Reining in the Bulls with Michael Marx
Interview with Phil Mattera of Good Jobs First
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Name: Phil Mattera
Current Title: Violation Tracker Project Director
Current Organization: Good Jobs First

Summary: Research plays a vital role in corporate campaigns. Phil provides some background on how research evolved from focusing on the company in general to focusing on CEOs and the Boards of Directors, and the companies that "interlock" with the target company. He also discusses companies' institutional relationships with shareholders, creditors, insurers, retail distributors, and provides guidance on how to identify these connections through various sources such as the Annual 10-K and various organizations that track these connections. He also discusses the non-profit and political relationships that CEOs will have and how to identify and utilize them in a campaign. He has developed the Dirt Diggers Digest which is a comprehensive list with links to various research sources on different aspects of companies and their executives.

00:00 Michael Marx:
Phil Mattera, thanks for being available for this interview.

00:07 Phil Mattera:
Sure. Happy to be with you.

00:10 MM:
So, you are with Good Jobs First. Could you give us just a little bit of background and your role at Good Jobs First? And particularly, what is it that brought you into this research role?

00:26 PM:
Well, to go back to the beginning, early in my career, I was a journalist, actually a business journalist. And, I was working at Fortune magazine, and I was assigned to work on a story about corporate misconduct, which was an unusual thing for Fortune magazine to pay attention to. But they basically wanted to show that misconduct was not a problem at large companies. And they made the mistake of assigning me as the researcher on this story. And I was very motivated to prove a different hypothesis that large companies, in fact, were responsible for a lot of misconduct.

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So I went and put together a long list. It was even with the kind of narrow parameters that they wanted me to use. I put together a long list of cases involving Fortune 500 companies. And to their credit, they published the story. But some of their advertisers and readers were not too happy about it. But anyway this gave me what turned out to be a kind of a lifelong interest in documenting corporate misconduct and to use that along with other research skills to help groups that were trying to make large corporations more accountable. So, eventually, I left Fortune and then went to work for this guy, Ray Rogers, who has got credited with inventing the term 'corporate campaign,' at least in the labor context. And I was his research director at Corporate Campaign Inc. And I did that for ten years and that was in New York. Eventually, I moved to DC and was hired to run a small corporate research outfit that was set up by some community organizing networks around the country that were dealing with companies on a variety of issues, including consumer protection issues, environmental issues, etcetera.

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So I was doing that, and that organization was not well funded. And I didn't do a good job at fundraising. But I found that I was coming into contact with this guy, Greg Leroy, who had just founded this organization called Good Jobs First to work on a particular aspect of corporate accountability. That is the way in which large companies get these big tax breaks and other financial assistance from state and local governments. And he set up Good Jobs First as a watchdog group to work on that issue.

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And we decided that my little corporate research project would merge into Good Jobs First and still maintain the name. So the corporate research project is now part of Good Jobs First, and it's been that way for twenty years. And I've been combining research on subsidies with research on other kinds of research, particularly research on corporate misconduct. So that original project that I did at Fortune eventually became Violation Tracker, which is the database that we created in 2010, to be a kind of a one-stop shop for finding information about corporate regulatory violations and other kinds of misconduct.

04:52 MM:
One of the assignments I know that you get over the course of your employment has been just to do more research on a company, not just about its violations, but about the company in general. I want to ask you about that because I think as we both know, that's so important. Once you've identified, as an NGO, what the company is that you want to change its behavior, understanding who that company is and what the inroads are for changing its behavior can be so critical. When you're researching a company on behalf of a corporate campaign, what aspects of the company are you most interested in learning about?

05:35 PM:
It's usually research to figure out the kind of network of support that the company depends on and how the campaign can try to insert itself into those relationships in such a way that the company may decide that it's to their advantage to resolve the issue with the campaign

because that interference is causing them too much aggravation. In fact, the first corporate campaign, at least in the labor sphere, was the one Ray Rogers built (before I joined his group) to aid the JP Stevens organizing campaign. JP Stevens was a textile company with operations in the South, and the unions were trying to organize the workers there who were not well paid or well treated. And they had strikes that got nowhere. What Ray did was to come in and say, alright, let's not focus on the company. Let's focus particularly on the board of directors. Who's on the board of directors? What are called the interlocks, the companies that are represented on the board of directors, particularly the financial institutions. And he focused on the banks and the insurance companies that were represented on that board.

