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Corporate Credibility: Trust Me, It's Not an Oxymoron

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CHICAGO – Building and maintaining corporate credibility is tough. Some experts say it's now harder than ever. Dave Wolkowitz shares some experts' insights into the current environment and what to do about it.

Technology companies are used to struggling for credibility of the product variety. Will the new CRM implementation reap the massive rewards promised? Are the new servers as reliable as their manufacturer claims?



Rightfully concerned with pushing products in a hypercompetitive marketplace, companies might relegate corporate reputation and credibility to the back seat. After all, it can be hard to maintain a long-term focus when you live and die by the short-term outlook.

When tech companies are already experiencing tough times, the fallout from Enron-style financial spin doctoring sure doesn't help reduce the skepticism already swirling overhead. Today, companies should be concerned about corporate credibility as a foundation for product-oriented claims.

You might have already realized that maintaining corporate credibility during a time when CEOs seem to routinely appear before Congress sporting that all-too-familiar "it wasn't me" facial expression is a bit tough. You might think: "I'll just hope my company avoids creating Bahamian dummy corporations, and I'm set."

According to participants in a recent panel discussion hosted by Northwestern University's Medill Alumni Club, communications professionals need to play an active role in building their companies' credibility. Members of the panel, including working journalists and communications professionals, discussed the challenges of building credibility despite the current harsh business climate.

Reasons for Skepticism

Unfortunately, even if your company isn't doing anything blatantly Enronesque, there are still myriad issues to battle. According to Medill's media panelists, the business media is experiencing a guilt-driven backlash to the saccharine gushings they were fed during the heady dot-com boom. Generally speaking, the business media eagerly swallowed stories from financial analysts whole, forcing the public to digest stock "buy" recommendations when analysts' own firms were dumping a stock.

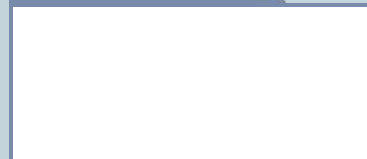
According to panelist and *Chicago Tribune* business columnist David Greising, this backlash has created a drive toward skepticism: "Many reporters fell all too easily for the great story about the visionary CEO," he said. "When a company is at the top of its game, there is nothing more alluring than the people who are running it, who have great ideas that all sound very impressive."

According to Greising, the old story-building process of "call the company and see what you can come up with" has been recognized as a farce, demanding more in-depth research. That means communications professionals need to be more prepared than ever.

What Can Be Done

There's some help from the SEC by way of Regulation Free Disclosure, or "Reg FD" as those in the know

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call it. According to panelists, Reg FD is a kick in the pants the industry needs. Hopefully, the move toward transparency and honesty in the investor relations area will spread to all areas of corporate communication, but communications professionals cannot rely on regulations alone to force corporations into doing the right thing.

In fact, according to panelist and *CNBC* reporter Phil LeBeau: "Reg FD is both a blessing and a curse. It allows us to get more information quicker, but what happens is a spam effect" that drowns the media and investors with information, allowing companies to actually use a 10k to burry unseemly information.

Be Ethical

Panelist Lynn McHugh, the investor relations managing partner with executive search firm Heidrick & Struggles, said personal ethics among communications people plays a key role in establishing corporate credibility. During her own job search, McHugh always laid down the law during interviews.

"I would tell the management team what I think investor relations is. It's open, it's honest, it's candor. If that's not what you're looking for, I'm not the person for the job," McHugh used to tell her prospective colleagues. "I'd set the guidelines to begin with."

Be Assertive

Communications people need to be assertive long after their job interviews. Take the never-ending battle with legal counsel. McHugh recalls a battle over the contents of her company's 10k. In an effort to make the document more approachable, she wanted the report to contain various strategic and forward-looking statements that her company's in-house legal counsel refused to include.

So, she decided to add the content to the letter to shareholders – an area over which she had greater authority. After continuing objection from in-house counsel, McHugh persisted and took the matter to outside SEC counsel – a person whom she said is often more disposed toward transparency than her company's lawyer. She finally received the thumbs-up pending addition of safe harbor language.

Confirming that it's cool to pick on lawyers – especially when they're not in the room – Greising observed: "It always strikes me that the CEO, whose responsibility it is for so many aspects of the company, can so easily be cowed by somebody with a law degree. It's incumbent upon those in the communications trade to stand up to the lawyers. Good legal advice is good legal advice, but it's not always necessarily what best serves the broad interests of the corporation."

Get a Little Closer

Everyone on the panel also agreed that one thing communications professionals can do is build closer relationships with the boards and CEOs to encourage transparency and openness. Those in the communications profession might realize the blunder in trying to hide information that a company will later get skewered with, but others don't always see it that way.

Kellie Harris, an audience member and senior manager of public relations for Hewlett-Packard Americas, agreed: "Board members have to understand that a brand has monetary value, too," she said. In her view, supposedly protecting the company by hiding certain information can actually do fiscal damage via brand deterioration. By trying to put the brand in monetary terms, arguments to protect it are strengthened.

Diversify Sources

Reporters love to interview CEOs, and CEOs love being interviewed. According to the panel, that dynamic is sometimes troublesome. Greising said he actually prefers to begin interviewing operations people in the field to get the "real story" before sitting down with a CEO for a high-level overview.

Perhaps that's because CEOs often bludgeon reporters with recently rehearsed talking points. According to the panel, CEOs many times aren't the best sources because they often haven't been with the company long enough to intimately understand its operations.

LeBeau feels similarly about the propensity of companies to offer their CEOs as the only sources. "Many CEOs have egos that tell them: 'Wait a minute. If we're going to be on *CNBC*, I want my mug on it.'" He continued: "As a reporter, you want access to the other people, but you're not going to get it. The man in charge wants to be in the light. That's the problem we run into."

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Offer Legit Story Ideas

According to Greising and LeBeau, it's currently en vogue for companies to offer the "anti-Enron" pitch. Here's a tip: If you are thinking about doing that, don't. It's not an original idea. Just because your company is conservative and hasn't ruined thousands of people's lives doesn't mean you've got a story.

"I run into small companies – some public – that can't crystallize for reporters what is interesting about their companies," LeBeau said. "Growing your earnings by 5 percent or 6 percent – while that's laudable and wonderful – is not news. News is when you come up with something that changes the industry or changes lives."

Communicating: The HP (Compaq) Way

Thanks to the recent merger with Compaq, HP picked up more than some new technology; it also got a savvy communications program. HP's Kellie Harris, who is based in Chicago, runs an HP program (previously started by Compaq) that builds credibility in geographic areas where the company might otherwise lack "local" appeal. Her job is to work with local HP staff to build credibility and interest in HP by way of focusing on major local implementations.

For instance, Compaq's work with the Chicago Board of Trade, the City of Chicago's Office of Emergency Communications and the LaSalle Bank Chicago Marathon helped build credibility and create local media interest. Without the company's effort to focus the media on such significant local implementations of its technology, HP would have a much harder time stimulating local coverage.

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