



White Paper

A Blueprint for Building a Successful Political Action Committee (PAC)



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Just as it does in business, an assessment of your political action committee (PAC) controls ensures not only compliance but also efficiency and long-term success. Whether your PAC is brand-new or has been around for a while, it is important to review your structure, policies, and development opportunities on an election-cycle basis. Such a review will not only allow you to become more acquainted with your PAC but also yield immense results.

Let us determine how to take your PAC to the next level. This paper addresses the best way to grow your PAC, moving from an overview of organizational structure to the actual building of your PAC. We hope you will reflect on these key elements for your PAC's foundation and learn some new approaches that will benefit your PAC in future years.

Laying a Secure Foundation

Whether you manage an association or corporate PAC, to be successful the PAC must have a strong organizational structure, capable of administering all facets of its activities. Take a look at the following organizational functions and determine whether you have these in place. If not, what can you do to implement them? Is there room for improvement?

- **Mission and Goals:** The PAC's mission and goals must adequately and succinctly communicate to employees or members why the PAC exists and what it accomplishes on their behalf. The more the PAC's mission and goals are tied to your organization's mission the better.
- **Bylaws:** PAC bylaws, though not legally required, should be adopted and should guide the PAC's basic operations.
- **PAC Board:** A plethora of choices can be made surrounding board structure. For example, consider these: Do you have the right number of members? What are their specific responsibilities? How are they appointed/elected? What are their terms of service? Who will serve as officers? How often do they meet? Do they need more specialized training? Consider a board representing a cross section of PAC-eligible individuals as well as organizational divisions and locations.
- **PAC Officers:** The Federal Election Commission (FEC) requires all PACs to have a treasurer, and that person is personally responsible for the financial

activity of the PAC. In addition to the treasurer, most PACs appoint/elect an assistant treasurer, a chair, and a secretary. It is generally recommended that CEOs and leaders in government affairs departments not serve as PAC chairs. In fact, government affairs representatives should serve ex officio as staff, acting as an important resource to board members.

- **Operating Policies:** The PAC should adopt a firm set of operating policies to best achieve the PAC's mission. Such guidelines should be adhered to uniformly, without regard for "special exceptions." These policies should address such issues as debt retirement contributions, leadership PAC support, and primary versus general election support, among many others.
- **Restricted Class:** Identify who within your organization is eligible to be solicited. Review your association membership records or the company's employee records at least annually. Such administration could yield additional solicitable individuals.

If you have a PAC of any size, having PAC management software can be a huge time-saver in terms of managing your members as well as maintaining prior approval records if required.

- **Corporation:** A corporation may solicit its restricted class at any time. A corporation's restricted class consists of executive and administrative personnel; stockholders; and families of members of the aforementioned groups.
- **Association:** A membership association may solicit its individual members at any time. A trade association must first request prior approval authorization from the key member contacts within its member companies. Prior approvals may be limited in scope and frequency by member companies and may also be provided for multiple years. Consider using PAC management software to monitor, track, and maintain prior approval records.
- **Recommended Contribution Guidelines:** Employees or association members typically seek guidance regarding how much to contribute to their PAC. While all contributions are voluntary and individuals may choose whether to contribute, without fear of reprisal, most appreciate a "recommended contribution guideline." When recommending a guideline, be sure to include the FEC's legal disclaimer that states the PAC's political purpose and the solicitee's right to refuse, without reprisal, to contribute.
- **Candidate Contribution Criteria:** An effective PAC is a good steward of its donors' contributions. Uniform contribution criteria should be adhered to when determining how and to which candidates the PAC's contributions are allocated.

An easy way to manage this process is to set up giving limits that you can easily track and monitor using a PAC management software program.

- **Internal Support:** PACs should have good working relationships with various departments within the organization to assist with operations, including human resources, payroll, membership associations, IT, communications—and even market research.
- **Database:** Maintain a database of eligible individuals with whom you will communicate and whom you will solicit. Include multiple data fields to permit

you to search and target messages to subset populations based on specific criteria such as length of PAC membership, contribution history, prior approval status, current giving method, etc.

A key element for many PAC treasurers is having an easy and automated way to find, communicate, and manage all the PAC members. Your database should include not only information on the “class” of members, but also allow you to easily communicate with your members and learn how they have responded to past solicitations, as well as to track and manage giving levels.

