlying facts? That is becoming a critical leadership skill.

Think beyond the current political cycle

As politics becomes more intertwined with business, corporate affairs leaders also need sophisticated political judgment.

That does not mean companies should become more political. In many cases, the opposite is true.

Companies need to operate across administrations, congressional majorities, and election cycles. Infrastructure projects may take a decade to develop. Healthcare investments can take longer. A company's employees, customers, and shareholders span the political spectrum.

The challenge is therefore to understand politics deeply without allowing the enterprise to become unnecessarily partisan.

Senior corporate affairs leaders need to distinguish between an issue that requires the company to engage and one on which engagement may create more risk than value. They need to understand when to lead publicly, when to work through coalitions and associations, and when not to engage at all.

Across the roles we reviewed, organizations repeatedly emphasized bipartisan credibility, political judgment, and the ability to operate effectively through changing political environments.

Talent implication: Political relationships still matter, but judgment matters more. CEOs and commercial leaders should be cautious about equating a strong network with strong leadership. The more valuable question is whether someone understands how and when to use that network in service of the enterprise.

Don’t assume convergence requires consolidation

All of this might suggest that Communications, Government Affairs, Sustainability and Community Affairs should be combined. But that would be the wrong conclusion.

In truth, there is no single model for corporate affairs.

For a highly regulated company whose growth depends heavily on permitting, government relationships and community acceptance, an integrated model may make great sense. For another organization, maintaining distinct specialist functions may provide greater depth and effectiveness.

We see both approaches succeed. Some organizations are putting policy, government relations, communications and stakeholder engagement under a single leader. Others are retaining separate functions, but creating much stronger expectations for coordination, shared strategy and aligned external positioning.

The right structure for your business should start with the business itself, not with a predetermined model. Where does our license to operate depend most heavily on external stakeholders? Which issues could move quickly between policy and reputation? Where are the handoffs between functions creating risk? And do we have leaders capable of seeing across those boundaries?

The right structure should follow those answers.

The Corporate Affairs leader needs a broader toolkit

Taken together, these changes point toward a different leadership profile. Functional expertise remains important. Companies still need exceptional communicators, sophisticated policy experts, and leaders with deep relationships. But the emerging corporate affairs leader needs something broader.

Business fluency: The ability to understand how external developments affect strategy, economics, and growth.
Political judgment: The ability to navigate changing political environments without allowing the company to become defined by them.
Translation: The ability to make complex policy, regulatory and technical issues understandable and relevant.
Stakeholder range: Credibility across policymakers, media, employees, investors, communities, advocacy organizations, and other influential constituencies.
Enterprise integration: The ability to connect functions and stakeholders around a common strategy, regardless of where the boxes sit on the organization chart.
Anticipation: The ability to see around corners and identify where a policy, political or societal issue could become a business or reputation problem.
Executive counsel: The credibility and courage to bring that perspective into the room before consequential decisions are made.

These capabilities are more visible in the senior roles organizations are building. Across sectors, policy considerations are being embedded into business strategy, product, and market decisions; Government Affairs is being connected more directly to growth and license to operate; and Government Affairs and Communications are being asked to work from a common external strategy.

The titles and reporting lines may differ. The direction of travel is aligned.

Corporate Affairs is evolving from managing issues to shaping outcomes

Ultimately, this is a question of talent. Do you have leaders who can look across the full external policy and stakeholder environment, understand how the pieces connect, and translate what they see back to the business?

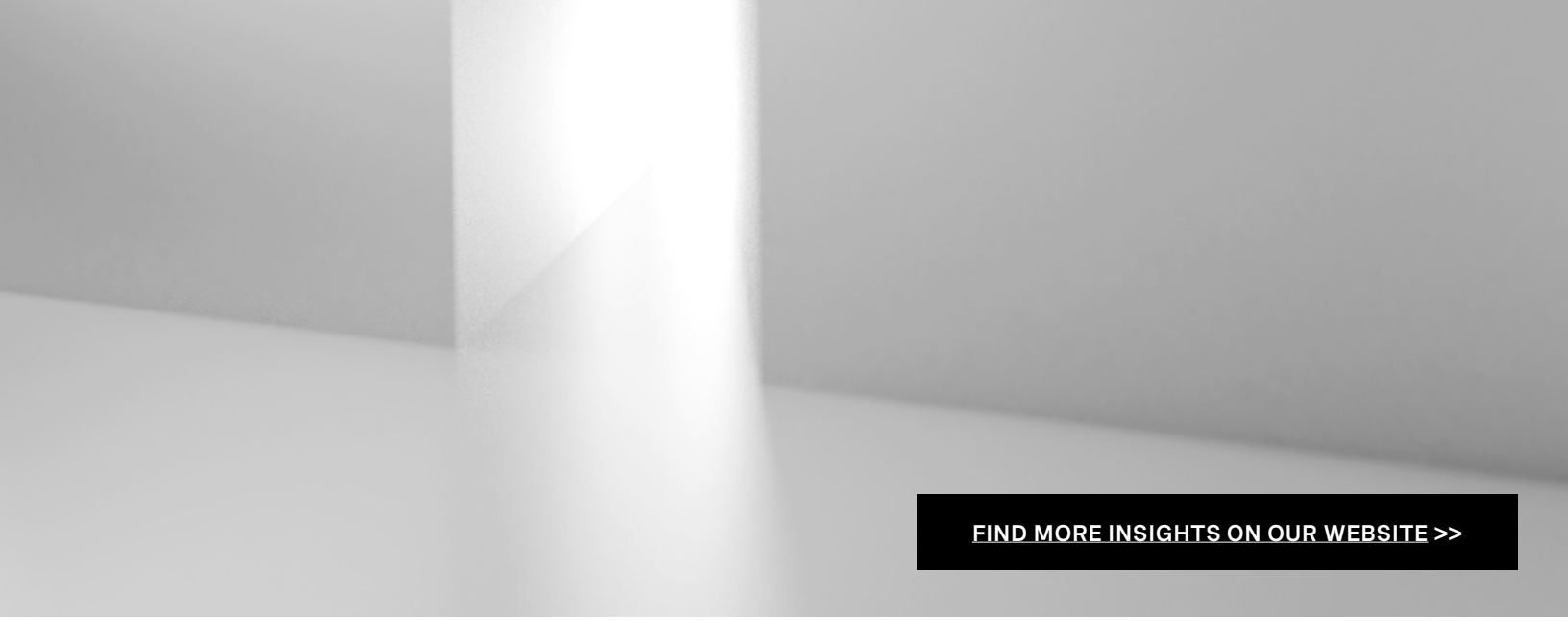
The stakes are increasingly high. Policy can affect reputation. Reputation can affect influence. And together, these forces can shape a company's ability to enter new markets, build infrastructure, attract talent, serve customers and maintain its license to operate.

