



# **THE STARTUP GUIDE TO PUBLIC POLICY**

**STRATEGIC FRAMEWORKS TO  
NAVIGATE REGULATIONS, DRIVE  
GROWTH, AND MAXIMIZE IMPACT**

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# Introduction

Public policy and government engagement efforts vary widely for companies in their early development and growth stages, leaving many founders and investors questioning the timing, value, and appropriate resourcing levels for these initiatives. Recently, [Elemental Impact](#) asked me to share strategies for their portfolio companies considering these same questions across industries, business plans, and competitive landscapes in relation to the ultimate success of their companies.

The advice shared with Elemental Impact is summarized in this paper for broader industry benefit. This document outlines key considerations, including:

- Key factors for determining if public policy engagement should be a top priority.
- Practical steps for maximizing the impact of policy and government relations efforts.
- Best practices for building scalable and data-driven approaches to policy engagement.
- Scenarios to help companies decide when to prioritize - or de-prioritize - government relations.

Whether navigating emerging regulations, seeking to influence policy decisions, or monitoring the regulatory landscape, this guide provides tools and strategies to align government engagement with business goals. By utilizing the insights and frameworks presented here, companies can establish the foundation for navigating regulatory environments and influencing policies that drive growth and further innovation.

## Key Factors for Determining Policy Prioritization

Determining whether public policy should be a top priority requires companies first evaluate the regulatory environment's impact on its core business, including identifying potential policy challenges that may threaten their business model, such as proposed regulations that could affect product adoption, operational costs, market entry, etc. Understanding these risks is pivotal to gauge whether immediate policy engagement is necessary to safeguard or enhance the company's growth trajectory.

In addition to identifying challenges, companies should assess their internal capabilities and resources for engaging in public policy. Factors such as the leadership team's expertise in government relations and any pre-existing relationships with policymakers or advocacy groups can significantly enhance the effectiveness of policy efforts. Companies should also evaluate the availability of resources, including budget and personnel, to ensure that engagement efforts are sustainable and impactful over time. Leadership buy-in and an appetite for advocacy are critical for aligning policy initiatives with broader business objectives.

Another important consideration is the potential competitive advantage that policy engagement can offer. For example, companies may gain access to subsidies, tax incentives, or favorable regulations that give them an edge in the market. Conversely, they should be mindful of competitors who may already be influencing regulations to their advantage, potentially creating barriers to entry or growth.

Companies should consider whether industry advocacy groups can effectively represent their interests. Strong trade associations or coalitions often have established relationships with policymakers and can provide collective lobbying power. For some companies, relying on these groups may be a cost-effective way to influence policy without dedicating significant internal resources. For instance, a renewable energy startup might focus on innovation while leveraging an industry coalition to advocate for favorable energy policies. On the other hand, a cybersecurity startup operating in a highly regulated space may need to prioritize direct policy engagement to shape beneficial regulations. Take the time to understand exactly how your company is and isn't aligned with the messages of these associations.

To guide resource allocation decisions, companies can use a simple framework such as the one below. If policy work is critical - such as when regulations pose an existential threat or represent a major opportunity - hiring policy experts, joining advocacy groups, or engaging consultants is recommended. For companies where policy is a secondary concern, relying on industry groups and monitoring developments may suffice. Finally, if policy work is deemed minimal, resources should remain focused on core business activities like R&D, sales, and scaling operations.

By evaluating these factors, companies can make informed decisions about whether and how to prioritize public policy engagement, ensuring their efforts align with their business goals and growth strategies.

**Table 1: Checklist for Analyzing Policy Priorities**

Yes	No	Consideration
		Does current or proposed regulation affect product adoption, costs, or market entry?
		Are there significant risks to the business model from regulatory changes?
		Is there an opportunity to secure favorable regulations or subsidies?
		Does the leadership team have experience or expertise in public policy?
		Are there existing relationships with policymakers or industry advocates?
		Are competitors engaging in policy advocacy that could put your company at a disadvantage?
		Can policy engagement provide a unique competitive edge (e.g., subsidies, grants)?
		Are there strong industry advocacy groups or coalitions already representing your interests?
		Can these groups handle advocacy effectively, allowing the company to focus elsewhere?
		Can the Company allocate time to industry advocacy groups?