07:17 PM:
And he decided to start putting pressure first on the directors to say to them, look, how can you possibly support these labor practices? Of course, the directors would not dissociate themselves from those practices because they, in a sense, had rubber stamped them. So then he started going after the companies that they represented, the banks and the insurance companies. And he did things, for example, to research which of those banks and insurance companies were doing business with labor unions. Because unions use banks, and some of these insurance companies were asset managers, and they were actually providing investment advisory services to unions. So he then got a number of unions to either threaten or actually pull their business from these financial institutions. And that got the attention of JP Stevens. And, eventually, they softened their position. They didn't cave entirely, but they were less intransigent, and the union eventually got a foothold in the company.

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So that's one of the things you'll always want to look at, the connections between your target company and other companies through these interlocks. And, it's not that difficult to find this information. You can find it in the company's annual report or in the proxy statement that they file with the Securities and Exchange Commission.

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So, that's one kind of relationship that campaigns will try to intervene in. And another is the relationship between the company and its shareholders. Particularly its large institutional shareholders. And, there's been efforts for many years, not only by unions, but by religious groups, for example, the Interfaith Center on Corporate Responsibility, by other advocacy groups like As You Sow to try to mobilize shareholders to try to put pressure on companies to change their practices. It's often done through shareholder resolutions, which can be effective, although they do have limitations.

10:10 PM:
But that's another kind of relationship that campaigns will try to involve themselves in. In terms of how to research that, there's some limited information in the proxy statements I mentioned before, showing you any shareholders that own 5% or more of the company. It's also possible to get a more detailed list of institutional shareholders through other SEC documents that each of the institutions have to file. But then there are services which compile that information. So

for example, there's a company called Vickers, which puts together all that information and allows you to plug in the name of a company and get a list of all their institutional shareholders and how many shares they have, and most importantly, whether they have voting authority over the shares. Because if they do, they can exercise more influence over the company than those institutions which don't have voting authority. Another category of the relationship would be the creditors and, either the banks or other forms of creditors that are providing capital to the company. And particularly if it's a company that's dependent on borrowing, questioning that relationship or putting pressure on that relationship can be effective. There's a lot of work in the climate campaigns now to get banks to stop lending to fossil fuel companies and etcetera.

12:19 PM:
So there's some success in that area. In terms of how to research that, there's some information for publicly traded companies in the US and their 10K filings on the creditors, particularly if they have revolving loan agreements with banks, that is documented there. There are also commercial services like LoanConnector, which document lending relationships.

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Another relationship is with the insurers. And, again, this is something that's being used in the climate area now that pressure is being put on insurance companies to pay more attention to the potential liabilities that companies face from being involved in fossil fuels and other greenhouse gas intensive activities. So, again, if you can put pressure on the insurers and either get them not to insure certain activities or to modify their rates so that they're reflecting the full potential liabilities, that is another area. Then, of course, there's the relationship with customers. Particularly if it's a consumer products company, that's one of the oldest kinds of relationships that campaigns try to interfere with, through consumer boycotts.

14:24 PM:
Consumer boycotts are difficult to pull off with large national international companies, but often more targeted boycotts can be effective. So those are some of the kinds of institutional relationships. Then there are the kind of relationships that either the company or the top executives may have with things like charities. And, of course, corporate executives, companies like to present themselves as being philanthropic and having social conscience and all of that. So, interfering with that, now it's a little tricky because sometimes you're asking nonprofits to give up funding sources. But in extreme cases, it can work. Probably the leading example of this is with Purdue Pharma and the Sacklers where the campaign's kind of protesting that company's improper marketing of OxyContin, reached the point where the Sackler family that controlled the company became toxic, and a number of museums had to stop taking money from them or even give back money. That hard to achieve but it can happen.

16:13 PM:
In some cases, those relationships are well known. But there are sources like the Corporate Giving Directory you can use when dealing with a lower profile company. You can go there and get information on its corporate giving practices. The Foundation Center has databases on

grants given by, not just regular foundations, but also private foundations, including family foundations and company foundations. So you can find out about those connections and make an issue about that. Then there's also political connections, campaign contributions. Pointing out the relationships between target companies and politicians can be very effective in putting pressure on the politicians, particularly if it's a very controversial company, that can be an effective thing. All the work that was done with the Koch brothers and Koch Industries and their support of right-wing groups, didn't necessarily get Koch Industries to change its stripes, but it did help mobilize support against some of the things that they were doing. Campaign finance information is not that difficult to track down. There are websites like Open Secrets that document that. They take information from the federal election commission and make it easier to access. They also have information on lobbying activities by corporations.

18:37 PM:
So that's another thing that you will typically do in campaigns. And then sometimes there are cases where you want to target or put pressure on an individual corporate executive, probably the CEO or another one. There are various issues and research approaches to use there. One of the main ones is executive compensation. Pointing out how the top executives at a company that's involved in questionable practices is paying lavish sums to the CEO–that's a common tactic. And that information is readily available in the proxy statements that at least publicly traded companies have to file each year. And you can find out down to the last dollar how much the top five executives in the company are receiving in salaries and bonuses and stock options and perks and etcetera, etcetera. It goes into quite amazing detail. Of course, this information, like most sources, is not meant to benefit campaigners. It is meant to help investors. But as long as things are publicly available, campaigners can take advantage of them. So, those are some of the issues and relationships.

20:47 PM:
And as I mentioned, one of the things that campaigns will typically do is to look at the company's compliance track record. It used to be that you had to search many sources for that. But since my colleagues and I created Violation Tracker, we bring together information from now about 400 different federal, state, and local regulatory agencies. And these are on environmental issues, employment issues, consumer protection issues, bribery, price fixing, all kinds of things. And we bring it all together.

21:34 PM:
We match companies named in the individual entries to their corporate parents so that you can actually see all of the forms of misconduct that the company has been involved in across its different divisions and units and subsidiaries and see what the total penalties are that they have racked up. Then there are other databases that are compiling information. At Good Jobs First, we also have a database called Subsidy Tracker where we collect all the data on the financial assistance that companies are receiving, again, from federal, state, and local government agencies. And some campaigns will make an issue of that, a company that's involved in improper behavior is being supported by taxpayers.

22:35 PM:
Then there are other groups that do things on greenhouse gas emissions. Groups like Global Energy Monitor, or Greenhouse 100, compile that information on emissions so you can see what the total emissions are for companies that make an issue of that in the campaign. So, there really is kind of a wealth of information out there. And what I've been trying to do in recent years and when I started out, a lot of this information was not so readily available. You'd have to go to the library more. You'd have to go to the courthouse more.

23:24 PM:
Now that so much of this information is available online, I focused more on, rather than doing the research, on creating tools to help campaigners do the research themselves. In a sense, you don't need professional researchers as much as you used to. So part of the goal is to create these tools, and Violation Tracker is the one I focused on the most to make it possible for anyone to go on there and collect this information readily about regulatory track records. On the Corporate Research Project website, we also have an extensive guide to doing corporate research that includes probably all the sources I've mentioned plus many more. That's at corp-research.org.

24:28 PM:
So that's something that people are welcome to check out. And it's both sources by subject, and there are sources by industry where we list things like specialized publications. Because if you're researching a particular company in a particular industry, you definitely want to be reading the trade publications in that industry to see what's being written about the company. And, so we have a section in that research guide telling you what the key trade publications for all the major industries are so that you can make sure you can go and try to look for those through online databases as well as things like the trade associations and specialized data sources, government data sources.

25:32 PM:
So we’re trying to put together a lot of details to help people really understand as much as possible about a given industry, to be able to figure out for themselves what the vulnerabilities may be for that company and how the campaign can most effectively make use of those to pressure the company to do the right thing.

26:03 MM:
First of all, thank you. Very thorough. Let's go back. The proxy statements filed with the SEC, easy to get a hold of and how?

26:16 PM:
Yes. You just go to sec.gov, and on the top of the page, there's a link called company filings, and it takes you to the main page for something that the SEC calls their EDGAR database. And EDGAR was originally an acronym for something like electronic data gathering and retrieval. And it's one of the great things that the federal government produces for researchers.

26:48 PM:
And, of course, this is another one of those examples of something that's mainly meant for investors, but anyone can use. It's completely free. You can use it to your heart's content. You can go in and search by company name, and it will spit out a list of all the filings that that company has made. And or you can do a free text search if you're looking for a phrase that want to know if that phrase or name has ever appeared in an SEC publication, SEC filing, you can search that way as well.

27:27 PM:
There are a lot of different SEC documents and it's kind of easy to get confused or intimidated. It’s best to start with the proxy statement. The reason it's called a proxy is that there's a version of it that's sent to shareholders, enabling them to give management permission to vote their shares on issues that come up at the annual meeting. But it also gives information to shareholders who decide to vote their own shares.

28:47 PM:
Among the information provided in the proxy is background on the board of directors because one of the things that gets voted on at the annual meeting is to approve the slate of directors. So the directors are listed there, along with biographical information and their other connections, those interlocks I was talking about before. So that is all there. Then there's information about executive compensation. I mentioned detailed information. There's information about board compensation. Because board members get paid. So that is all spelled out in there. There's information about any relationships that board members have with the company, and sometimes those point to potential conflicts of interest. So that is spelled out in there.

