

A united front



John Kristoff: IROs have to make the IR-PR relationship work

already knew about coordinating efforts. '[Events highlighted] the importance of both functions as key parts of the crisis response team; the necessity of daily internal communications and updates with each other, and the importance of monitoring a situation on an ongoing basis,' Poplar says.

Well-coordinated communications are not just essential in crises. Over time, they can support business objectives, too. Consistent communications help build – and reinforce – a company's brand. 'As we try to build a global brand, it's important to have some consistency and repetition in what we want to be known for,' says John Kristoff, VP of IR at Ohio-based Diebold. 'Although certain messages may apply to specific audiences, Diebold's communicators also try to ensure certain *over-arching* messages go to all constituencies.'

In sync

According to Argenti, companies that have their strategy clearly defined and communicated in an integrated manner are more successful than companies that don't. 'Companies are realizing that speaking in harmony, having a focused message and being able to deal with multiple constituencies from the same platform [along with] having a vision and executing that vision across multiple constituencies requires an integration that's hard to get without reporting relationships,' he says.

At Diebold, both IR and communications report up to the CFO. Previously,

IR resided within corporate communications, marketing communications was part of global marketing, and internal communications was part of human resources. 'In the early 1990s, we combined those groups into a corporate communications and IR function to better coordinate our messaging, provide more consistency and leverage cost – and it ended up being a more efficient, more practical approach,' recalls Kristoff.

What if your company doesn't believe in integrating the two functions? 'You have to make it happen,' urges Argenti. 'You have to create a dialogue with the person in corporate communications because the success of both your jobs depends upon integration. Even if you have no desire to run the corp comms function, it behooves you to have a broader understanding of the organization's communications strategy. The people in corp comms are usually those responsible for reputation, branding and implementing on strategy – so you have to seek them out.'

If IR and PR don't report to the same boss, IROs have to figure out how to make the relationship work. 'Sometimes IR people come on a little strong,' admits Kristoff. 'You know, *It's my way or the highway*. But you can't be the IR person who's coming in and saying, *I want to control these communications; you need to run everything past me*. It really needs to be a joint effort where you understand that sometimes you're going to have slightly different objectives and you need to be respectful of those differences.' For example, plant closings or layoffs may be viewed positively by Wall Street but negatively by the community and employees.

'It's very important that we're in lockstep,' states Michael Jacobsen, director of global communications at Diebold, who works very closely with Kristoff. 'It's really helpful in our company's case that Kristoff has a lot of experience and background in PR. He knows where I'm coming from, and I've sat through enough conference calls and been involved with the National Investor Relations Institute (Niri) for long enough to know what analysts are looking for. We spend a lot of time talking daily. I can't do my job in a vacuum.'

IR practitioners must get up to speed with what their PR counterparts are doing. '[IROs] need to be aware of the audiences

'When reporting numbers, PR people need to know that less is always more. No marketing hype, no superlatives'

'If your communications pieces aren't working together, the risk of mixed messages is fairly high'

the communications professional deals with – media, employees, community, customers,' adds Jacobsen. 'IR needs to know PR is not only talking to the press; it has to consider a number of different audiences in everything it says.'

Bridging the gap

In the absence of organizational alignment, Jacobsen suggests that IR and PR meet frequently to develop a calendar of what's happening within their company. Otherwise, there could be serious repercussions. 'If there's a press release that goes out and – for whatever reason – it has something in it that could potentially move the stock and the [IRO] doesn't know about it, that's a real problem,' Jacobsen says.

IR people need to get rid of what Matthew Schwartz calls 'the historical bias against PR professionals', the popular misconception that PR folks just organize events and write press releases. Schwartz, who serves as editor of weekly publication *PR News* in New York, says, 'PR professionals worth their salt are not so much about PR, but more about strategic counseling. They communicate the messages of the company.'

'It's also very important for the PR side to appreciate that [IR] is not the monetary version of PR,' adds Schwartz. 'When you are writing releases to report [financial] information, it's wildly different from writing a release for a product or service. When reporting numbers, PR people need to know that less is always more. No marketing hype, no superlatives. Because if they fall into that, they're not going to earn the respect of the IR people – they're going to get burned.'

As communicators, IROs should be 'pushing toward integration and urging people to think about communications in a more holistic way, rather than as a tactical sort of micro-function,' according to Argenti. Years ago, PR and IR were often a combined function that was then split when IR became more financial. An integrated IR and PR function could facilitate career growth and enable IROs to expand their responsibilities in the corporate communications function. But you need the right capabilities.

'There's no way the IR function gives you the ability to run a corp comms function,' claims Argenti. 'It's a very specialized

kind of thing. The person in that job is someone with a lot more going on. It's really about you as an individual and whether you're capable of taking on those responsibilities.' Someone with a strong general management background is a good candidate, while a person who is more tactical and less aware of the nuances of corporate communications is less appropriate, he adds.

'Nowadays, with the IRO and the PR officer having a seat at the table, it makes sense for one person to have both functions reporting to him or her,' says Andrew Edson, president and CEO of Andrew Edson & Associates, an IR/PR consultancy based in New York. Whether it's PR reporting to IR or IR reporting to PR depends on the skills of the individuals involved. For example, a former Wall Street person may have good financial understanding but poor communications and writing skills.

'A lot of IR people these days are reluctant to deal with the press, even though it comes with the territory,' Edson explains. 'PR and corporate communications are at the executive vice president level. IR people are at the EVP level if they have both functions reporting to them. So, in terms of making a career path and progressing where you get more stock options, more benefits and more clout, I would try to get as much under my umbrella as possible. That's the way to build and enhance your career path.' ■



Michael Jacobsen: very important for IR and PR to be in lockstep

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