# Organizing Activities for Leadership Teams

Once a determination on policy engagement is made, leadership teams can assess more specific strategies and needs for organizational activities at regional, state, and federal levels. These efforts should be **prioritized, strategic, data-driven, and aligned with the organization's overarching goals**. A structured approach can ensure both foundational elements and tactical actions are addressed effectively.

## Foundational Steps:

### **Develop and Align Mission, Vision, and Values Statements**

Establishing and aligning mission, vision, and values statements collaboratively with the C-Suite is essential. These statements provide clarity and legitimacy to the organization's identity, serving as a foundation for all policy-related discussions. This matters because policymakers and regulators are more likely to engage with organizations that can quickly and clearly articulate their purpose and goals. Thoughtful and impactful statements also align internal stakeholders, ensuring everyone operates within a shared framework.

For example, a renewable energy startup could emphasize its commitment to reducing carbon emissions, aligning its advocacy efforts with state or federal environmental goals.

Moreover, thoughtful mission, vision, and values statements guide the creation of clear objectives that contextualize specific and measurable policy outcomes. They ensure engagement efforts remain focused and avoid distractions, enabling the organization to target policy issues effectively.

### **Set Clear Objectives for Policy or Government Engagement**

Leadership teams should identify specific policy or regulatory objectives that align with the company's mission and long-term strategic goals. As an example, an objective could be influencing tax incentives to reduce operational costs or advocating for regulations that support market expansion. Ensure objectives are tied to tangible milestones to measure progress and success.

## Tactical Actions:

### **Build Strategic Alliances and Join Trade Associations**

Identifying strategic alliances or partnerships and joining industry trade associations that can further business objectives and create policy issue awareness is one of the most cost-effective ways to amplify the company's voice in public policy. Associations often

have established relationships with policymakers and can provide additional insights and advocacy abilities.

Participating member companies benefit but should consider the time commitments involved - you get out what you put in - and the association meeting schedules can be time intensive. Hiring consultants like [Kalorama Strategies](#) expands capabilities without the overhead of full-time staff, allowing companies to scale advocacy efforts as needed.

### **Track Regulatory Developments**

Understanding the regulatory landscape helps companies anticipate challenges, seize opportunities, and engage proactively in shaping policy. Companies should identify key regulations or policies - whether already in effect or in development - that directly impact their business, and track them to improve understanding and support better decision-making.

Early-stage companies can use simple tools like Microsoft Excel to track issues amongst the various states they operate in, while more advanced options like [POLITICO Pro](#), [Quorum](#) or [FiscalNote](#) can provide deeper insights for larger teams spread across more territory. Assign at least one team member to monitor and report on policy and regulatory developments, coordinate internally, and report back actionable insights to leadership.

### **Invest in Data Tracking and Reporting**

Supporting stakeholders involved in government relations with relevant data and real-world examples builds trust and credibility with policymakers. For example, sharing metrics on how proposed legislation would benefit local communities or reduce costs for constituents strengthens advocacy efforts.

By tracking and sharing this information, companies build the relationships and rapport needed to influence policy, while maintaining alignment with broader business goals.

It is recommended that companies start with basic tracking and scale as the company grows, integrating specialized software when policy engagement becomes critical.

### **Leverage External Resources**

External resources such as government relations consultants, legal advisors, or lobbyists can provide specialized expertise and reduce internal workload. Joining industry associations and tracking legislation will take a company only so far in understanding the environment in which they are operating. Specialists can target specific needs, such as interpreting legislative impacts, drafting company comments for the record, summarizing proceedings or dockets, navigating a major policy shift, advocating for favorable legislation, etc.

# Maximizing the Return On Investment Through Strategic Policy Engagement

Understanding the return on investment (ROI) of policy engagement is important for companies to align advocacy efforts with business goals and justify resource allocation. Policy engagement is a strategic investment that can deliver measurable outcomes, including securing grants, reducing costs, expanding market access, and mitigating risks. By tying these efforts directly to business objectives, companies maximize impact and demonstrate value to stakeholders.

Key metrics for evaluating policy engagement ROI include financial benefits, such as grants or subsidies that offset costs, and policy influence, which can create favorable regulations or reduce barriers to market entry. Building relationships with policymakers enhances credibility and can open doors to opportunities like government contracts. Market access is another key benefit, as advocacy can expedite regulatory approvals and provide a competitive edge. Additionally, early policy engagement can help avoid compliance risks, fines, or operational challenges.

