



## Keeping the Stockholders Satisfied

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文章简介：本文介绍了在发生紧急事件时，机构与各利益相关团体特别是股东进行沟通应该注意的问题，讨论了投资人关系（IR）顾问在沟通中应该扮演的重要角色以及对外发布消息时应该注意的事项。



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A "crisis" occurs when a corporation faces a contingency — usually unexpected — that threatens to undermine the normal functioning of the business and to wreak long-term havoc on the corporation and its valuation. Most crises should be viewed as threats to a company's brand. Crises that regularly make headlines include industrial



accidents, strikes, product defects, and government investigations. In virtually any corporate crisis, investor relations (IR) advisors should play an important role in the crisis management team, because investors are a critical stakeholder group, and their concerns must be addressed promptly and in a way that is consistent with overall efforts to manage the crisis. Indeed, some crises are primarily investor relations challenges, such as when there is an unanticipated question of executive succession, or when the company must announce unexpectedly poor financial performance. Regardless of whether the IR advisor will be the lead crisis manager or will play a supporting role, he should prepare for the potential crisis that lies ahead and be able to cope with the crisis when it strikes.

### **Preparing for a Crisis**

Much of an IR advisor's crisis management work must be done long before a crisis situation develops. First and foremost, the IR advisor must see to it that he and his client company maintain a good rapport with the investor community, and this means more than just meeting SEC and exchange requirements about disclosing material developments at certain intervals. In dealing with investors and the markets, credibility is all. That credibility must be established over time through frequent, candid communications with the entire investor community, which includes:

- The investors themselves, especially large institutional investors such as pension funds and mutual funds;
- The financial analysts who cover the industry; and
- The journalists who report on the industry and the client company.

When a corporation suddenly finds itself in troubled waters, it may need investors to give it the benefit of the doubt; however, the benefit of the doubt will only be given to a company that has established its integrity through a solid history of consistent, open communications with investors and the financial press. For instance, a company facing allegations about accounting improprieties will probably see its stock take a big hit unless it has developed a strong reputation for having a stringent audit process, and for candid disclosure of all material information. At the end of the day, it's more difficult to rebuild credibility than to rebuild a "P and L."

A significant part of developing credibility over time involves having a disclosure committee that regularly determines what information should be disclosed and how. This committee should include the CFO and possibly other members of senior management, the IR advisor, and legal counsel. Moreover, in addition to playing a formal role on the disclosure committee, the IR advisor should be "in the loop" on all important developments that affect the corporation; he cannot help to identify and address problems if he is in the dark about what is happening with the company.

### **Coping with a Crisis**

When a crisis rears its ugly head, above all else, tell the truth. Truth-telling is not just a legal requirement — it is the only way to handle the current crisis effectively while avoiding an even larger crisis later. Obfuscation simply is not a viable approach to crisis management. (Remember Watergate.) A crisis management team must immediately convene to assess the nature and scope of the problem, how to resolve it, and how to communicate this information to the corporation's various stakeholder groups, including investors and the capital markets. The makeup of the

crisis management team will somewhat depend on the type of crisis, but it should always include senior management, legal counsel, and the IR advisor. The role of the investor relations advisor will vary depending upon the type of crisis. For instance, if the crisis is a strike by employees or a release of hazardous chemicals, the IR advisor will not be asked to resolve the underlying crisis, but will certainly be expected to develop a plan to communicate with investors about the crisis and how the company is handling it. On the other hand, if the crisis is sudden negative reporting about the company's financial situation, the IR advisor will take the lead in dealing with the crisis head-on by responding to the damaging coverage.

In any event, communication with the investor community should happen promptly — within hours, if not minutes. A delayed response to a crisis event means that others will have the opportunity to tell the company's story, such as disgruntled employees, the company's competitors, and a press that thrives on sensationalism and conflict. Delay also leaves investors to rely on rumors and worst-case assumptions rather than solid information furnished by the organization that is closest to the crisis: the company. Finally, reticence can be perceived as an indication of arrogance or guilt on the part of the corporation, which exacerbates the crisis' erosive effect on credibility and brand.

Communications with the investor community (and with all stakeholder groups) must have a clear, consistent message. It is best to have only one or two designated spokespersons, and senior management should make clear to the entire organization that no one else is authorized to give public statements. Those managing the crisis should determine what information will be disclosed publicly and the form those communications will take. In some cases, the corporate spokesperson should have a script that provides for communicating the necessary information while avoiding detours into inappropriate areas about which the company is not ready to comment. The best spokesperson may be, but need not necessarily be, the company's CEO; this is a decision that depends on the nature

and magnitude of the crisis and the particular talents of the CEO. Whoever the spokesperson is, he should not speculate. Although prompt communication is desirable, this does not mean that the corporation must comment immediately on every possible aspect of the crisis, or that it should speculate about matters where the facts are not yet clear. Maintaining credibility requires both candid disclosure of known facts and candid acknowledgment when certain facts are not yet known. There is no upside to speculation. It cannot help; it can only hurt if it turns out to be incorrect.

There are several channels through which crisis communications can occur. A genuine crisis brings a unique opportunity to exploit press coverage to reach all stakeholder groups, including investors. Depending upon the severity of the crisis and the levels of public interest and media coverage, it might be appropriate to hold a live press conference or to give interviews to selected media outlets. Of course, giving the press this kind of access to company officials during a pressure-cooker crisis brings its own risks and must be handled carefully. A company spokesman who comes across as indifferent, arrogant, unprepared, or incredible will aggravate the crisis rather than help resolve it. The IR advisor should also consider holding conference calls with major investors, and these should be Webcast and archived on the company's Web site for others to see. Press releases in print and on the Web site are a quick and simple way to get the message out. When the stakes are particularly high, extraordinary steps may be taken, including print ads explaining the company's position, television commercials, and a toll-free telephone number that investors can call for regular updates on the situation.

### **What to Say**

IR advisors should keep in mind that crisis communications with investors and the markets consist of two basic themes. First, the corporation should explain the nature of the crisis and the prompt, effective steps that are being taken to address it. For example:

*Unexpectedly high levels of usage caused our Web site to go down for three hours. Our technical support personnel are working around the clock to determine exactly why this problem occurred, and we will spare no expense in adding hardware, improving software, and taking whatever other steps are necessary to ensure that this sort of outage does not inconvenience our customers in the future.*

Second, crisis communication should be used as an opportunity to reiterate the company's fundamental strengths, remind investors why it is still a good bet, and explain that the business model is still valid and that long-term prospects are bright. If the stock price has been depressed by the crisis, the situation might even be pitched to the public as a buy opportunity.

Ultimately, a corporate crisis, to one degree or another, imperils the company's brand. The seriousness of such a threat cannot be overstated. The corporation's investors are the owners of that brand and are entitled to know how this most valuable asset is being cared for. The corporation must therefore carefully nurture the brand by establishing a foundation of credibility through regular, honest communications with the investor community. Then, if and when crisis occurs, management must respond quickly and effectively to the threat and keep investors informed about how the brand is being protected.

### **About the Author**

*Thomas Beck, an attorney in the Washington, D.C., office of Jones, Day, Reavis & Pogue, has counseled clients about crises such as high-profile litigation, government investigations, strikes, and industrial accidents. He has also studied crisis management and organizational continuity at George Washington University. He can be reached at [tmbeck@jonesday.com](mailto:tmbeck@jonesday.com). The views set forth here are the personal views of the author and do not necessarily reflect those of Jones Day.*