



Libra Strategic Communications

Achieving Balance in Marketing, Communications and Media Relations

MAINTAINING MARKET AWARENESS DURING A DOWN ECONOMY

A Valuable Lesson for All Industries

Unfortunately, it's during the most stressful and challenging economic times that companies often choose to cut the one thing that can have the most impact on maintaining customer confidence – which is a critical component to survival and growth. It's a fact: when the economic going gets tough, marketing is often the first thing to go.

Now that we've learned the HPC industry is not recession-proof, it's a good time to take a fresh look at your organization's communications strategy – and an approach that might be key to your survival during these turbulent times.

The actions that some companies implement regarding marketing are analogous to killing off the flock of sheep in order to keep the wolves at bay. In hindsight, it doesn't make any sense.

Product development, sales and customer support, are typically regarded as absolutely critical to ongoing viability, but as budgets are trimmed back farther and farther, marketing often slips below the approved expense line. The conventional wisdom is that cutting out marketing won't threaten survival.

But this is bad wisdom. In fact, HPC companies that cut marketing to the bone during this difficult economic climate run a severe risk of communicating a fatal message: that the company is dying. If you stop reaching out to existing customers, prospects, investors and employees – the four key audiences targeted by marketing – any of them might assume your company is CTD (circling the drain).

This isn't to say marketing can't or shouldn't be reduced. In fact, cutting costs is unavoidable. But in taking that step, marketing execs need to spend their limited budgets smarter. And with new Web-based technology widely available, you can operate with significantly reduced budgets while also developing new and more effective marketing

tactics. For smart marketers, economic necessity can be the mother of invention and innovation.

For example, to get a read on how active your company has been lately and the direction its going, your existing customers commonly check out announcements on the "News Room" page. If the company has gaps of weeks or months between announcements, customers (and prospects) quickly assume the company is stagnant.

Developing and posting press releases and information updates does not have to be expensive. Make a point of getting at least one new announcement on your site each month. Rotate through the cycle of press release topics: new products/product enhancements, product performance milestones, new sales, new hires, trade shows and industry conferences where the company will appear, customer profiles, interviews with execs and so on.

At the same time, you should work with sales to leverage outreach via social media. Compile customer email rosters and send them direct email of each company press release, and more informal updates from management. Execs can start blogging more frequently and develop a following with various social media outlets.

New Web-based technology also makes it easier to talk directly with your customers without traveling to their sites or meeting them at trade shows. Companies like Dimdim (www.dimdim.com) enable inexpensive but high-function web conferencing (real-time voice, presentation and document interchanges) that allow you to maintain an ongoing customer dialogue.

Nothing says you're a going concern more effectively than your customers. As times get worse, you need to get closer to your customer base. Use this asset. Conduct a thorough customer audit and invite them to help you develop short profiles on the success they've had with your products. These can be one or two pages long. They should be brisk, concise and highlight the problem for which they selected your product, a before-and-after comparison showing the effectiveness of your products, statements attesting

to your customer support and to their ongoing commitment to you as their vendor.

These customer success or case study profiles can be printed on single-sheet slicks and handed out at trade shows, posted on your web site and electronically distributed to your investors, prospects, employees and customers. And as with press releases, this does not have to be expensive. Keep the profiles short – that will keep costs low, and they'll be more likely to be read.

When cutting budgets, you might not need to settle for less! Don't just take the approach that you will keep 25% (just using this number as an example) of your budget in place for marketing – and receive 25% less support and outreach. Consider the big picture, get creative, and put on your negotiating hat. While you hope to maintain a long-term relationship with your existing contractors and agencies, if they are not willing to reduce rates for an acceptable level of high quality service, perhaps you will be better served going elsewhere.

The following case study is a great lesson that applies to all industries, and will give you some food for thought when looking at your own organization's current communications strategy.

The Situation

A 25-year old manufacturing business in the Northwest has been doing quite well, running two shifts, seven days a week, and paying overtime and bonuses each month for the past several years. The economic slump finally caught up with them, and the company experienced its first layoff in the company's history. The company went to running one shift a day, five days a week, and management made the very difficult decision to freeze their marketing and PR budget until revenue started to improve. They operated for approximately 5 months with no marketing outreach.

A few weeks ago, the CEO of the company had a very enlightening conversation. He arranged to have lunch with a client who had purchased items from his company steadily for more than ten years, with orders coming in every few months. That is until recently. When no orders from this client came in over the past four months, the CEO invited him to lunch – to find out if he had turned to another manufacturer – and if so, why.

What he learned was that while this client was ordering far less these days, he had in fact turned to a different company. The client had "heard" that the CEO's company had a massive layoff and was closing its doors. The CEO was shocked. When he explained the situation to the client, assuring him that they were still in operation and eager to keep his business, the client made the comment, "I used to see your ads on such and such a website – and that always reminded me that you were out there. I used to read about your company quite often, and I even used to get email newsletters and updates from you – and those always made me feel confident that we were buying from a stable company that would be around to support us."