- **Administration:** Federal law requires PACs to file periodic reports with the FEC, disclosing all financial activity. At least two individuals within your organization should be properly trained to submit such filings in a timely manner. Beyond that, solid internal controls and administrative procedures should be put into place. Does your PAC have checks and balances in place to ensure there is no misconduct? Do you have a contingency plan in case there is a vacancy? Do you regularly conduct a PAC audit to ensure your records are accurate?

Building a great PAC is a lot like building a house—without a strong foundation, erecting the structure will prove impossible. A solid and efficient organizational structure gives you the ability to move beyond the administration of the PAC and build a dynamic program involving a significant portion of your eligible base.

Support from the Top

Securing senior leadership support of the PAC is an important step in creating a successful PAC. It is imperative that the top management of the organization understand, support, and participate in the PAC. Furthermore, such leaders must be willing to communicate that support down the line.

If the executives in your organization do not support the PAC, then why should your rank-and-file employees or members do so? A message from those in charge that giving is not a priority will doom your solicitation efforts before they begin. Your leadership needs to embrace the PAC and political giving as key political advocacy tools. A good goal for senior leadership participation in the PAC is 60–80 percent, and it should be greater at the highest level within your organization.

How do you obtain such support? Often leaders understand that the United States Congress and state legislatures across the nation play a direct role in the future of their industry or profession. Still, there are other leaders who fail to accept this reality and the value of a PAC. If this is the case with your organization, you must utilize strategies to change or redirect these attitudes.

Creating an Infrastructure

As a government affairs professional, your political knowledge is far-reaching, but what about that of your contributors? What do they know? Understanding the role of the PAC—how it is run, and how and to whom contributions are given—will give your members confidence that their participation is the right thing. The only way to create a well-educated membership is through effective and frequent communications.

Develop and execute a communications plan prior to any solicitation. Such a plan will demonstrate the need for your PAC program; educate your PAC members about the political landscape and issues facing your organization; outline specific roles both for your organization and for the eligible class; energize support for

political activity; and answer many questions before they are asked. **Such communications clearly outline how the PAC operates and promote transparency—a key ingredient of a successful PAC.**

- **Brochure:** Create an effective PAC brochure and enrollment card that convey a central and compelling message on the importance and value of the PAC program to your organization and your people.
- **Web Site:** A password-protected Web site is a dynamic tool for PACs to communicate with and solicit members of the restricted class. A Web site gives your eligible class the ability to access information about the PAC in real time, receive e-mails via the Web site, and even contribute. The ultimate goal is to get all PAC eligibles to know about the site for additional information and to use it on their own when they want information about the PAC and political developments affecting your organization.

Companies such as Vocus offer advocacy and PAC-contribution Web sites that can provide the online presence you need to reach, educate, enroll and motivate your members.

- **Newsletters:** Utilize venues such as informational articles in your organization’s newsletter or a PAC newsletter you might establish. Don’t limit yourself. Political trivia, crosswords, or even cartoons are innovative ways to educate your eligible base about the PAC and your organization’s political initiatives.
- **Electronic Communications:** Make the most of electronic communications. Using e-mail enables you with the click of a button to educate a broad base. More important, e-mail allows you to target messages to certain subsets of your eligible class.

Find a PAC management product that can support your members’ preferred delivery methods. While many of your members will opt for e-mail notifications—especially if you may have some time-sensitive issues to address—some may only want information mailed to them. The product you select should allow you to easily create a list of members and to send out your personalized communications without taxing your internal e-mail systems or resources.

- **Special meetings and events:** Motivate and educate individuals in your restricted class through special meetings or events featuring political speakers, elected officials, or candidates. This adds a personal touch and is a value-added activity.

These tools are key to communicating your message. Furthermore, your brochure and PAC Web site are centerpieces to your future fund-raising efforts. By opening the doors of communication, you begin to familiarize your members and employees with the PAC and to educate them regarding the dynamics of your program.

Developing Your PAC

You have laid the groundwork to build a successful PAC. Now it is time to develop and implement a strategic plan utilizing a blend of solicitation approaches to grow your PAC. Consider the culture of your organization. Carefully analyze your business environment and what fund-raising approaches will work best.

