

ASHTON TWEED

Successful Communications Strategies for Reputation Management



Recently, *Business Week* highlighted a story on The Corporation with the headline “What Price Reputation? Many savvy companies are starting to realize that a good name can be their most important asset– and actually boost the stock price.” The article reiterates that “more and more (companies) are finding that the way in which the outside world expects a company to behave and perform can be its most important asset. Indeed, a company’s reputation for being able to deliver growth, attract top talent, and avoid ethical mishaps can account for much of the 30%–to–70% gap between the book value of most companies and their market capitalizations.” Furthermore, by evaluating the value of perception, the article concludes that if Wal-Mart had the

reputation of Target it would boost market value by \$9.7 billion.

Life Sciences companies face unique challenges in managing their reputations. The products marketed by these companies have a profound effect upon the health and well-being of patients around the globe. The risk/benefit ratios associated with these products result in Life Sciences companies being held to a higher standard.

Building, maintaining and protecting reputation is driven by effective communications strategies. This paper will discuss key considerations in building a comprehensive communications strategy to help manage the public perception of a Life Sciences company.

An Effective Communications Strategy to Build, Maintain and Protect Reputation

Life Sciences companies evolve through different levels of maturity and/or product life cycles over time. Depending upon the stage of development or product life cycle, one or more of the fundamental building blocks of an effective communications strategy should be emphasized. These building blocks include:

- Message Development
- Product and Corporate Positioning
- Issues Management
- Financial, Clinical and Human Resource Milestones

For example, a privately held company with a product in early stage development will require significant communications regarding milestones— clinical trial results, financing and significant hires. The target audiences (investors, partners, potential employees, etc.) may vary depending upon the intent to commercialize or to seek partners for commercialization.

Furthermore, reaching out to key opinion leaders should be an integral part of the communications strategy.

There are a few key questions for consideration to ensure the building of an effective communications strategy. These questions as well as guidance on how to address them will be presented throughout this paper.

Have you developed a communications strategy around your key milestones?

A company with a product in phase III with the intent to commercialize may include physician and consumer communications to prepare the market for introduction of the product. Defining the company image for selected stakeholders is also a key consideration at this stage of development.

Have you developed key messages, identified audiences and detailed a media strategy?

Companies who already have marketed products often encounter significant issues based upon any number of vagaries— adverse events, label changes, FDA inquiries, patient and physician complaints, etc. These companies require an emphasis on issues management, message development and media preparation.

Elements of the Communications Strategy for Reputation Management

The elements of a communications strategy can be simple or extremely complex. It depends upon the focus and resources of the company. Nevertheless, the elements of a communications strategy for a Life Sciences company should include some combination of the following:

- Financial Communications
- Media Relations (Traditional and “New Media”)
- Clinical and Medical Communications
- Publications and Medical Meetings
- Patient Advocacy Communications
- Policy and Government Affairs
- Internal Communications
- Community Affairs
- Pro-Active Marketing Communications/Initiatives

These strategy elements appeal to and are focused on multiple, diverse audiences who require communications tailored to their roles and needs.



Q Have you developed a core messaging strategy with variations for selected audiences?

While messaging may differ by audience there should be a core message that is reflected in all communications to physicians, employees, policy makers, patients, etc.

To comprehensively address messaging and successfully reach multiple audiences, consider:

- What Do You Want to Say?
- To Whom Do You Want to Say It?
- What will Resonate with the Audience?
- When Do You Want to Say It?
- How Often to Repeat the Message?
- When to Expect a Response?

While these questions oversimplify the process they nevertheless provide a construct for preparing a communications strategy that builds upon product and/or corporate messages, which will be addressed in the next section.

Winning Messages and Media Tactics for Reputation Management

Q Do your messages answer the questions—What's new? So what? Who cares?

The backbone of a communications strategy is messaging. In order to be successfully quoted in a story companies need to prepare messages that answer three questions: What's New?



So What? Who Cares? For example, in order to effectively engage the *Wall Street Journal* (print or online) you need to have content covering new science (clinically interesting data) and significant unmet medical needs. While the key is good science, the story can also revolve around the business (for example, large financial relationships or partnerships.) In trade magazines, for example *PharmaVoice*, the most important element is putting a face to the company. A devoted and passionate leader will always be a source for trade magazines.

Media Tactics

Q Have you developed a tactical media relations plan to successfully articulate your messages to the media?

Winning media tactics require the following:

- Senior Management Interviews
- Research Aggressively Leveraged

- Business Data Selectively Provided
- Select News Media (and the “new media”) Invited Inside the Company
- Experts Made Available to the Media

Many senior executives and accomplished scientists face the media without preparation or with inadequate preparation, and the results can be disastrous. Preparing for media interviews is essential for all senior executives and includes a firm understanding of the media and the techniques for bridging to key messages during interviews.

Winning messages are not only targeted at the media. A corporate and product communications strategy must relate to the advertising, sales and branding strategies so that there is consistent messaging throughout the company. In fact, all of these elements will define reputation and therefore reputation management is a reflection of an integrated communications strategy across many functional areas within the organization.

