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# Wielding Influence: How Scotts Miracle-Gro Got It Right With Super PAC Donation

In June, [Scotts Miracle-Gro](#) contributed \$200,000.00 to the Restore Our Future super PAC supporting GOP presidential candidate Mitt Romney.

*Jim Hagedorn*

Corporate executive giving to super PACs isn't news, but it is news when a consumer goods company with a prominent brand does so with corporate treasury dollars; most corporate donations to super PACs are from privately held entities.

My understanding is that thus far, they have not witnessed angry citizens storming their offices with pitchforks and torches. They have had some negative feedback, but where is the national outrage? What did they do right that [Target](#), [when they gave corporate money to a super PAC](#), and suffered enormous antagonism, didn't do?

There has been much written about the offense taken by gay marriage supporters to the Target donation, and that's been hashed over enough, so I'm not going there. There's a bigger issue here that has lessons for any executive thinking about increasing their corporate political engagement, especially as it relates to political contributions.

**1. Bi-Partisan Credibility** – About four years ago, Scotts saw more activity at the state level regarding water quality and quantity issues. They were faced with legislative proposals that would have mandated lawn fertilizer ingredients. They realized that most legislators didn't know that the company had already addressed the concerns by changing their fertilizer to eliminate phosphorus, which was at the heart of many of the proposed regulations.

They accelerated their involvement in the issues by building up their Government Relations shop and partnered with NGO's on consumer education campaigns. None of that is extraordinary, but since then they have jumped skillfully into the "Graduate School" of political involvement via non-traditional candidate endorsements and super PAC contributions.

In 2010 Scotts Miracle-Gro's Chairman and CEO James Hagedorn taped a [campaign commercial](#) for then – Democrat Governor of Ohio Ted Strickland. That was a very public endorsement of a candidate who most businesses in Ohio were not terribly fond of compared to the eventual winner and current Governor, Republican John Kasich.

Doing something so different from the rest of the business community gives Hagedorn enormous credibility—as he stated in the pro-Strickland commercial: "Why would Jim Hagedorn, a Republican, support Ted Strickland? Because he has shown a commitment to our business."

Scotts received a \$116,210 tax credit from the Strickland administration to help with a \$1.4 million project in Marysville. The Strickland campaign said the money helped Scotts create 33 new jobs and retain 303 more. We know from the scientific literature that being unbiased is big driver of trust, which drives credibility. This very public behavior is a perfect example.

Another example is Scott's Political Action Committee (PAC), comprised of employee donations. It has a history of contributing to Democrats and Republicans. In 2010, their PAC contributed \$10,000.00 to Democrat Congresswoman Marcy Kaptur, \$5,000.00 to Democrat U.S. Senator Sherrod Brown, and over \$13,000.00 to then-Democrat Governor Ted Strickland. As long as a company can defend the

contributions with crisp criteria, employees generally understand and support this type of involvement.

**2. The “Light of Day” Factor** – Hagedorn plainly communicated in a letter why Scotts choose this path:

*“Business leaders have to make decisions based on what they believe is best for their shareholders and associates. We have a history of supporting candidates and causes we believe will help strengthen our business. The decision to contribute to Restore Our Future was no different, and I felt the contribution should be made in the light of day. . . . Although some will disagree with the position we’ve taken, everyone can agree that we all have a duty to learn about the important issues facing our great country and participate in the political process.”*

The “light of day” comment is what gives Scotts even more credibility. While not everyone adores super PACs, most people respect leaders who don’t obfuscate the reasons for controversial decisions.

He used the right language by referring to business *leaders*, as well. . . too many executives are nervous and squishy when it comes to supporting those who promote policies that actually help their companies. Leaders actually lead.

### **3. Company Culture of Employee**

**Allegiance** – Target is known as one of the most philanthropic companies on the planet. It donates around 5 percent of its pre-tax operating profit to charity and gives \$3 million a week to the communities in which it operates. The \$150,000.00 Target gave to Minnesota Forward, a super PAC that supports pro-business candidates in statewide races, was decimal dust in comparison. They were boycotted, received surly national publicity, and had activists demonstrating outside their stores. Ostensibly, Target also wanted their super PAC contribution to go to candidates who support politics that benefit employees and shareholders. So why the

backlash, when Scotts, also a consumer goods company, has not experienced the same degree of backlash?

I noted a difference when I read the fine print about the Target backlash. Company representatives said that they had to explain not just to disgruntled protestors, but to *company employees* about their political giving rationale. That's a problem. If your own employees don't understand why and how you engage in the legislative and political processes, you may have "communicated" but you have not persuaded. You have to earn employee allegiance; just because they get a paycheck doesn't mean they agree with your legislative initiatives. Further, if you don't have employee allegiance, they can't defend against your opponents—you have no ground troops.

Scotts Miracle-Gro facilitates company leadership and employee involvement by sending biweekly updates to over 200 team leaders that not only cover the status of issues, but also highlight the results of meetings with elected and appointed officials on issues of interest to the business, as well as meetings with outside partnership activities like the Alliance for the Great lakes and the Nation Association of Conservation Districts.

### **The Bottom Line**

**Bottom Line #1** – Anything a company does in the legislative and political arenas should derive from what is best for shareholders and employees. Any company PAC candidate contribution, super PAC donation, issue advertisement, grassroots campaign, lobbyist testimony, or legislator meetings have to be generated from the ROI. You have to justify why you are using energy, oxygen and time on the issue, and your employees have to understand why.

When I ask a client why they prioritize a certain legislative issue and the ROI doesn't roll off their tongue, I start drawing white chalk lines around those involvement efforts. Hagedorn gets this, and his support of lawmakers who help his shareholders is a solid rationale.

**Bottom Line #2** – If your corporation decides to get in the Super PAC game, quit apologizing and use it as a “learning moment” for your various stakeholders.

In the closing paragraph of his letter explaining the donation, Hagedorn states:

“ . . . everyone can agree that we all have a duty to learn about the important issues facing our great country and participate in the political process.”

Maybe this is why the donation was made “in the light of day”; it will force many to learn more about those issues and examine why Scotts Miracle-Gro is in this game. When people learn of corporate super PAC donations, instead of viewing them as a tool of the anti-Christ, they should think instead why a company makes that decision—use a little bit of critical thinking. When they, as Hagedorn says, “learn about the issues,” they just might learn something about why business participates in politics.

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