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The road(s) to recovery

How to communicate in these difficult times

With an admittedly “ghastly” outlook for 2009, how do you communicate with clients and other stakeholders in the year ahead?

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REPUTATIONS ARE MADE or broken in troubled times. As individuals in the financial services industry, we cannot singlehandedly solve the global financial crisis – what we can do is show leadership in how we respond.

Before we talk about how to communicate, here are our top suggestions about what NOT to do:

Do NOT

1. Say nothing
2. Be overly optimistic
3. Make promises you can't keep
4. Imply you know what's going to happen next
5. Neglect to use technology such as webcasts, email, Skype or your website
6. Fail to educate your clients with what you do know, as soon as you know it.

So then what **should** we do?

1. Reality bites...or “confront the brutal facts, yet never lose faith”

Jim Collins coined this phrase in his book “Good to Great” (2001) to describe what “great” companies do. It applies equally to communicating in a challenging economic environment.

- **Uncertainty is the only certainty.** Right now, promises to clients can easily come back to bite you. As anyone who committed to fund or asset performance outcomes in 2008 knows, such predictions can easily come unstuck. In these times, many are finding it wise to confine their brand promises to factors inside their control – such as service, strategy and communication.
- **Realism is the new black.** There is no quick fix for those investors who have lost significant amounts of value to sinking markets. Painting an overly optimistic picture may just be creating unrealistic expectations for the future. Giving a realistic view of what 2009 and beyond holds may be the biggest favour we can do for clients seeking short-term answers.
- **Act on fact.** We often assume we know what clients are thinking and feeling. But are our assumptions backed by data – performance figures, fund flows, investing patterns, analysis of client data, market research and the views we hear as we talk to clients? The best communication is supported by hard fact. While times are challenging, cold hard data can suggest opportunities. The insight from the data or fact-based analysis can give traction to business ideas and direction to communication that is far better than “gut feel” alone.
- **Focus on what you CAN change.** There are some actions we can take that will make a difference to business and investment outcomes, and there are some that are completely outside our control. Investors are in a similar bind. The challenge is telling the difference – and that's the role of the professional adviser or those who support you. The key is to accept what we can't change and move forward, communicating where you CAN add value to investors.

2. Fear first, investment strategy second

As anyone with a capital loss knows, fear is a powerful emotion. It can galvanise or paralyse. In this market, communication only works if it deals with audiences' fear first, before moving onto more rational messages – such as those about long-term investment strategy or economic conditions.

- **Sentiment is as important as facts.** If clients are gripped by fear, they simply cannot hear us. Those of us communicating about investments would do well to 'take it off the table' by sounding out clients, acknowledging their feelings, and dealing with the emotion before we move on to more rational messages.
- **Empathy has a place.** In the last year we've seen fear, shock, denial, anger, disappointment and worse, among personal investors, advisers, fund managers and other professional investors. Some are now moving towards understanding and acceptance of the personal impact of world markets. A minority are even looking eagerly forward to opportunities. Until we understand where they are on the spectrum, we can't do business, or communicate, effectively.

3. Talk is cheap: trust is hard won

How to retain or regain trust right now? Some conventional communication wisdom holds true – in times of uncertainty or change, personal communication, ideally face-to-face, from a trusted source is most credible.

- **Engage, engage, engage.** How to best engage with clients now? Ask questions and listen to the answers. Whether you are calling, emailing, sending email newsletters or commissioning research about client sentiment, two-way communication helps your clients feel heard, and helps you respond to their concerns.
- **Visibility.** Crisis presents opportunity for those who stay highly visible with clients, and risk for those who are afraid to communicate. Even saying you don't know what happens next, at least in the short term, beats saying nothing at all – and leaving clients wondering where you are when they need you most.
- **Promise only what you can deliver.** Most of us accept that even experts were caught short by current markets and that uncertainty abounds. It's all the more important then to be reliable, consistent and to deliver what you say you will. These attributes can, and should, come from business discipline, a restrained brand promise and by making realistic commitments to clients then systematically communicating how you are keeping your commitments.

4. Keep it simple, stupid

- **Complexity = bad.** There is a clear view that increased complexity and decreased transparency were contributors to the current situation. The implication for all communication now is that simplicity and 'straight talking' are critical.
- **Communication helps save funds under management, even when performance isn't good.** What you say (content) actually does matter. One survey (Chatham 2007) showed that even after periods of "median or below" performance, **fund managers who were seen as providing better service were 50% more likely to retain funds under management. One of the largest contributors to perceptions of 'service' was communication.** Right now, a little more care and attention to all forms of communication to clients may well pay back in the form of retained FUM.
- **Tell us what you know, when you know.** Most market participants accept that uncertainty is here to stay, at least for now. What can make them feel better about uncertainty is knowing that as soon as you know something that may be relevant, you will share it with them.

5. Long term, leadership matters

Reputation is driven by **vision and leadership** in times of crisis. Yes, it's hard to know how to lead right now – even the leaders seem at a loss. However, there is a place for frankness, curiosity (about what happened and why) and humility. Finally, character counts. As we move forward, some things from the past should come with us. Our defining character – the values, beliefs and behaviours that

define what we stand for – will help individual and organisations lead, and retain the trust of those who depend on us.

- **Frankness.** Marketing messages have lost their lustre. News, on the other hand, is enjoying a Renaissance. Why? Because when times are uncertain, we turn to more authoritative sources for guidance. What this means for individuals, and perhaps marketing departments, is that it's timely to invest more care in crafting the messages that leave our desks. There are fund managers and advisers with great inflows right now. Typically, they have delivered value through the cycle with written and verbal communication – content that rivals, or beats, news media hands down. Well crafted writing can make the difference between even an institutional investor feeling satisfied or duded. It's a fair bet it goes even further with retail investors.
- **Curiosity.** Eventually, there will be a consensus view of what went wrong and why. If we're curious about this, actively seeking to answer these questions for ourselves and our clients, we're better placed to learn, and to lead in the future.
- **Humility.** Being wrong is forgivable. Thinking or saying you knew it all, is not. Harsh words, perhaps best illustrated by recent community, media, and government treatment of some of Wall Street's best and brightest.
- **Character.** Most organisations 'stand for' something. That 'something' is usually a higher purpose, or a set of values those go beyond financial return. This is the enduring character that colours our communication and interactions with clients.

Character is a consistent thread in all our interactions, our history and our 'corporate story'. Now, it counts far more than ever.

About BlueChip Communication

BlueChip Communication exists to help financial services firms with their communication. In challenging markets we're helping respected Australian and offshore wealth management brands build and protect their reputation.

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