Translating money: Globalization creates a wealth of financial comms challenges.

Craig McGuire - 11 Jul 2005 00:00

It's a difficult question to answer: How do you portray a singular global message across a variety of financial markets at many different stages of sophistication - all while the same institutional investors are scrutinizing the company across all these m

The simple answer is there is no simple answer.

"No one has figured out what the best model is," says Jerry Swerling, a PR consultant and director of PR studies at the University of Southern California.

"Some clients will have a lead agency on global messaging and strategy and then use best-of-breed in different markets to execute locally," he explains. "Others find that one firm will work for them around the world, while some do not believe in the global approach and opt for best-of-breed in each market."

Staying local

Some clients clearly feel local expertise is best. For example, when the Association of German Mortgage Banks sought to generate interest for Pfandbrief among US institutional investors, it retained Makovsky & Company.

First issued 230 years ago, the German Pfandbrief is classified in the fixed-income category and is currently Europe's largest bond market. But that was no guarantee that US investors would bite.

"While the US market may be more sophisticated, it's also somewhat reluctant to invest in new asset classes, particularly foreign ones," says Gene Marbach, group VP at Makovsky. "A key way to break down resistance is to have US investors, those who've had successful experiences investing in the Pfandbrief, take part in panel discussions."

The agency is not the global AOR for the association, nor will it be any time soon. But Makovsky knows the fixed-income industry in the US and mounted a series of events the past few years that drummed up interest in key money centers, such as New York and Boston.

Alliances were struck with key trade groups, such as the New York Society of Security Analysts, while talent was lined up to sing the praises of the Pfandbrief, such as Jerry Speyer, CEO of Tishman Speyer, one of the largest owners of commercial real estate in the world. Investor targeting was a critical element, as a key challenge for the US market is that covered bonds - such as the Pfandbrief - are not yet a major investment category here. Finding viable institutional investors and inviting them to events was a key part of the program.

Investors and journalists alike warmed to the Pfandbrief, as the push scored with analysts and nailed spots in the *Financial Times* and *The Wall Street Journal*, among others.

While it may not be accurate to attribute all investment growth directly to the campaign, attendance for the events in 2005 alone has increased 48% from events in 2004, with the number of the attractive buy-side attendees growing by 50% during the same period.

Perhaps one of the most challenging objectives is to keep everyone saying the same thing, regardless of what language they say it in. Millions of institutional investors, media, and regulators hang on to a company's every word, so it's important to limit how much

the message is varied to appeal to local audiences, says Gregory Pettit, SVP, director of financial communications at Hill & Knowlton, New York.

"The financial markets thrive on information, so they don't settle for local financial news, but will seek out information from any and all of those sources," Pettit says. These include international sources.

Pettit warns, however, that clients don't always act on this advice. To promote one of H&K's Asian clients [whom Pettit declined to name] to US investors in the run-up to an IPO, Pettit wangled an interview on the floor of the New York Stock Exchange with CNBC anchor Maria Bartiromo.

"Unfortunately, I had to cancel it," Pettit laments. "It coincided with the quiet period [before the IPO] and I just couldn't convince the chairman of the importance of not talking about future prospects. When you talk to financial audiences, you must adhere to regulations of all different markets. But your baseline has to be the stricter market - which is why I cancelled the interview."

The client's perspective

When advising clients in countries where the business culture is so much different than that in the US, the business climate can only really be understood by sitting in the client's seat and seeing what he sees.

Pettit uses another example to illustrate this point. Retained by a client in the midst of a proxy battle that was based in the Middle East and owned by interests in Asia, H&K was retained to appeal to the financial media in New York.

When the story hit, Pettit was satisfied by the objective reporting, but was taken aback when the client complained of what it considered a disaster. After investigating, "it quickly became apparent that the financial media in Asia, in their local markets, seemed to be much more controllable than in the US," Pettit says. "What we regarded as a balanced story was not [the one] they would have liked to play out, basically because it included the other side of the argument."

Because there are so many things left unsaid when interacting with other cultures, cross-border communication support requires more of an investment of effort, says John Hellerman, a partner with Hellerman Baretz Communications, a Washington, DC agency that does mostly delicate legal work, often with overseas implications.

