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You are here: US > Search > [Market leaders](#)

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[Back to Results](#)
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## Market leaders

Craig McGuire - 8 Aug 2005 00:00

### **Craig McGuire** questions 10 trailblazers in today's fast-paced financial communications scene to see what drives them

#### **Gershon Kekst**

Founder

Kekst & Co.

**Greatest professional challenge:** The launching of Kekst in an era dominated by the larger agencies, where the emphasis and demand was for "one-stop-shopping." I was at Ruder Finn, where I learned a lot, with Bill Ruder as my mentor. But there comes a time when you have to go out and put into practice what you have learned, in your own style. The challenge is being accepted and respected. You are dealing with a lot of serious people in business. I had to build up the credibility so that when I walk into a room, and when those in my agency walk into a room, we are taken seriously. They may not always take our advice, but they take us seriously.

**Toughest learning experience:** I was quite young, and I had a client with a motto he required everyone to subscribe to: "No surprises." At the time, the company made a commitment to the investor community to grow at 15%, compounded annually. Sure enough, on October 12, my birthday no less, we got a surprise.

Not only did we learn they would not meet the 15% forecast, we learned it 45 minutes before the head of the company was to speak before a sold-out meeting of the New York Society of Security Analysts. He asked what he should do, and should he cancel. I advised him not to cancel and to be honest and candid. So at the beginning of his presentation, he announced they would miss earnings. Nothing. Dead silence. When the meeting was over, several analysts said that was great. But 30 minutes later, we learned the stock price was unbelievably off. Apparently, several investors got up, walked out, sold stock, and came back in. I don't know if I would do it differently, because I still believe the best approach is to tell the truth. But I would hope I'd be a bit more sophisticated, so the client doesn't get so badly clobbered.

**Heroes:** The greatest influence on my career was Bill Ruder [cofounder of Ruder Finn], who was my mentor for about a dozen years. He taught me how to approach a problem, to get rid of all of the clutter, and focus [my] thought process on the essence of the problem. Once you do that, the answer will become much clearer. I really encourage people in our industry to meet him. He is among that generation of leaders that emerged after World War II and shaped this industry. While these extraordinary people are still alive, you really need to meet them.

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**Joele Frank**

Managing partner

Joele Frank, Wilkinson Brimmer Katcher

**Greatest professional challenge:** My greatest professional challenge, but the easiest in hindsight, was making a decision to start an independent firm more than five years ago. The risks were obvious - professional, personal, and financial - and not just for me, but for all involved. I follow the mantra: "You begin to eat an elephant one toe at a time." The first was office space, the next computers. And that's before people and clients. Who knew that starting a business was so many details? As far as the elephant goes, we've eaten a lot, but we're still hungry.

**Toughest learning experience:** On a deal, early in my career, I got frustrated on a conference call with a client and to a large extent let that frustration show. Afterward, I asked a lawyer on the project how he was able to stay so calm. His answer, "The mute button" - now a major weapon in my arsenal.

**Heroes:** My heroes are all the women who were once told, "No girl could ever make it in a man's world," and then did it - in heels.

**Steve Frankel**

MD / head of US M&A

Financial Dynamics

**Greatest professional challenge:** Moving to New York 15 years ago, after working in politics and government, with no real business or finance background. I had to learn all I could about how Wall Street works - a process that continues to this day.

**Toughest learning experience:** I was helping announce the American Home Products merger with Warner-Lambert before Pfizer broke up the deal. The chairmen of both companies held a press conference at The Plaza hotel, and the teleprompter wasn't loaded properly. Warner's CEO was forced to give his remarks totally off the cuff. Not my greatest career moment. The lesson is, we all like to think we're great strategists, but if the teleprompter doesn't work, we don't get the job done. The small details really matter.

**Heroes:** My professional hero is Harold Burson. He basically invented the modern PR business, using his common sense, intellect, and quiet Southern charm to get some of the world's most important CEOs to listen to his advice. My personal hero is my father, who taught me that integrity and ethical behavior are the most important keys to success, both in business and in life.

**Owen Blicksilver**

Founder

Owen Blicksilver Public Relations

**Greatest professional challenge:** Moving from a healthcare specialist to financial services - where I always wanted to be. The opportunity came when I was hired by an insurance company to promote its disability products, and the company decided to demutualize, providing an opportunity to cross over.

**Toughest learning experience:** Working with PR people who take themselves too seriously. Our job is valuable and interesting, but it is not God's work. Another lesson, not related to any mistake, was accepting Harold Burson's approach of not taking departures personally, but keeping the door open if people want to return. It ensures an organization filled with talent - and that's the biggest shortage our industry always has. Over the years, I've reunited with people I worked with years ago.

**Heroes:** I have great regard for my clients who still work extraordinarily hard despite their successes. And any client who treats PR folks as part of the team and true advisers, rather than scapegoats after the fact. Oh, and Don Imus.