29:49 PM:
Information about the resolutions that are going to be voted on, either those resolutions that are brought by management or if shareholder activist groups like As You Sow, or a labor union pension fund bring a resolution, those are approved and put on the ballot, those are listed in the proxy statement as well. And, so the proxy, is kind of a wealth of information. The other key document is the 10 k document. It's the annual report. It's kind of a more detailed version of the glossy annual report that the company produces. This is usually no pictures, no gloss. It's just lots of detail. It has very detailed financial information about the company, detail about the operations of the company, detail about legal, significant legal proceedings the company's involved in. There's an appendix which lists all the subsidiaries of the company. There's a lot more. As I mentioned before, it includes information on creditors, suppliers. There's a lot in there as well. And then in addition to the 10 K, which is issued once a year, there are 10 Q’s, which are quarterly updates to the 10 K. And those are also available on the SEC EDGAR site.

31:45 MM:
You're reminding me how important that doing this research is, particularly with the 10 k, because I go back to the Keystone XL Pipeline and the huge campaign that was mobilized by climate activists around that. And originally, TransCanada was saying that, and a lot of the

defenders were saying that this is really about supplying oil to the United States. But what we discovered in the 10 k was that in fact, it was being shipped via the pipeline down to Texas to the coast, where it was going to be minimally refined and then sold on the international market. It wasn't for the United States except in very minimal amounts. And that really helped kind of change the dynamic in the campaign. And, I'm embarrassed to say that we didn't even discover that until several months into the campaign, and we got a ‘what were we thinking’?

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Better late than never.

32:48 MM:
But we did discover it finally. So I know that you've identified different kinds of databases that that we can go to, and I'm really also pleased to get the lead on the database that you guys manage as well, which will have a guide on where to go get the research.

33:18 PM:
In that research guide I mentioned we list both free resources and commercial databases, which are often available through university libraries. So if you have someone in the campaign who is either a student or a faculty member or, somehow can get access to a university library, a lot of these expensive databases can be accessed that way. So you don't have to limit yourself to the things that are free on the web.

33:53 MM:
Good. I was going to ask you about that because I know that some groups would pay what was it, several years ago, at least it was twenty-five thousand dollars subscription a year for the Bloomberg database, which would give them a lot of this information all in one place, who are their creditors, the banks, and subsidiaries, etcetera. That's usually beyond many organizations' research budget. So it's good to know that you can access that. I think it's also worth noting that sometimes there are nonprofit organizations, advocacy organizations out there who because their work is focused in this area, they do have that kind of access. And oftentimes, our goal that I can remember was to try to include them on the team, so that we could have access to the Bloomberg database through them.

34:53 PM:
There are some organizations with deep pockets. For example, some labor unions subscribe to expensive databases on private equity such as Preqin.

35:24 MM:
So, trying to pull it together here. Are there some major takeaways that after doing this for many years and after seeing the wins and the losses, the mistakes and the remarkable kind of victories, are there any major kind of takeaways for people that are just getting into this area before they head out there, they need to keep this in mind?

35:58 PM:
I think one lesson I've learned is that as good as your research is, the research by itself is not going to win the campaign. And, I've always tried to keep that in mind. And although I've devoted my life to research, I don't pretend that it's the most important aspect of the campaign. It's meant as a tool to help the campaigners, and the campaign strategies are the things that win the campaign. And the research may or may not play a significant role in that. So, I don't try to overstate the role that research plays.

36:42 PM:
But what is remarkable is just how much information is out there. And, really, the challenge in many cases is not finding information, but figuring out what in the information available is most significant. Because you could easily become overwhelmed with the amount of data that you can compile. So that's really the challenge, knowing what's going to provide the right leverage, what's going to support the campaign strategy, and you don't need to know everything about the company because there's a lot that may not be decisive.

37:27 MM:
One of the things too, I think, in doing the research, you get a picture of what's the landscape, what's kind of the force field in which this company operates. And as you pointed out, it's their connections and where to interfere with those connections. But I think the other thing that tells you is who are the potential allies that you may want to bring into the campaign. So when you talk about compensation, for example, well, there's certain NGOs out there that one of their big issues is just the huge disparity between what the CEOs and executives get paid and what the average employee in a company gets paid. There are others that may have issues with some of their subsidiaries or with a company that's a supplier company to them and would welcome the chance to kind of go after them together with you and to push demands that might change both of their practices. Labor is an excellent example too of potential partners in campaigns like this.

38:37 PM:
The other point I would make is that I've mainly been talking about information that is already in the public domain somewhere or other, and it's a matter of finding it and accessing it. Of course, there's another whole aspect of research that I have not done a lot of which is kind of uncovering things that are not in the public domain. Whether it's through things like dumpster diving or finding someone to leak information from inside the company. That's a lot trickier because in a way, there's no playbook for that. A lot of it is just happenstance, whether you happen to come across the right document in the right dumpster in a place where it's legal to do dumpster diving, of course.

