

1. **Intranet.** This includes constant updates from the CEO on both issues of power supply and bankruptcy.
2. **Communication from the top.** The CIO who oversees tech and info sends daily e-mails to employees and often calls them to find out if they have any concerns or questions.
3. **VPs proactive with their teams.** "They're making sure employees are kept in the loop" with a variety of internal programs.

The difficulty, says Homrig, is in the complexity of the issues, which the utility attempts to explain in detail at www.pge.com.

ITEMS OF INTEREST TO PROFESSIONALS

- ¶ **Friendly Voice Outlines The Five Unforgivable Customer Service Mistakes.** In her quarterly, Nancy Friedman, aka the Telephone Doctor, outlines the 5. She advises we all abide by them and warn people out front and in the field: 1) Not being friendly enough. "As we've all experienced, sometimes we're treated as an annoyance or an interruption. Be friendly *before* you know who it is"; 2) Poor eye contact. Heads that twirl and spin while working with a customer are making a big mistake; 3) Talking with co-workers and ignoring or not acknowledging the customer. "This unfortunately happens a lot. Drop the conversation as soon as you see the customer"; 4) Being rude. "No one thinks he's being rude, certainly not on purpose." But, she notes, "perception is reality"; 5) Poor product knowledge. If you're not familiar with the products and services your company offers, you're making a big mistake. Take time to learn about your company.
- ¶ **Cultural Counselors, Translators On-line.** For many, globalization means trying to get staff in Delhi to respond to a memo from Kuala Lumpur concerning complaints about poor product quality of items already shipped to China. All that takes time, communication savvy and a certain amount of language skills. A new site offers a service that guarantees vital meaning won't be lost in translation. "Many companies buy translation software assuming they can send grammatically perfect versions of business documents to a foreign client with the click of a mouse," says Andres Gonzales of TalkToAnyone.com. But none can translate a document with enough accuracy to make users feel comfortable about sending it to a client without a final edit by a human translator. "TalkToAnyone has a staff that provides person-to-person translation in a chosen language. Translators are native speakers who understand the culture and can recommend better ways to communicate." Docs under 2,000 words are translated and sent back via e-mail within 48 hours. (For more info, visit www.TalkToAnyone.com)
- ¶ **Losing Your Audience? Look For These Early Warning Signs.** Because at this point, you can still win them back, writes Harvard Management Communication Letter. You know they're gone when they're slumping and shifting in their seats. Early signs can be found among those in the front rows. "Look for changes in the faces in front of you. Try nodding to selected members of the audience to see if they nod back. Approach one or two people in different parts of the audience – if they don't connect with you readily, it's time for a change of pace. Try asking the audience a few questions or give them something new to do." Also, build on more responsive audience members by having brief exchanges with them. If you have the guts, tackle the obviously adverse ones – those who sit with averted eyes, crossed arms, or shaking heads – by engaging them in dialog.

WHEN IN DOUBT, SPEAK OUT – ENCOURAGE SHAREHOLDERS TO STAY THE COURSE; COMMUNICATING DURING UNCERTAIN TIMES

Just because the market becomes a bear doesn't mean it's time to hibernate. Successful pr strategy requires: 1) reassuring all publics that management is in tune with their concerns, 2) educating them about the big picture; 3) proactively addressing challenges. While all stakeholders (employees & families, vendors, customers and communities) are important allies in achieving success, stockholders are an integral piece. Sound investor relations remains part of the strategic plan, and the principles of good IR apply to other publics also.

"Whether in good or bad times, a public company must continue to aggressively pursue an IR strategic goal of enhancing shareholder value," counselor Norm Begun told *pr*. "This should be done in the context of the company's performance and prospects relative to the other companies that are viewed as competitors for the investor dollar."

BULL OR BEAR, TURN SHAREHOLDERS INTO "INFORMED INVESTORS"

"Auto maker Henry Ford said, 'Obstacles are those frightful things you see when you take your eyes off your goal,'" notes Don Powell, past chair of Investment Company Institute (DC). At a '97 conference (before the market began stressing), he said IR strategy should include: a) plain talk about funds, investing; b) teaching shareholders to have realistic expectations about fund performance; c) teaching them the relationship between risk and reward; d) disclosing fees in a clear and understandable manner; e) teaching the benefits of diversification; f) encouraging long-term investment objectives; g) avoiding unrealistic expectations that will result in disappointment. This last one is tricky since investors have done so well for so long.

"During a bear market – or in a situation where the company is not achieving its IR goals in a bull market – the company must dedicate sufficient resources to support a proactive IR program," says Begun.