**Steve Lipin**

Senior partner

Brunswick Group

**Greatest professional challenge:** Going from being the journalist looking into the keyhole, trying to find out what is going on inside the boardroom, to being a strategic adviser, helping companies and boards deal with people trying to look into the keyhole. I was somewhat surprised by what I learned about what it is like to deal with the press that I thought I knew so well since crossing the bridge to the other side.

**Toughest learning experience:** If you're involved in situations where the facts aren't clear, keep your head down and take it on the chin. Telling "the other side of the story" when you don't know what the facts are can only get you in trouble later on.

**Heroes:** My father, not just for showing me how to be an entrepreneur, but also for pounding into me at a young age the importance of writing clearly. And my grandfather, who came to New York via Ellis Island with nothing and made a home in Morningside Heights, which isn't too far from where I live now.

#### **Adam Miller**

Chief operating officer

The Abernathy MacGregor Group, New York

**Greatest professional challenge:** We worked with Comcast on its unsolicited takeover of AT&T Broadband, a division of AT&T, which was not for sale. With no possible way of forcing the sale, and in the face of tremendous opposition and skepticism, we repeatedly told the media and the financial community the same consistent story about why the deal should get done. After seven months, it finally did.

**Toughest learning experience:** I was expelled from school after tenth grade. It taught me never to get discouraged.

**Heroes:** My father; Jim Abernathy; and Tony Blair, the best communicator of our generation.

#### **Tristan Peniston-Bird**

Director

Gavin Anderson & Co.

**Greatest professional challenge:** Returning to the financial markets earlier this year, following 10 months on active service with the British Army in Iraq. In the fast-moving financial markets, quite a lot changed in that time in terms of industry, regulation, and best practice. Upon returning to the West, intense review of the past year's developments got me back up to speed.

**Toughest learning experience:** Relying too heavily on key US institutional investors

to understand and effectively price in the local-market risks of foreign investments, especially from emerging markets. Regardless of financial sophistication, there remains an ongoing need to educate US fund managers on "emerging markets 101."

**Heroes:** I admire Bill Gross of [investment management firm] PIMCO, as he has attained, over the past few years, a position of commanding heights over US capital markets. His views are market-making in a way that treasury secretaries and central bankers around the world can only aspire to.

#### **Alex Stanton**

CEO

Stanton Crenshaw Communications

**Greatest professional challenge:** Building our firm from scratch - we started with no clients - was a great challenge, but very rewarding. I re-learned an important lesson in the process, and that is to spend the majority of my time where I add the most value - helping clients to solve problems and seize opportunities.

**Toughest learning experience:** Allowing the strong-willed CEO of a company facing some very difficult business issues to convince me that his company was effectively communicating to, and had credibility with, several key financial and employee constituencies. We built a communication plan based on that overly optimistic view of the situation, which quickly proved to be a mistake. We spent several very long days retooling the plan and struggling to make up for lost time. From this experience, I learned that, while it's good to trust your client, it is essential to verify.

**Heroes:** Despite being turned out of office after one term, during which he was seen as an ineffective communicator, Jimmy Carter has proven to be the most productive and influential former American President in our history.

#### **Andrew Merrill**

Global MD, financial communications

Edelman

**Greatest professional challenge:** Making the career transition from investment banking to

PR/IR consulting. I've been fortunate to have worked with and learned from some of the best pros in the business, including George Sard and Jim Abernathy. I have had the opportunity to work on several of the industry's most challenging and high-profile engagements - there is no substitute in this business for hands-on experience. You learn from every single assignment, and that's what I love about this business.

**Toughest learning experience:** Not getting into this business sooner.

**Heroes:** Ernest Hemingway, Lance Armstrong, and my wife, Erica, who manages to keep our three kids and crazy house running, and, while I won't disclose her age, can still kick my butt in a 10k.

### **Barb Iverson**

EVP, financial services

Weber Shandwick Minneapolis, co-leader of WS' North American financial services practice group

**Greatest professional challenge:** I lead Weber Shandwick's work on a major national campaign for the US Treasury that is driven by metrics and ROI. To meet the measurement requirements established by the Treasury, I aligned the account team with colleagues from our research firm, KRC Research, and we've worked collaboratively with our clients. Doing that has raised everyone's understanding of performance metrics. The Go Direct campaign is a phenomenal one for many reasons, but the metrics make it especially fascinating and rewarding. The campaign's success is determined by the metrics - that is, how many Americans receiving Social Security and Supplemental Security Income we successfully convert from paper checks to direct deposit - not on the individual tactics or the number of hits. The metrics measure the real impact of the overall integrated marketing program.

**Toughest learning experience:** Early in my career, I made a few snap hires on gut instinct, without giving due consideration to qualifications, skill sets, experience, chemistry, and style that go into a great hire. By making a couple of really bad hires and then having to live with the consequences, I quickly came to realize that there is no decision that's more important than a hiring decision.