The following are some “best practices” within the PAC world to raise those hard-to-come by dollars:

- **Peer-to-Peer Solicitations:** Implementing a peer solicitation program has proven to be the most effective solicitation technique for growing political action committees. Such a program trains selected employees or members to serve as PAC liaisons, educating their fellow employees or members about the PAC and then asking them to enroll in the PAC. An effective peer solicitation program will result in higher participation rates and revenues, with increases often over 100 percent. While it does require more financial and human resources, as well as time, it produces significant long-term results.

Such a program could be implemented divisionally and/or geographically to ensure the greatest number of eligibles are included in this effort. Senior leadership should assist you in recruiting the PAC liaisons. Peer solicitations can be targeted in small group or one-on-one settings. Keep in mind that preparing to launch a solid peer-to-peer campaign may take approximately two months, and the campaign typically lasts about six to eight weeks.

Remember to increase your communication with your PAC liaisons throughout your campaign. Consider using e-mail to provide them with key speaking points and techniques as well as to keep them updated on how well the program is running!

- **Large-Group Meetings or Events:** Motivational presentations by outside speakers are an effective and efficient way to promote the PAC among a mass number of members of the restricted class and to get them to join the PAC. Some PACs turn these meetings into special events or rallies and incorporate decorations, door prizes, and other creative gimmicks to generate attendance. Association PACs use large-group special event fund-raisers most effectively at their annual conventions or other membership conferences. Large-group events are a great way to quickly execute a face-to-face solicitation and generate a quick infusion of money for the PAC.
- **Electronic Solicitations:** E-solicitations have become widely used over the past five years as a PAC fund-raising technique. Generally, e-mail communications are sent to members in the restricted class, directing them to a PAC Web site for more information and to enroll online.

Although very efficient and cost-effective, this technique can fail if it is not executed creatively. Sending one e-mail letter to your restricted class won't do it. In addition, organizations that have a "paperless culture" cannot assume the PAC's fund-raising will succeed in an online environment only. E-solicitations can easily produce a response rate under five percent when implemented without creative concepts and themes, targeted messages, and multiple media. Consider using such additional media and techniques to convey your message and supplement the electronic request as direct mail, voice mail, flash e-mail, personal contacts, and contests and prize giveaways.

This is something every PAC management software provider should offer. The ability to easily create branded messages and incorporate action buttons for response will help enhance your program results. The increase in PAC participation and e-solicitations vary widely, but many well-executed campaigns can generate average increases of 20–40 percent.

- **Direct Mail:** New PACs often rely initially on direct mail to generate participation. They quickly discover that this is not the most effective route. Sending a PAC brochure and other communications via direct mail, however, is an excellent way to increase understanding and raise awareness of the

PAC. It should be considered as part of a blend of solicitation techniques used by a PAC.

Sweepstakes or drawings to give away prizes are also frequently used in combination with PAC solicitations to heighten interest in the campaign. If you decide to give away prizes, you must make sure you comply with the FEC's "one-third rule," requiring the PAC to raise three times the value of the prizes. In addition, the contest should comply with all applicable local, state, and federal laws concerning sweepstakes and raffles.

Recognition gifts are an additional way to encourage participation. Such items can be offered to all contributors and especially to those who give at a recommended guideline level or at an incentive club level. Federal election law permits an organization to use its general treasury funds to pay for such gifts, again as long as they do not exceed the "one-third rule."

If you currently have an annual membership drive in place during a certain time period, continue to launch that drive. This creates a pattern of uniformity—an expectation for the annual PAC drive. If applicable, launch a drive that coincides with a bonus or pay increase period.

Finally, promote payroll deduction among your organization's eligible employees. This makes your PAC "evergreen" and ensures that your hard work will pay off for years to come.

Inform Your PAC

Once your solicitation has ended, remember that your work is not done. Members of the PAC should continue to be informed about the PAC's activities, the candidates supported, and important legislative and political developments affecting your organization. Continue your newsletters and communications. Provide your PAC members with an annual report. And lastly, thank your members for their participation and past support. Let your members know their involvement with the PAC is greatly appreciated and that they are making a difference in your organization's ability to succeed within the political arena in order to secure their future!

About Vocus, Inc.

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