

The return of M&A and the implications for communicators



Helen Dunne shares the insights from a lively morning panel discussion

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ALISTAIR SMITH
DIRECTOR OF MEDIA RELATIONS, BARCLAYS

Successful communication of M&A activity is rooted in having a clear strategic story. You must know where the business is going, where it has been and how management wants to communicate the strategy. Understanding very clearly where the proposed deal fits into that strategy and having the evidence and data to support it is the foundation for the communications process.

Be clear about which senior executives are actually key decision makers, and who the 'go to person' is to get rapid decisions which allow you to act and respond quickly to events. It is vital that communications are not impeded by bureaucracy.

The rhythm of communications is driven by the importance of the deal and the news cycle, and managing those rhythms can impose an incredibly short-term view. It is vital that a separate stream of planning work goes on that tries to look at the whole war instead of just the day's battle.

It is incredibly important to know what investors, regulators, key media commentators and political stakeholders think at the outset. People make assumptions about what these are, and these can be flawed. It may be some way down the line before you realise that the starting point was wrong and you need to recalibrate.

Building relationships with the media over time, including the time that senior management spend engaging with journalists and talking to them in normal times, is vital groundwork if only for practical reasons, because you have a huge amount of back story to get across if you only talk to them at the stage when you actually need them.

SEC rules mean that all internal communications must be filed with them, and there are Bloomberg journalists in New York reading everything. When drafting internal communications, we had to be conscious that there was an even greater than usual likelihood of them turning up on the newswires and in the papers.

ALEX COLE
GLOBAL HEAD OF CORPORATE AFFAIRS, CADBURY

A bid battle is a long process. There is a desire to bring out all your guns early when you really need to hold back your ammunition.

Your chance of independence once a bid is announced is very slender. If you move people's minds to think there is a chance, then you have done a good job as communicators.

You need to consider the relationship between the media, and the analysts and shareholder communities. You need to ensure that the relationship between investor relations and communications is a

'A lot of defence is about the value of business and how you demonstrate that'



good one, and that they understand the value of each other's audiences. It is the age old dilemma of how do you get IR people to think that communications matter during the course of a bid and that it isn't all going to be decided by investors.

There are more emotions at play than people think. You can't ignore them. You need to use them to your advantage. We used the passion of people inside company as an external communications message. It also served to focus the organisation, and it has a value. Instead of being paralysed by the prospect of takeover, everybody was delivering to show 'Purple Power'.

It is very easy to allow the 'what ifs' of takeovers to lead you to not be clear about your messaging. I always said that in defending Cadbury, we had to act like the aggressor. We were very clear and knew exactly what we would say for every single scenario. We had versions drafted and agreed with our board in advance, even an agreement on the time we would leave between something happening and us responding.

Staying close to the output is its own challenge. As well as planning and briefing, you need to find the time to follow the coverage – and strike while the iron is hot to pick up new issues and leads. We had somebody reading the online stories as they came out, spotting leads and correcting errors because very often first editions had got something slightly wrong.

It is perfectly possible to correct or redirect the angle of an online piece, which then has its own impact on the stories being written later in the day.

We measured how we were doing on our message penetration on a weekly basis. This ensured we stayed focused on driving the key sound bites and our position with the core correspondents and publications. It was independent evaluation that cut through the mountain of clippings and got to the heart of how we – and the other side – were doing.

**CHRISTINA MILLS
GLOBAL HEAD OF MEDIA RELATIONS
RIO TINTO**

A bid galvanises an organisation. We are a changed organisation since our biggest rival BHP Billiton launched a hostile bid. We had a year in which we had to defend ourselves. We used to only talk at results time, but suddenly we were fighting for our lives and it transformed what we did. We were able to take journalists out to Australia, show them enormous machines digging enormous holes and where the value was in our assets. We won the value battle for our iron ore business in Australia because we acted really quickly. You can get first mover advantage if there is something you want to defend or promote. Push it out very quickly, and get the other team on the back foot.

It is very important if you are on the acquiring side of a cross border transaction that you learn, in a humble manner, from the company you are acquiring about what it needs in its local market and how it behaves.

Top: Members of the audience at Shoreditch House

Above left: Alex Cole, Cadbury; Helen Dunne, CorpComms

Above: Alistair Smith, Barclays



If you are in-house, you cannot do this on your own, however much experience you have got. You need to manage agencies as an extension of yourself and that includes occasionally having a lie in or Sunday off because, otherwise, everybody gets deal fatigue.

Above: Marcus Gault, Precise, introducing the panel

shareholders. Keep an eye on shareholders at all times. Talk to them every single day. Corporate brokers play a role in that.

Communications in a bid battle become much more important when analysts are compromised. You need to be clear about your top three messages, especially as you are going to have to react to the issues of the day and the arrows coming from the other side. Focus on the bigger prize and longer term. It is not just what is in the press today. It is what we need to do tomorrow, Sunday and next week.

Above right: Ian King, *The Times*; Christina Mills, Rio Tinto; Alistair Smith, Barclays

Every company who is defending themselves needs to remind their stakeholders that a lot of takeovers destroy value. I don't think that you can say that often enough.

**JAMES MURGATROYD
MANAGING PARTNER, FINSBURY**

[For British companies] you have to be careful not to use the Union Jack defence. Cadbury had emotional ties, and people from the family came out and said patriotic things. Try to harness that. So long as there are people who make that case on your behalf, then that is okay. But if you make that case yourself, you run the risk of crossing the line from the shareholders' viewpoint. There is a difference between what shareholders want from a bid and what the press are looking for, and it comes down to price.

It is simple stuff but a lot of defence is about the value of business and how you demonstrate that and what you do about it. It is very important that you don't let yourself get pushed around by everything going on day to day.

**IAN KING
DEPUTY BUSINESS EDITOR, THE TIMES**

A good communications team will be pulling in favours from down the years that they have accumulated. Cadbury made great attempts to get to know everyone and to give us access to the executives over the years. And they have a very charismatic chairman in Roger Carr, who played an absolute blinder throughout the bid.

Below:
James Murgatroyd,
Finsbury

When good times are here, you still need to communicate. A lot of people think that when times are good then they don't need to talk to the media. Fred Goodwin was a classic example. And the same is true during the whole bid process. You need to talk to correspondents pretty much daily, still have something for the Sundays (because if you don't then the other guys will), and keep in touch with the commentators. But that does not mean simply asking *What are you writing today?* but having an interesting angle to help take story forward. ☺

On day one of the Cadbury bid, I rang Ian Haythornthwaite, one of the few chief executives of a FTSE 100 company who has successfully seen off a hostile bid, and he said *It is all about*



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