

# When “b” doesn’t stand for “bad”

315A

► “Bankruptcy” is often referred to as the “B” word, but good things can emerge from it. By *Craig McGuire*

The ROI for PR is never greater than in times of financial crisis. That is, if you have the right resources in place for when the sky starts falling.

Take Oneida, one of the world’s largest marketers of flatware. The company isn’t an upstart, nor is it plagued by corporate shenanigans. It’s a company that’s been around forever, and found itself suffocating under debt.

In March 2006, with speculation swirling as to who would

gobble it up, Oneida stunned the Street by announcing it would not surrender. Instead, it formulated a recapitalization plan, filing for Chapter 11 bankruptcy protection.

The linchpin was the communications program, hammered out by Gavin Anderson MD Richard Mahony, that launched the instant the filing hit.

“Uncertainty is the enemy that can quickly destroy a business,” he warns. “You can’t let a bankruptcy run through the rumor mill or have your audiences read about it in the paper. They must hear it directly from the company.”

But the message should be nuanced. What Oneida told analysts was not exactly what it told employees, Mahony says. While such a plan must be factually consistent, messaging has to make sense for everyone for it to resonate.

## Technique Tips

### DO

- Talk early and often. Be the first to break the bad news and keep your audiences informed
- Try to get all the facts, even ones execs may still be hiding
- Show them where you’re right, not just where things went wrong. Communicate a solid foundation for future stability

### DON'T

- Use the exact same message for all audiences. The way you talk to analysts should differ in tone – but not fact – to what you tell those stocking your shelves
- Hide behind a press release. Get execs in front of all audiences
- Wait for a new crisis to sneak up. Constantly refine your plan

Mahony says Oneida is “moving through the Chapter 11 process quickly and expects to emerge in early August.”

Because the “b” word usually sends many screaming for their brokers, communications in response to bankruptcy can be applied to most other financial crises, too. And the first rule is to keep everyone in the loop.

“Quite often, PR pros are the last to know when any crisis is on the horizon,” says Shakira Brown, chair of the financial communications section of the PRSA and PR manager of Rothstein Kass CPA.

The first plan of action for any crisis is to investigate the facts internally with key personnel, Brown advises.

“Too many times, PR pros accept information that is filtered down to them,” he adds. “In many cases, company finance leaders are hesitant to pass along the information necessary to tell the story.”

But not everyone stays silent. When Delta filed for bankruptcy last September, it e-mailed millions of people to say it was business as usual. And when the Winn-Dixie grocery chain went Chapter 11 last February, it launched an FAQ section on its Web site outlining the effects on various audiences.

## “When facing financial crises, big splashy ads won’t get the job done”

– Michael Freitag

Partner

Kekst & Company

“When facing financial crises, big splashy ads and elaborate campaigns won’t get the job done,” says Michael Freitag, partner, Kekst & Company. “You need simple and accurate messaging, posted somewhere that is easy to find.

“[And] rather than just saying everything is OK, show them,” he adds. “Maintain, or even accelerate, your PR programs. Don’t hold back product launches. Announce award wins. Let them know you still have a viable business.”

Petri Darby, president of Houston-based DarbyDarnit Public Relations, was recently hired by the Arizona Students Association (ASA), a statewide advocacy group. A few months prior, its executive director had swiped \$200,000. With the Arizona attorney general about to announce an investigation, the group was in trouble, especially as it needed each school’s approval to get its budget from student dollars.

Darby put the interim executive director in touch with a nonprofit fiscal-management specialist, arranged for board training, and developed a communications plan.

“Successfully navigating a crisis hinges upon a strong partnership between legal and PR counsel,” Darby says. “You may win in the courtroom, but if you don’t take into account the court of public opinion, you can still end up losing.”

The ASA got through the issue in one media cycle, she says.

Lastly, it’s not what to say, but how and when to say it. Harlan Loeb, head of litigation communications for Financial Dynamics (who is currently working communications at the tail-end of the mother of all bankruptcies: the liquidation of what’s left of Enron), advises swallowing corporate pride.

“All communication has to be with cognizable humility,” he says. “Because creditors, the bankruptcy trustees, and others share in creating a company’s destiny moving forward, a humble resolve should guide the tenor of all statements.” ■