That requires a broader leadership profile. Deep expertise in communications or government affairs remains valuable, but increasingly it needs to be paired with business understanding, political judgment and experience navigating a wider range of stakeholders. Without that breadth, companies risk missing both emerging threats and opportunities across an increasingly interconnected external environment.

Companies should consider these capabilities not only when hiring senior corporate affairs leaders, but also when developing the next generation of talent. Our Transformational Leadership research underscores the challenge: just 43% of leaders are highly confident in their executive team's ability to drive transformation successfully. CEOs are notably more confident than the leaders around them, with 62% expressing high confidence compared with 40% of other C-suite leaders and 34% of next-generation leaders.

When their roles are structured for success, corporate affairs leaders can serve as the organization's guide to this interconnected environment, bringing together signals across policy, politics, reputation and stakeholders and helping the business determine what they mean for the decisions ahead.





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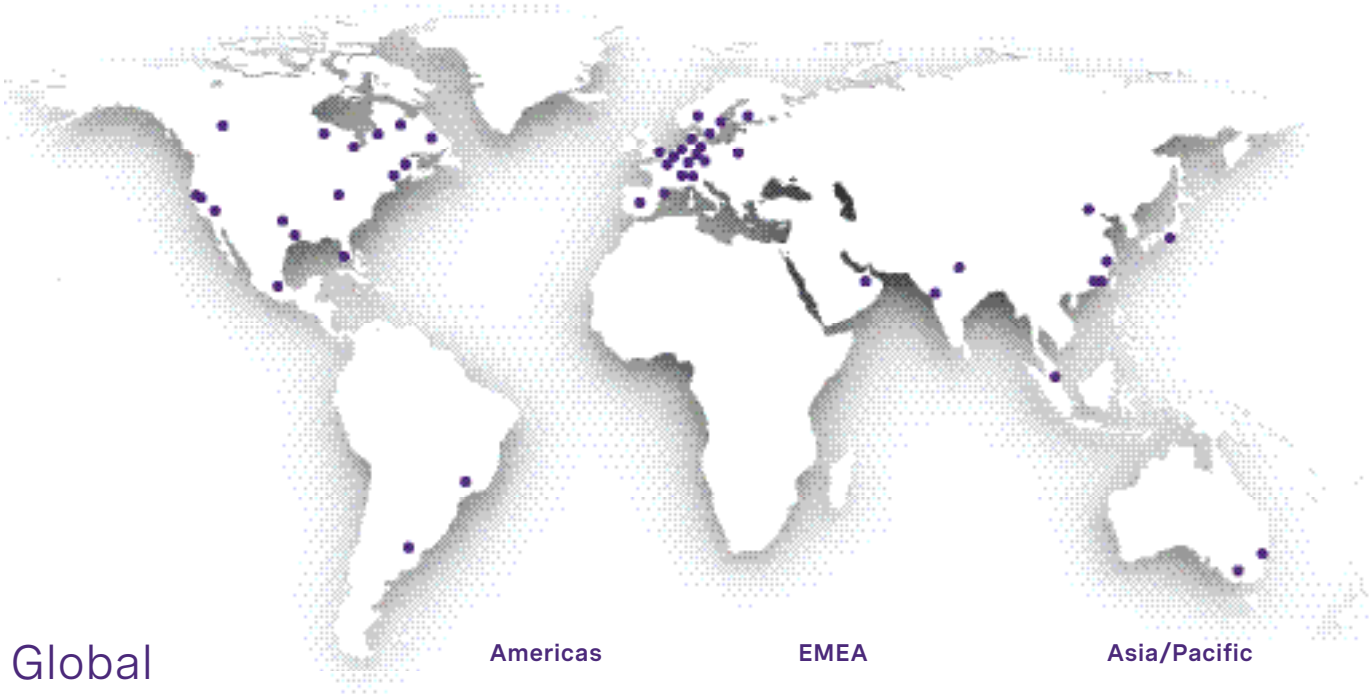
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Russell Reynolds Associates is a global leadership advisory firm. Our 500+ consultants in 47 offices work with public, private, and nonprofit organizations across all industries and regions. We help our clients build teams of transformational leaders who can meet today's challenges and anticipate the digital, economic, sustainability, and political trends that are reshaping the global business environment. From helping boards with their structure, culture, and effectiveness to identifying, assessing and defining the best leadership for organizations, our teams bring their decades of expertise to help clients address their most complex leadership issues. We exist to improve the way the world is led

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