"In the US, I rarely participate in interviews," Hellerman says. "I set it up, I media train [clients], but for most part, unless it is something very high- level, I remove myself from the process. But when it comes to foreign reporters and cross-border situations, I'm always on the line and always taking notes," Hellerman adds. "You must really focus and do the diligence. The slightest thing can come back to haunt you."

Confronting crisis

The most challenging global campaigns can be those that come during a crisis.

At one point, Bridge Information Systems was a leading market-data vendor rivaling Reuters and Bloomberg, with more than a quarter of a million customers in 65 countries and

5,000 employees.

But an aggressive acquisition strategy and the inability to integrate its properties plunged the company into turmoil.

When the warning bells initially sounded, Gavin Anderson & Company was tagged to provide communications support as Bridge desperately set about restructuring its debt. That is, until it was cut out at the knees by Highland Capital Management, one of its creditors, which filed a Chapter 7 involuntary bankruptcy petition.

Bridge struck back with a voluntary Chapter 11, refocusing Gavin Anderson on management of the issues surrounding its filing and the restructuring, including communicating with the media in Europe and Asia that were not familiar with the nuances of the US bankruptcy code.

"Our task was to convey to stakeholders that the group's financial restructuring under court protection, provided by Chapter 11, would result in a stronger, more efficient business," says David Bassiouni, associate director at Gavin Anderson.

"The biggest challenge was communicating the nuances of the US' unique bankruptcy code," says Tristan Peniston-Bird, director at the firm. "In other countries, bankruptcy means total insolvency and imminent liquidation, associated with more of a ritual humiliation, especially in mainland Europe and Asia."

Despite their efforts, though, the die had been cast and Bridge just could not get out from under its financial woes. Gavin Anderson's New York, London, and Tokyo offices, at first retained to help manage the initial crisis, were asked to provide strategic counsel as Bridge moved through bankruptcy, which led to ultimate dismantling of the company.

"[Getting this information out] was not a simple matter of distribution," says Doug Morris, director at Gavin Anderson. "Nuances of every country in which Bridge did business had to be considered, down to the last detail. We had to be careful translating documents, because, when translated literally, the term 'bankruptcy' has different meanings in different languages."

But, Morris continues, "It's when you participate in a high-pressure campaign of this scope - and we were in it from the beginning - that you really get a sense of what it takes to perform globally. You have to stretch yourself to address all these audiences, from employees, unions, and customers to suppliers, regulators, and investors.

And you have to translate into many different languages. It's intense, it's high-pressure. But at the end of the day, it's invigorating."

Financial communications across the globe

United States

Regulators are stricter and investors are more sophisticated here than in overseas markets. The global center of the international financial media is firmly rooted in New York, so if your client can make it here, they can make it anywhere.

European Union

Issues involving European markets intertwine with developments of the European Union and its 25 member states. The next challenge for financial communicators is the 2007-2013 EU budget, or "Financial Perspective," renegotiated every seven years. Many watchers anticipate key issues may drive a rift between governments and factions that could have broad consequences for the markets.

China

China's markets are growing faster than any others on the planet. Communicators have to penetrate heavy government involvement in the media, with many of the largest media organizations (CCTV, the People's Daily, and Xinhua) being actual agencies of the Chinese government. Still, there exists diversity of the media and fairly open discussion of certain issues, as long as they stay within the confines of the party line.

Latin America

With increasing competition and the rise of complex and sophisticated markets, this region is full of opportunity. Financial communications challenges now revolve around changes brought about by deregulation and more private-sector participation. Local markets also tend to interrelate by region, thus creating inter-regional markets with greater complexity and undefined rules.

Middle East and North Africa

Financial markets still struggle with political unrest, government interference, and stifling monetary/trade policies, while the reform needed to drive economic growth and foreign investment are being stunted. Instability and overbearing regimes threaten global-market integration, while spiraling oil prices and other trends hurt worldwide stock-market indices and consumer confidence.

East Asian Tigers

The East Asian Tigers encompass the economies and markets of Hong Kong, Singapore, South Korea and Taiwan. Communicators frequently cross these borders to provide support to global trade players, tapping the high growth rates and rapid industrialization that propelled the rise of this region onto the global scene between the early 1960s and 1990s.

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