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BUSINESS & LOBBYING

Lobbying firms branch out to conquer new territory

By [*Jim Snyder*](#)

While lobbying remains its bread and butter, K Street has tinkered with its traditional business model in recent years.

Some shops that focus on advocacy are building on-the-side “federal marketing” practices that pitch their clients’ products to federal contracting officers. Others provide “political intelligence” to investors, tipping off Wall Street about the prospects for market-moving legislation.

Still others work with public-relations firms or develop their own “strategic communications” team to help back up their Hill connections with grassroots support. Some do all three, and more.

“There are some things that lobbying firms ... don’t traditionally do that firms have gotten more into because (a) there is the opportunity and (b) they like to make money,” said Gregg Hartley, the vice chairman and chief operating officer of Cassidy & Associates.

Examples abound of how lobbying firms are branching out to related but different business areas as a way to attract more clients and revenue, even though their straight lobbying business may be booming.

Patton Boggs, a lobbying and legal powerhouse, is one recent case in point. The firm announced this month the start of a new risk-management practice to help corporate clients understand the potential pitfalls in Washington that may await a planned merger or acquisition.

“We’ve been providing this type of help to clients for some time without giving it a name,” said Stuart Pape, the firm’s managing partner.

The name is now the “Transactional Risk Assessment Specialty.” It is billed as a “rapid-response team” of lobbyists, lawyers and former government officials who will jointly help clients understand and smooth any obstacles that may arise inside the Beltway.

Patton Boggs's recent work for the Chinese government may be Exhibit A in how companies can be thwarted by congressional meddling.

The government-owned China National Offshore Oil Corp., or CNOOC, had offered to purchase U.S.-based Unocal for \$2 billion more than another American company, Chevron Texaco. CNOOC backed off after Congress threatened to delay a review of the potential deal.

Pape said the new practice wasn't started as a response to that case, or client. He added, however, that CNOOC's case was one example of how business transactions attract congressional interest.

"There are a lot of transactions that will have a public-policy component," Pape said.

The new practice is a marriage of Patton Boggs's two principal businesses: lobbying and legal representation. But lobbying shops that don't provide legal services are also diversifying.

Quinn Gillespie & Associates, for example, recently started a communications practice to offer clients PR advice in addition to traditional government relations.

QGA Communications, as the new division is called, focuses on assembling coalitions among its clients and outside groups.

Terry Holt, the former spokesman for Bush-Cheney 2004 who was brought on to head the new practice, told *The Hill* in July, "It's not just about press relations and radio actualities; it's about forming alliances with other groups with similar interests."

It also provides "spokesperson training" and preps clients for hearings, according to the firm website.

Cassidy & Associates started a communications practice a year earlier at the request of clients, Hartley said. So Aimee Steel, a spokeswoman for Cassidy, is also a spokesperson for the Club for Growth.

Both Quinn Gillespie and Cassidy started communications practices even though they are owned by larger media conglomerates that either do public relations themselves or own subsidiaries in that field.

But Hartley said some clients wanted to use an in-house communications team.

For most firms, "other than lobbying" revenues don't approach the levels that their traditional advocacy business brings in.

Cassidy & Associates reported lobbying revenue of \$13.88 million for

the first six months of the year. It made nearly \$250,000 from its communications business and \$104,000 from federal marketing.

An additional \$690,000 came from consulting and other services for foreign governments and other clients that fall outside the reporting requirements of the Lobbying Disclosure Act (LDA).

“Clients by and large are much more specific about what they want to buy from a lobbying firm,” said Hartley, who is a former chief of staff to House Majority Whip Roy Blunt (R-Mo.).

Other firms have built a practice around what was once perceived as a niche market.

Jefferson Consulting Group lobbies, but its main business focus has been on federal marketing. The practice matches client products with federal-agency needs.

Business is booming, according to firm founder Julie Susman. The firm has added 10 employees, for a total of 45, in the past two years, and Susman expects revenues to grow as much as 30 percent this year. She does not disclose the revenues that fall outside of the LDA reports.

“I’ve had more new clients in last few months than we’ve had in the last three years,” Susman said.

Hurricane Katrina could add even more business. The Federal Emergency Management Agency (FEMA) is buying water-filtration kits from one client, Hydration Technology Inc.

Jefferson had already won a \$6 million appropriation earmark in the Army’s budget and had pitched its product for disaster response. The kits, which look like IV bags, make bad water potable, and add electrolytes to help fight diseases such as dysentery.

“FEMA called us the day of the disaster,” Susman said. “They remembered us because we had been talking to them about it.”

Another client, LexisNexis, is working with the FBI to develop a public database to help authenticate the identity of people displaced by the hurricane.