**Heroes:** My mom. She encouraged me to set goals; to get an education; to read everything I could get my hands on; to work hard; to laugh often; to give credit to others; to try new things; and to be confident, enthusiastic, and optimistic.

### **The state of the industry**

Life has not gotten any easier for financial communications agency pros this past year.

"It's more challenging than ever to be a financial communications pro," says Gershon Kekst, founder of Kekst & Co. "US companies are doing business everywhere in the world, 24 hours a day. The pressure to provide them with more sophisticated communications support is escalating, with the trends building over the past few years, not just continuing, but intensifying."

In addition, the slowly improving economy is powering a robust M&A and IPO schedule, increasingly marked by cross-border transactions.

Though the first full Sarbanes-Oxley reporting season is behind us, breaches in financial institutions' data security mean financial communicators must do more hand-holding with investors and analysts.

The Securities and Exchange Commission and other regulators are as relentless as ever, but now hedge-fund activists also have emerged as formidable nemeses.

Transparency is now a given. "We've gone well beyond the chairman's letter in the annual report and the occasional press release," says Andrew Merrill, global MD, financial communications, for Edelman. "Shareholder activism and the burden it places on financial communications are here to stay."

"We've seen increased objectivity and discipline in sell-side research," says Tristan Peniston-Bird, director, Gavin Anderson. But he adds that now that financial and IR pros are no longer able to influence analyst ratings by encouraging their corporate finance colleagues to put a good word in, the pressure is on to strengthen relationships with analysts.

Meanwhile, the dramatic rise in transaction business is fueling a demand for those who can effectively communicate the nuances of deals to multiple audiences.

"Over the past few years, we have seen a step up in the number of deals done by private equity firms and sensitive communications related to those investments," says Owen Blinksilver, founder of Owen Blinksilver PR.

"In terms of the pipeline, I believe we will continue to see financial buyers increasingly active

in the deal space," agrees Financial Dynamics managing director Steve Frankel, who also heads the US M&A practice.

"We'll see more 'club deals,' where several private equity firms team up to buy larger companies, and more targets holding auctions in their effort to find the highest bidder," Frankel adds. "Following the recent wave of Chinese companies seeking US acquisitions, I also predict we'll see a lot more cross-border M&A."

The growing institutional and individual investor interest in alternative assets, including private equity and hedge funds, is producing plenty of headaches for financial communications pros.

"Unlike in years past, many companies are being targeted without regard to their performance or governance track records," laments Joele Frank, managing partner of Joele Frank, Wilkinson Brimmer Katcher. "The dissidents seem to be seeking short-term stock price increases through, for instance, cash distributions or buybacks. Yet, some of these short-term gains may be at the expense of long-term shareholder value."

Frankel warns that the role of activist hedge funds in challenging managements on IR and agitating in M&A situations has changed the nature of financial communications.

"Many of these dissidents are sophisticated in how they use the media and rally their allies in the investment community," Frankel says. "In many ways, these players now set the communications agenda, and companies have been forced to respond faster and more aggressively to try to regain control."

With Sarbanes-Oxley now in full effect, executives are relentless in their focus on uncontrolled spending, ROI, and financial risks. This means agencies are faced with demonstrating their value more clearly, using such tools as ROI models and metrics.

Today, there are more cross-border deals in the pipeline and multimarket campaigns on the schedule in corporate America than there have been in some time. But whereas in the past companies primarily sought breadth to support dealings across many countries, they now expect depth, as well.

"The field has become more specialized and more global at the same time," says Steve Lipin, senior partner at the Brunswick Group. "It's more specialized in the sense that companies need advice on a range of often very technical subjects. And you need to be nimble enough to help companies when what was primarily a financial story reaches the mainstream."

Due to this ever-expanding scope of business needs, the field of financial communications is redefining itself.

"I think 'financial communications' is a bit of a misnomer since this practice cuts across a much broader spectrum of issues," Lipin adds.

Clients expect communications advisers to be completely up to speed on current rules and requirements, while also being aware of the other issues impacting how they communicate.

"As an employer, we tend to attract more lawyers and other folks who've had experience inside big companies dealing with big issues or those that bring a perspective that helps clients communicate with financial audiences, such as fund management or Street research," Lipin says. "But we also believe people who bring a liberal arts background with an understanding of economics offer a lot to firms like ours."

Inevitably, the industry trajectory is one of convergence for investor and financial communications with PR, largely driven by the evolving needs of many companies struggling with how to better synchronize the silos of IR and PR.

"Increasingly, we're fulfilling the role of senior adviser to boards and senior management," says Merrill. "The typical PR pro is now more likely to come from Wall Street - investment banking or equity research. Corporate law backgrounds are also more prevalent. MBAs are not unusual."

"Clients are increasingly broadening the scope of what they consider financial communications," adds Adam Miller, COO at Abernathy MacGregor. "The financial community consumes information voraciously, so a negative story in a trade publication or on a blog can do just as much damage as a unenthusiastic analyst report or critical *Wall Street Journal* story."

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