

HUNTER OR PREY: GOOD CORPORATE REPUTATIONS MAKE A DIFFERENCE

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Corporate image and reputation play major roles in what sells a company and its products -- and at what prices. Whether a company is the hunter or the prey, a strong corporate image can have a profound impact on both short-term financial results and long term corporate growth.

A strong corporate reputation also can pave the way for a growth-oriented chief executive and board of directors to acquire competitors. At the same time, a positive corporate image also can make the acquisition of a company more costly to the hunter and more beneficial to the existing owners.

Leverage Reputation Goodwill

Consider the example of a solid waste services company that effectively used an effective blend of public relations strategies through an initial public offering and the acquisition of nearly 30 companies in 18 different states during a three-year period. The communications strategies included local, trade and financial media relations, media/spokesperson training, industry analysts relations, corporate identity standardization of acquired companies, trade show support, crisis communications and public affairs.

Many of the acquisitions included small to medium-sized businesses. Most had a valuable local presence that was significant, visible and long-standing. In these situations, it was particularly important to communicate effectively and leverage the goodwill these companies had earned with employees, customers, suppliers and the local communities they called home.

Strategic Versus Economic

Each merger and acquisition is unique and requires specific public relations strategies and tactics to support the business objectives involved in the transaction. For example, in acquisitions where the main business objective is economic versus strategic, many of the communications challenges may revolve around such issues as job losses and possible plant closings.

If the acquisition is strategic in nature, the communications challenges also may revolve around such issues as internal communications to bring together the two corporate cultures, positioning the transaction internally and externally as a catalyst for additional growth and development for the acquired company.

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Local Ownership

The nature of the company's local ownership also will play a critical role in the strategic communications about the transaction. Perhaps a local family with a proud history and visible presence in the community owns the company. While the acquisition may be strategic in nature, the level of concern among local target audiences will be much higher and more sensitive in these types of transactions.

The concerns among local suppliers and vendors about what the future holds under the new owners must also be addressed proactively. Local community leaders and public officials likely will be very concerned about the new ownership's continued "civic commitment and community involvement." Employees of the acquired company may be comforted by the new owners' pledges to make few changes, but the family-owned company environment they have lived in for years is about to change nonetheless.

Third-Party Credibility

Failing to consider the issues and concerns of these audiences and addressing them in the communications surrounding the acquisition can affect the true value of the transaction, both in the short and long term. Indeed, the corporate image and reputation of the companies involved in the transaction are

important assets to leverage in the acquisition process.

Clearly, effective public relations are an increasingly valuable ingredient in the overall merger and acquisition process. With its versatility, aptitude for drama and a capacity to break through the communications clutter, effective public relations can capture the attention and hold the interest of a variety of target audiences involved in or affected by the transaction.

In today's information age, external forces, such as advocacy groups, the media, regulators, politicians, industry analysts and community leaders, have a much larger impact on how a company sells its products, how it conducts its day-to-day business and how it is perceived in the marketplace. Effective public relations can influence all of these external forces with its unique ability to add third-party credibility to virtually any company or product message.

A Partner with Expertise

It is important to work with a public relations partner that has a proven record of helping companies successfully manage their corporate communications, including those involved in mergers and acquisitions. Look for a partner with creative problem-solving skills, who can work well under pressure and remain focused on client service. You will need a partner who can meet your deadlines and keep their promises.

That's the bottom line.

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