- **IR Challenge: "Goldilocks" mentality.** "We have to recognize that investors have done very well for an extended period of time," notes Arthur Zeikel, exec vp, Merrill Lynch Asset Mgmt. Also, there is a large body of thought that historical trends don't have to win out, i.e., what goes up doesn't have to come down. "We now have a tug-of-war between those of us who look at financial history and recognize the rhythm of events, and those who believe that we have truly entered a new era where things will be different." Ironically, those lured into heavy investing in the 90s need to be rewarded.
- **Message Should Be "Stay the Course."** IR counselors need to be "almost contrary" when communicating, says Vanguard Group chr John Brennan. "Investors often feel too despondent after tough times and too euphoric after good times." He notes that for years, past chr Jack Bogle would write in annual reports, "Stay the course," regardless of the market's direction. "We think the mes-

sage is valid, and although investors were skeptical about it at first, they are beginning to come around.”

■ **Emphasize Competitive Differences.** That is, what makes the company (its products and services) different from the competition. Begun says to highlight:

1. **Leadership**, if in fact the company occupies a visible position in an industry that, in the long term, is viable
2. **Growth opportunities** in the industry and that the company is well-positioned to maximize this potential
3. **Financial record** – “Despite some ‘bumps in the road,’ the company has a solid financial track record”
4. **Experienced management team** that knows how to deal with market difficulties
5. **Innovation**, especially if the company is an industry leader and has a “blue chip” list of customers, etc.

In other words, the investor relations program needs to constantly communicate with the investment community and help the community understand that “this is the right company, in the right industry. And, when things turn around in the market, you will have made the right choice in investing in this company.”

COMMUNICATE CLEARLY, CONSISTENTLY, AND OFTEN

Now is the time to “turn up the dial” and increase the visibility of the company, spread the word about its “investment goodness” and begin to establish a credible foundation in anticipation of better economic times. “The company must remain highly visible with the investment community, and must consistently and frequently deliver strategic IR messages.” This is made especially easy these days by instantaneous communication, transactions, etc. online.

Brennan advises a “4 Cs” approach:

- 1) **Candor.** “First, be candid. Too often puffery takes hold.”
- 2) **Consistency.** “The message may be slightly different for different channels,” *but the underlying truths can’t vary.* These lead to:
- 3) **Credibility**, which requires telling the truth. This goes hand in hand with:
- 4) **Contrarianism.** “In annual reports, newsletters and pub’ns, crow a little when you did well, but temper it, and be honest when you did poorly.

The Credibility Factor. Zeikel notes this will be key to survival. “This whole educational process and the integrity of the way we conduct our affairs is going to become critical, because that will be the pressure point and that will be the testing time as to whether we have earned our shareholders’ trust and faith, or whether they cut and run because they believe we have not conducted our affairs in the right fashion.” Powell adds, “Our excellent track record should not be a lullaby that rocks us to sleep. It should be reveille that wakes us up to challenges that lie ahead and the innovations that must be made to meet shareholder needs and desires.”

“We think special bulletins like the bear market pamphlet are important, but we also use our newsletters to temper investor expectations when we think it is warranted.”

PACIFIC GAS AND ELECTRIC TAKES ASSERTIVE APPROACH, HELPS PUBLICS COPE WITH ROLLING BLACKOUTS, BIGGER BILLS

California-based Pacific Gas and Electric, which services 14 million people, is dealing with a plethora of complex issues while at the same time buoying consumer and employee confidence. “We never had to deal with rotating outages before last summer. We’ve been learning as we go,” spokesperson Staci Homrig told pr. In the throes of rolling blackouts, energy shortages, higher rates and rumors of layoffs – as well as having to file Chapter 11 – the company is trying to maintain open lines of communication and invite public inquiry.

“We are trying to make sure people understand what is going on” – why their lights are off, their bills are higher, why restructuring hasn’t been successful for them, and what’s the deal with California. “They want to know what they can do to conserve, how they can cut back.”

The utility has a media relations group that includes some at headquarters and about a dozen in the field. Also, a public affairs staff works within various communities. “The communications campaign for gas started last September, in anticipation of the problems in the winter. The electricity consumer education campaign began in March, preparing them for the rate increases and energy shortages that are expected for spring and summer.” Avenues of communication supply business and residential customers – as well as the press – with needed info:

1. **Website.** “We’ve made it consumer friendly, removed a lot of old info.” On it are helpful links and subsites about the energy crisis, the financial crisis, the bankruptcy. Media and public alike have free access to explanations about Chapter 11, which was filed last month. Site is very busy with hits.
2. **Community meetings.** “There have been over 400 meetings with local government officials and communities to hear concerns, explain what is going on.”
3. **Road show.** “About 100 account reps stay in direct contact with our business customers and give them info about how to make their operations more efficient, explain the issues, offer rebates.” For biz customers, power *reliability* is a bigger deal than rate hikes.
4. **Usual methods**, i.e., paper communiqués, bill-stuffers, newsletters, etc.

Pacific Gas & Electric also works extensively with emergency service organizations, notifying them about when and where the blackouts are expected. “As soon as we know where outages will occur, we notify them so they can send a crew.”

Employees can rest secure, as no downsizing is expected. The utility laid off 300 in January, then hired them back under the direction of the PUC. The downtime allowed the company to build up funds. “We won’t need to cut back,” Homrig anticipates. The hiatus also staved off another anticipated layoff. Employee communication includes: