



The Communications Impact of Financial Market Turmoil

In analyzing what has to be one of the most tumultuous three-week periods in global financial markets, it is of vital importance that we take a hard look at these events, analyze the dynamics underlying the media frenzy, and provide counsel that is relevant and actionable.

This is a story that will not end with a singular event (such as the eventual passage of some form of government intervention); it will instead play out well into 2009 and beyond.

As this story unfolds, the financial crisis and its reverberations will be Topic One for any business-related media ... and as such, needs to be factored into an already complex communications mix. We believe that communications strategies need to reflect both immediate tactical realities, but also a consistent, long-term approach that should always be at the core of any effective communications program.

The Perfectly Bad Storm

We have had bad financial periods and meltdowns before -- from Black Monday in 1987 to the tech meltdown. But APEX Public Relations and its North American PR ally, Waggener Edstrom, believe there is a fundamental difference around this current crisis that give it longer media legs and scope as a dominant story, including:

The nature of the current crisis: This is not a simple case of fraud or embezzlement — if this represented a small handful of rogue executives (even on a scale such as Enron), then the story would be far less fear-inducing. Instead, it springs out of a landscape for financial activities that, from the perspective of the average citizen, is significantly different, more complex, and more abstract than ever.

What Steps Should Be Taken Today?

Given it's not going away, then how does this shape communications and how do we interact with mainstream media?

Tie to the crisis story line with compelling proof points: The first inclination of many companies will be to pitch stories around how their services / products “ease the pain” for companies/individuals in this crisis. But we need to remind ourselves — this is an unprecedented monetary quagmire that is affecting the financial security and confidence of every household. Clients can certainly offer help and advice, but be mindful of the strategic formula by ensuring that you lead with the audience/consumer need and problem and support it with a good dose of empathy.

We must be authentic and demonstrate humility: This is the tone that media want to hear. The bottom line is this: We need to ask the hard questions up front, tease out the hard facts and demonstrable benefits of your products and services. In fact, within an environment of change, real innovation stands out — an authentic voice can significantly affect and enhance reputation and company positioning.

If the data supports it, use contrarian pitches: Although the point above was a look at how companies can attach themselves to the crisis story line as “solutions,” there is also a consistent journalistic predilection for the contrary point of view — individuals or companies that are bucking the trends, who are flying below the radar, or who are quietly executing well against a bullet-proof business plan.

What About 2009 ... or 2010?

Beyond these immediate responses, what other steps should companies consider? It is entirely possible that the massive media coverage on this issue may force fundamental shifts in how mainstream media covers complex financial stories. We're seeing a movement away from traditional corporate PR toward a much more consultative approach to communications — less of an emphasis on tactics and a greater focus on strategies that drive business goals.

What we are recommending to our clients:

Most importantly, stay focused on the long term: This crisis will pass; there will be fallout, but the global economy will continue on. This is an opportune time to broaden interaction with stakeholders; to think globally; and to employ innovative communications tools.

Utilize every communications channel: Organizations need to move beyond (but not exclude) traditional media communications. This includes a heavy focus on **direct stakeholder interaction**. The use of **online and social communications tools**, from blogging to tweets, opens up new avenues for organizations to build communications bridges beyond mainstream press.

This is not a good time to cut back on employee communications: In fact, constant and open dialogue between company leaders and employees is essential during times of uncertainty. Clearly all of this external communications needs to map as well to internal communications —both formal and informal. Senior management will want to understand this media dynamic and why story lines are being altered — but broader employee communication will be of value in maintaining morale and helping the company as a whole understand how its story is being told in a media climate that is lunging from headline to headline. Now is the time for CEOs to be more visible than ever before, not less.

The depth of the media coverage around this credit crisis, for all the reasons mentioned, marks a significant milestone for PR professionals and their clients. This perfect storm of media tension, politics and global economic wobbling has made the role of PR even more critical in managing external and internal communications. The premium will be on clear-eyed counsel and focusing on transparent communications programs that speak to the day-to-day realities of this particular crisis, but which really enhance and sustain corporate reputation and brand value in the long term.

The analysis was developed by Waggener Edstrom Worldwide and adapted for the Canadian market by APEX Public Relations Inc.

APEX and Waggener Edstrom Worldwide formed an informal North American strategic alliance in early 2008.