Reputation Management and the “New Media”

The “new media” present even greater challenges for reputation management. Who are the “new media”?

Blogs allow users to publish their own content—there are now more than 57 million worldwide. Healthcare ranks in the top five most active content areas.

Social networks MySpace and Facebook, which leverage personal connections for support and community. For example, GroupLoop is a social network for teen cancer patients and survivors created by the Wellness Community with corporate sponsorship from Amgen.

RSS (Really Simple Syndication) data format that allows users to pull content from a variety of Web sources and aggregate it for easy comparison. Thousands of health-related RSS feeds exist today.

Podcasts rich-media audio content that users can download to their computers or portable media devices for listening or viewing. Health is one of the more popular podcast topics, with more than 100 health and wellness choices including ABC Medical Minute.

(Source—*Pharmaceutical Executive*, September 2007)

Are you prepared to react to the “new media”?

The implications for Life Sciences companies resulting from the “new media” are profound. Before a story breaks in the *Wall Street Journal* it may have been disseminated around the world and have already garnered questions and comments from a variety of outside sources to the company.

Companies need to understand and prepare for the power of the “new media” by recognizing that the controlled communications process of the past (advertising etc.) has given way to an uncontrolled process that can affect reputation in a positive or negative way in the blink of an eye. Life Sciences companies need to embrace the “new media” and be prepared to respond to positive as well as negative news as it “breaks.”

Criteria for a Successful Marketing Communications Strategy for Reputation Management

In mature companies, often a marketing or product communications strategy is described internally as a “campaign”. These campaigns can take many forms including disease and/or therapeutic area education. As campaigns are tangible, discrete, and most often externally focused, their implementation has a direct effect on reputation. A well planned and executed marketing campaign can enhance the perception of a company and its products.

It is important to evaluate new marketing communications campaigns based upon the following criteria:

- Well Defined Audience
- Measurable Objective
- Research Driven
- Meaningful/Inspiring
- Staying Power
- Science/Medical Connection
- Clear Metrics
- Emotional Connection

Regarding specific product oriented “campaigns”, best practices dictate that the most successful marketing communications “campaigns” include the following:

- Product Positioned As New Standard
- Wall Street Forecasts Leveraged
- Peer Reviewed Research Heralded
- Emotional Connections to Patients Highlighted
- Special Events Created to Maintain Momentum

The broader questions in evaluating marketing “campaigns” are the impact on the reputation of the company. This is especially significant now since the marketing practices of many pharmaceutical companies are under intense scrutiny by the media, policy makers, physicians and patients.





Issues Management and Communications

Issues management is a major focus for senior management and communications professionals in Life Sciences companies. Often, a company's reputation hinges on how it addresses issues, risks and crises. This is because most life science companies market products that have a significant risk/benefit ratio that may affect patients. The first step in issues management is to understand the difference among an issue, a risk and a crisis.

Issues are potential threats to a company/brand. The communications strategy is passive and proper management can prevent escalation to a risk or crisis. Normally a "standby statement" is developed for issues that can be used in the event the media or other constituents (physicians, policy makers, investors, etc.) inquire into the issue.

Risks are perceived threats to a company/brand with the knowledge of the risk shared both internally and externally, as compared to issues whose knowledge is usually limited to the company's management. A company should not treat risks lightly. Therefore, the communications preparation includes the development of a "standby

statement", question and answer (Q and A) document and identification of a potential spokesperson. Risks can include adverse event reporting, clinical trial results, and potential threats to a manufacturing facility. For smaller companies with no products in the marketplace it can include burn rate and financing.

A crisis is a real threat of which there is widespread knowledge both internally and externally. The company should respond in an urgent manner because the consequences include lost trust and confidence in the company or brand, widespread negative publicity and/or lost business— thus, a significant effect on reputation. The communications strategies include all those listed above ("standby statement", Q and A) plus extensive preparation of the company spokesperson and briefing potential allies. Ultimately, the company may decide to "shape" the story, which requires an aggressive media strategy.

Included within the category of crisis are unforeseeable catastrophes, plant explosions, etc. In such cases, companies on the cutting edge are developing "business continuity" plans in advance of catastrophes so that roles and relationships for all the internal and external constituents are developed well in advance of unforeseen crises.

Issues Management Matrix

Q Have you developed an issues management matrix and included issues, risks and potential crises?

One method communications professionals can use to effectively track and plan for the issues facing their company is the creation of an Issues Management Matrix. The Issues Management Matrix lists all the issues, risks and potential crises that can affect a Life Sciences company. The Matrix guides the company by monitoring therapeutic areas of interest to the company and industry and corporate trends. When an issue arises, it then triggers an alert mechanism to galvanize the company to institute a variety of communications strategies to preserve and/or enhance its reputation. The first step in preparing an Issues Management Matrix is understanding and categorizing issues.

The Three C's

In a crisis, three essential factors determine the potential outcome, the company's competence, the company's compassion and the company's cooperation. The three C's should be the guiding principles when responding to the media and other constituents in a crisis.

Competence Action steps to mitigate the crisis— or— referring to a plan and a trained team.