Companies can quantify ROI using a simple formula:

$$ROI = \frac{\text{Net Benefits (Total Benefits - Total Costs)}}{\text{Total Costs}} \times 100$$

For example, securing \$500,000 in grants with \$150,000 in engagement costs yields an ROI of 233%. This highlights the tangible financial benefits of effective policy strategies.

To integrate ROI into decision-making, companies can report metrics tied to policy outcomes, such as market expansion or cost savings, while considering qualitative benefits like strengthened relationships. By focusing on measurable and strategic outcomes, companies can ensure their policy efforts are impactful and aligned with growth objectives.

**Table 2: Considerations for Calculating ROI**

Category	Metrics
Financial Benefits	Grants secured, subsidies received, tax savings
Policy Influence	Number of policies impacted or proposals adopted
Relationship Building	Meetings with policymakers, partnerships formed
Market Access	Revenue growth from new market entry
Cost Avoidance	Fines avoided, reduced compliance costs

# Timing and Best Practices for Building and Managing a Government Relations Team in companies

Each startup's approach to government relations is unique, shaped by its stage of growth, industry, and strategic objectives. There is no one-size-fits-all solution, but a phased approach can help companies develop an effective and scalable government relations strategy that aligns with their evolving needs.

## Seed Stage - Building Awareness of Policy Impacts

At the seed stage, companies should focus on developing a foundational understanding of how policy impacts their business. Founders and the C-Suite should monitor relevant legislative or regulatory developments and react to opportunities, such as federal funding initiatives like the Inflation Reduction Act. At this stage, government relations efforts should remain light, with a focus on understanding the landscape rather than dedicating significant resources. Key objectives might include:

- Raise awareness within the leadership team about potential policy risks and opportunities.
- Monitor policy developments that could affect the startup's business model or growth trajectory.
- Begin building a network of industry contacts who can provide insights on regulatory trends.

## Series A - Internal Coordination and Policy Tracking

As companies grow, their exposure to policy risks and opportunities generally increases. During Series A, companies should begin embedding policy awareness into their operations and implementing basic tracking systems to monitor developments. At this stage, companies may consider engaging part-time consultants or external advisors to support government relations efforts without adding full-time overhead. Key objectives might include:

- Assign a single point of contact within the organization to coordinate policy tracking and engagement efforts.
- Use simple tools, such as Excel or low-cost tracking software, to monitor relevant legislative and regulatory activities.
- Begin forming cross-functional teams to align policy efforts with broader business goals, ensuring collaboration between departments such as product, sales, and operations.
- Participate in industry associations or coalitions for cost-effective advocacy and insights.

## Series B and Beyond - Full-Scale Policy Strategy Development



For Series B companies and beyond, government relations should become a strategic priority, particularly if the company operates in a regulated industry or faces legislative challenges. Key objectives might include:

- Hire a dedicated government relations professional or team to coordinate advocacy efforts and provide regular updates to leadership.
- Develop formal policy positions in collaboration with relevant stakeholders across the organization.
- Implement regular policy meetings and establish processes for cross-departmental coordination.
- Invest in advanced policy tracking tools, such as Quorum, FiscalNote, or POLITICO Pro, to deepen insights into regulatory trends.
- Engage third-party resources, such as lobbyists, legal advisors, or consultants, to amplify efforts and provide specialized expertise.

## Best Practices for All Phases

### **Cross-Functional Coordination**

Government relations is inherently a cross-functional role. Establishing clear procedures, forming cross-departmental teams, and using collaboration tools help establish and ensure alignment.

### **Engaging Third-Party Resources**

Companies should leverage external resources strategically to supplement internal capabilities. Legal advisors, lobbyists, and consultants can offer tailored support, especially for companies with limited in-house capacity.

### **Budgeting and KPIs**

Policy engagement can be resource-intensive. Establish clear objectives, allocate resources strategically, and set measurable key performance indicators (KPIs) to track the effectiveness of government relations efforts.

### **Executive Alignment**

Ensure executive leadership supports and prioritizes government relations activities. Leadership buy-in is critical for aligning external engagements with business goals and empowering staff to provide input, such as real-world case studies and metrics that influence policy decisions.

# When Companies Should Prioritize Public Policy Engagement

Startups should engage in public policy when it directly impacts their business model, growth, or competitive positioning. Strategic, early engagement can help navigate challenges, capitalize on opportunities, and secure long-term advantages.