39:38 PM:
We don't do it where it's illegal. Or, the right kind of 'deep throat' within the company comes forward. That's a lot harder to plan for. But, obviously, a lot of important revelations have come about through those means, whether it's Panama Papers or other things like that where

document troves, internal document troves have come to light. But, again, there's no kind of model for making that happen. When it happens, it happens. You can't make it happen.

40:26 MM:
I'm working with a group right now, and one of the things that in doing their research on their particular issue with the company, they discovered that there was a person that was responsible for doing some internal work and then, ultimately, that person left the company after they had submitted proposals for how they would change, etcetera. And they discovered that person was an incredible resource on what it was politically that stopped the company from putting in place the solutions that this NGO was really advocating. So as you said, there's no real playbook, but that's one of the tricks is to try to look for, encourage those people to become insiders. I know when, in the Mitsubishi campaign, one of the things that we were shocked was is that we had employees from some of their subsidiaries who would actually come in with sunglasses and just drop us a note right at our office right there in San Francisco and say, "I wasn't here."

41:36 MM:
And what the notes said was that these senior execs from Mitsubishi Bank will be going through this entrance at this time on this day. And, if you want to take action, that'd be the place and time to do it. So, it is something to encourage, I think. And I've wondered about even doing kind of digital ads, that are targeted to employees, but invite them to be an inside source on an issue that they might really care about and how to protect their anonymity.

42:11 PM:
These are techniques, of course, that are used widely by investigative reporters. And, one thing I advise younger researchers to do is get to know investigative reporters either individually, but also to join -- there's this organization, Investigative Reporters and Editors, ire.org. And you can join, even if you're not a working journalist, you can join as an associate member. And they're a great resource. They have publications. For example, they have this thing called the Investigative Reporter's Handbook, which is a great resource. But they also have tip sheets that reporters have produced often for their conferences, and those are available to members. And their conferences are, if you're a member, you can attend the conference and then there are often a lot of great sessions where people talk about techniques.

43:27 PM:
There's a branch of IRE called NICAR, the National Institute for Computer Assisted Reporting. And they have a great listserv where people share tips on, kind of using advanced data techniques in investigations. So it's kind of good to know about the tricks of the trade for investigative reporting to help in campaign research as well.

44:01 MM:
You know, Phil, one of the things we haven't talked about, but it fits into the category of more of the subversive kind of research is going in and oftentimes innovating somebody in the

company in a position of authority like public relations or human resources, etcetera, under pretense, and so remarkable how much we can learn under pretense. Does that happen?

44:33 PM:
That's out there. That kind of thing has gotten Project Veritas. The problem with Project Veritas is probably not so much that they did interviews under a pretense, but then they distorted the footage that they shot surreptitiously in those encounters. So, anyway, that's the problem with that kind of work. But certainly, pretext calls are something that campaign researchers have long used. I've never done it as much in person but have in the past done it over the phone. That is when people still used phones, I guess. Now, people don't pick up their phone or don't respond to the voice mail messages.

45:36 PM:
But, yeah, that's another approach, either getting interviews or just going to conferences. Sometimes you can pick up useful intelligence going to conferences and both from the exhibitors and by talking to people. And, of course, you might not want to identify yourself, exactly as you are when you engage in those conversations. But those can often be valuable sources of information.

46:16 MM:
Yeah. I'm glad you mentioned conferences because you're reminding me that when I was involved in the tar sands campaign and the Keystone XL pipeline, I did go to oil company conferences. And you can get into these conferences and you don't even have to go under much pretense. I could go under corporate ethics international. And it's remarkable how candid they are, who you get to talk to at lunch times and who you're sitting next to and, there's just certain presumptions that cause people to be a little bit more free about the information they'll share and what they'll talk about.

46:57 MM:
And you're right with the exhibitors too. Sometimes when they're competitors too, they'll tell you things about their competition that's pretty interesting and useful. Well, listen, this has been great. Thank you so much. I think if there's anything we take away is once a group has identified its target or to even when it's in the process of identifying potential targets, researching them is so critical. And from that research, you really can do kind of a power mapping. At least you can see who the connections are to the company and where there may be the potential, as you said, to intervene or interfere with those connections with the goal of really shaping your strategy and influencing them. So Phil, I want to thank you for taking the time. I know you've been doing this for many years. You've helped us in the past, and, it's been invaluable, which is one of the reasons I wanted to come back to you.

48:01 PM:
Thank you. It was a pleasure.