Cooperation Demonstrated by willingness to assist the authorities in charge of abating and investigating the crisis. The company needs to provide reasonable access to and openness with the media.

Compassion Conveyed by the persuasive expression of values in addressing the situation and by the genuineness and emotional depth of the company's reaction to the crisis.

Responding to the Media in a Crisis

In order to effectively communicate with the media in a crisis there are baseline data that need to be collected in advance of a crisis. By preparing these materials in advance, senior management can focus on communications strategies and key constituents rather than tactical elements during the crisis.

Using the example of a company that has experienced a plant explosion, that company should have the following baseline data readily available:

- Photos/videos of the Facility, Senior Management and the Product(s)
- Phone “Trees” for Management and Key Internal Functions
- Where to Go if the Facility/Office is Damaged
- How to Communicate— Computer, Blackberry, Phone
- A Designated Spokesperson for the Company

These essentials and many more take on added significance if a company has offices in several locations, if the company has a foreign parent, and if it has to balance roles and relationships with partners and/or suppliers.

Control Statement

The first comment to the media and to other constituents after a crisis is called the “control statement.” The “control statement” should reflect the three C’s as principles guiding the statement. The following checklist should guide additional behavior by the company.

- Get the Phones under Control
- Prepare the Disclosure Plan
- Embrace the One-Voice, Full-Disclosure Principle
- Disseminate the “Control Statement” to All Internal and External Constituents



Furthermore, companies should not predict when the situation will be brought under control unless they are 100% sure they know.

Have you *practiced* the internal response to a crisis?

A crisis will always affect the reputation of the company. A crisis has the potential to affect patients and consumers and harm the reputation or the ability of a company to conduct business. The extent of the impact of the crisis on the company will be driven by the effectiveness of messages. In a crisis, credible messages will address: “What happened,” “What the company is doing about it” and “Why it won’t happen again.”

In a crisis, all communications to internal and external constituents should be centrally driven. While this principle may not “win friends and influence people,” it is vital to successful messaging and communications during a crisis and therefore effective reputation management during a crisis. To help your crisis communications run smoothly, it is imperative to be clear about roles beforehand and useful to practice your internal response to a

crisis to ensure all key personnel are aware of what they need to do.

Real time preparation allows the management team to assess the many unforeseen circumstances that may arise in a crisis. Furthermore, in companies with a variety of locations or international partners, the potential consequences escalate along with the potential complexities of managing the situation effectively. Therefore, preparation is fundamental to assuring the proper management of the crisis.

Effective communications can help prevent miscommunications and minimize the detrimental effects of a crisis. Furthermore, once the crisis is over, communications can help move the company forward by capitalizing on the relationships built during the crisis, and follow-up actions can lead to enhanced reputation.

Finally, it is essential that every Life Sciences company embrace the two principles regarding issues management. They are:

1 Prepare an Issues Management Matrix that includes Issues, Risks, Crises

2 Practice—Practice— Practice— Internal Roles and Responsibilities

Conclusion

Life Sciences companies cannot underestimate the tangible value of their reputation. To help manage the public perception of a Life Sciences company, the development of effective communication strategy is vital. Preparing to react to the demands of new media, creating winning messages tailored for all constituents and developing comprehensive issues management strategies are key to building, maintaining and protecting reputation for Life Sciences companies. Reputation management is complex, but effective communications can develop, grow, enhance or protect the reputation of a Life Sciences company which in turn bolsters the company's bottom line.

Next Steps

We hope that this paper has given you some points to consider as you build, grow, enhance and protect your organization's reputation. We would love to chat with you as you develop your communications strategy. The paper's author, Ron Schmid is available for telephone consultation. Please call us at 610-725-0290 x 446 or e-mail bplevelich@ashtontweed.com with any questions or to schedule time to speak with Ron.

About the Ashton Tweed Life Sciences White Paper Series

Successful Communications Strategies for Reputation Management is the third in a series of white papers on current life sciences topics authored by members of Ashton Tweed's Executive Talent Bank. Professionals in the Ashton Tweed Executive Talent

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About the Author

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Ron Schmid is a senior executive with more than 30 years experience in healthcare communications, issues management and public policy. His work in the biotech/pharmaceutical industry includes positioning companies and products, executing branding initiatives, counseling senior management on solving high visibility issues, and serving as media spokesperson. Prior to founding his own consultancy, Ron helped Johnson & Johnson operating company Centocor Inc. grow the blockbuster biologic Remicade from \$400m to over \$2.5b, initiated a major public policy communications campaign regarding follow-on biologics, and participated in high profile issues management during a plant explosion. Ron's corporate experience also includes issues management and media relations at McNeil Consumer Healthcare, and corporate communications for Novartis and Lederle Labs (a division of Wyeth). Earlier in his career, Ron served as a Washington lobbyist for the Pharmaceutical Research and Manufacturers of America, worked in the New York State Legislature, and managed a nine state demonstration project on health policy development for the Robert Wood Johnson Foundation. Ron has a B.A. from Fordham University in New York and an M.P.A. from New York University. He is the recipient of two Silver Anvil Awards from the Public Relations Society of America.



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