## Policy Engagement Scenarios

- **Substantial Policy Challenges**  
If regulatory risks threaten product adoption, increase costs, or disrupt operations, companies at all stages should act early. Proactive engagement can help shape outcomes and protect the business model.
- **Regulated Industries**  
In dynamic and heavily regulated sectors like fintech or biotech, understanding and influencing policy is critical to ensuring compliance, avoiding barriers, and shaping favorable regulations.
- **Scaling Operations**  
Startups reaching significant revenue thresholds or expanding into new markets often face increased regulatory attention. Government and policy engagement ensures smooth scaling and prevents potential roadblocks.
- **Securing Competitive Advantages**  
Policy advocacy can help startups access subsidies, tax incentives, or support for innovative technologies, creating an edge over competitors. For example, renewable energy startups might position themselves to benefit from state incentives or federal programs originating from legislation like the Inflation Reduction Act.

## Leveraging Expertise for Early Impact

Startups with leaders or advisors experienced in public policy and connected to regulators can benefit from early engagement. These relationships enhance advocacy efforts, elevate brand recognition, and create opportunities, such as improving local services or reducing costs in ways that benefit elected officials' constituencies.

## Strategic Examples

- **Renewable Energy:** Securing subsidies or advocating for state energy policies to accelerate growth.

- **Fintech:** Influencing open banking regulations to lower market entry barriers.
- **Biotech:** Working with the FDA to streamline approval processes for faster market entry.

## When Public Policy Engagement is Not a Priority for Companies

Startups may not need to prioritize public policy engagement when regulatory risks are low, and external advocacy groups effectively represent their interests. In such cases, startups can focus resources on core business activities like product development, scaling operations, and market expansion, without the added expense and complexity of building a government relations function.

### Scenarios Where Policy Engagement Is Less Critical

- **Minimal Policy Headwinds**  
If the regulatory environment presents no significant risks or opportunities that could impact the startup's operations, direct policy engagement may not be necessary.
- **Strong Industry Representation**  
When industry groups or coalitions effectively advocate for the startup's interests, companies can rely on their collective lobbying power and expertise. These groups often have established relationships with policymakers, enabling startups to benefit without diverting internal resources.
- **Stable Regulatory Environment**  
In sectors with a stable regulatory landscape where changes are unlikely to impact operations significantly, startups can deprioritize policy engagement while remaining informed of potential developments.

### Preparing for Sudden Regulatory Shifts

Even when public policy engagement is not a priority, startups should take proactive steps to prepare for unexpected regulatory changes:

- **Monitor Key Policies:** Maintain a basic awareness of relevant regulations through low-cost tools or industry newsletters. This ensures the company can quickly identify and react to emerging risks or opportunities.
- **Leverage Industry Groups:** Participate in trade association meetings or working groups to stay informed about advocacy efforts and upcoming policy changes.
- **Develop Internal Awareness:** Assign a team member to periodically review regulatory updates and flag potential issues, ensuring the leadership team remains informed.

- **Scenario Planning:** Outline potential responses to sudden policy shifts, such as reallocating resources or engaging external consultants. For example, a fintech startup operating in a stable environment might prepare a contingency plan for handling proposed changes to financial regulations.
- **Build Relationships in Advance:** Cultivate connections with policymakers or external advisors even when engagement isn't critical. These relationships can be valuable for addressing future challenges quickly.

In conclusion, government affairs and public policy engagement can be a powerful tool for companies, but its importance depends on the company's stage, industry, and regulatory environment. Startups should assess when policy engagement becomes critical, focusing on substantial regulatory challenges, scaling operations, or opportunities for competitive advantages like subsidies or incentives.

For industries with heavy regulation or dynamic policy landscapes, early engagement can yield significant benefits, ensuring startups are well-positioned to navigate challenges and capitalize on opportunities. However, for startups operating in stable regulatory environments or with strong industry advocacy, deprioritizing policy efforts can free resources for core business activities while maintaining readiness for sudden shifts.

To maximize the impact of policy efforts, startups should adopt a scalable, data-driven approach that evolves with their growth. Leveraging external resources, such as consultants or industry associations, ensures cost-effective and strategic engagement. By aligning policy efforts with broader company goals, startups can influence the regulatory landscape while driving sustainable business growth.