The complete lack of visibility combined with the rumor of the manufacturer closing the doors – was a powerful, negative blanket spreading throughout the Northwest, and was actually contributing to the continued painful decline of the CEO's company.

Time For a Fresh Approach

Another person in the community suggested to the CEO that he sit down and talk with me about the situation and see what kind of ideas I might have that could help him out.

What I suggested to him is what inspired me to write this article. Following is a recap of our conversation described in more of a chronological, bullet-point style:

- The manufacturing company was spending \$9,000 a month for a PR/Marketing/Creative agency which did media outreach, development of news releases, writing one contributed article each month for selected industry publications, and gathering content and writing an electronic newsletter which was distributed around the beginning of each month.
- When orders started to decline, the company had no choice but to start trimming back jobs, first with contactors, then with employees.
- With the first round of layoffs, the CEO instructed the VP of Marketing to freeze all external spending with the marketing/PR agency, and do what she could in-house.

- The VP of Marketing called in her agency, told them the bad news – that they were cut off as of that day – but that she would call them as soon as things turned around.
- Things got worse and there were more layoffs.
- The CEO decided to do some calls on his own – bypassing sales – to find out what happened to some of their loyal customers.
- The CEO had lunch with the customer mentioned previously– and heard about the rumor of his company closing – and listened carefully to the customer’s comments about the lack of visibility.
- The CEO called a staff meeting and essentially said, “Find something else to cut – we need to spend some money on marketing to tell our clients and prospects we are still in business.”
- The VP of Marketing called the agency back in and asked them to come up with a proposal for what they could do - for about \$3,000 a month – one third of what they were previously getting paid.
- The agency came back with a proposal that the VP of Marketing found inadequate. They proposed to provide a junior person to keep the “skids greased” with the media - as they called it, and eliminate the newsletter. Their suggestion was to send out an email blast with a news release once a month for the \$3,000. She discussed it with the CEO and the executive team. They turned down the agency’s offer.
- The CEO shared this with my friend – and that’s when the CEO called us.

A Fresh Perspective

I met with the CEO, listened to him explain the steps outlined above, and I suggested we take a fresh, unbiased look at what type of activity would have the most impact for his company – to counter the negative rumors about going out of business – and to keep the company name in front of prospects – and just as important – in front of customers.

We had an incredibly enlightening working session that lasted close to 6 hours.

Our conclusion was the opposite of what their agency had proposed. We determined that the company would benefit the most from continuing the electronic newsletter – using it as the sole source of outreach – but expanding it just a bit to include a CEO blog, a column to engage customers centered around how they are dealing with the economy, and supported by frequent email blasts to drive people to the company’s website where content would be refreshed by a number of people on the staff – to help spread the workload.

We worked as a team to estimate the hours this effort would require and concluded that it should be no more than one day a week – or approximately 30 hours a month.

We also felt strongly that the writing needed to be extremely good. Not dry – not self serving – but more emotional, interesting and entertaining to really engage the community. This led us to conclude that we really needed a good writer with savvy communication and marketing skills, and not a junior person from an agency who was more of a coordinator.

At this point, I asked them if they would like me to assist with writing up a one-page RFP to solicit writers who may be best suited to take on this project. The CEO asked me if I was interested in taking it on. I was – of course – but felt that it was a moral conflict of interest – since I led the company down the path to concluding that this is what they needed.

So, I suggested something else new and creative.

I suggested we solicit “blind bids” that would be sealed and numbered by the company’s CPA or some other source so the executive team would have no idea of who solicited each bid. I agreed that I would bid on the project as well – and would not be part of the selection committee.

We placed the RFP on Craig’s List and pointed to it (on the company website) through several other sources such as the local business journal and some key employment websites.

The key criteria was the strength of the writing, the limit of 30 hours per month, and the passion and enthusiasm of the response in articulating their understanding of the need to apply creative yet

pragmatic marketing programs during this down economy. (An essay if you will.)

The company received close to 120 responses.

The range of quotes to do this work? Lowest bid: \$1,100 a month. Highest bid: \$6,000 a month. The winning bid: \$1,500 a month. It's interesting to note that the company's previous marketing agency came in with the highest bid.

The company feels they are doing better than ever at staying in touch with their customers – and those customers have become a new source of referrals – feeling confident that the company will be around for a long time.

And, they reduced their MarCom budget from \$9,000 a month to \$1,500 a month – and feel they are getting great value for the money.

Yes, as it turns out, we did win that bid. It's not a large account – but it's a very important account nonetheless. It demonstrates the need for both sides to step back and take a fresh approach – the need to adapt to changing times. And, when this company starts to grow its revenue again, we're confident that our budgets will grow with them. It's good business for everyone.

Part of the lesson here is that – while companies would like to establish longer-term relationships with existing contractors and vendors – by continuing to work with the same resources they've previously engaged – some of those vendors might not be flexible or versatile enough to adapt to the changing market (and financial) conditions.

If your organization is struggling with how to maintain visibility and outreach to customers and prospects during this down economy, try talking with some new resources. Get some fresh perspective and fresh thinking.

It's impossible to balance all the considerations of running a business today without adapting to the changing landscape.

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