

Honeywell IR presents new forecast, alleviates crisis

By Craig McGuire

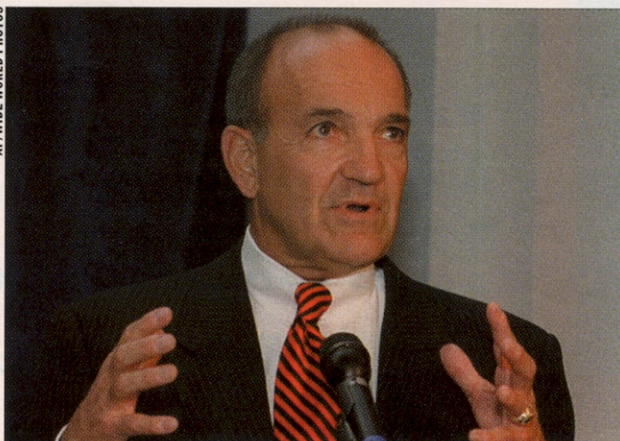
NEW YORK: In the aftermath of an earnings warning that resulted in a stock plunge to a 52-week low in June, the IR pros at Honeywell International have stopped the bleeding.

The warning – that the company would come up a mere three cents per share short of analysts' predictions – came as a shock in large part because CEO Michael Bonsignore assured investors all was well just two weeks earlier.

"When [Bonsignore] attended that meeting, he didn't have the May numbers, so there was no reason to issue a warning," explained Honeywell director of corporate media relations Tom Crane. "Much of this was self-inflicted. But rather than go to the Street with incomplete numbers, Honeywell erred on the side of conservatism."

Thomas Laughran, EVP of The Investor Relations Company, said that Honeywell's plight exemplifies the difficulty of communicating earnings

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Bonsignore... IR pros regrouped and pushed the CEO out front

warnings in today's harrowing financial climate.

"This year, companies are really getting punished harshly for preliminary news and warnings," he said. "Look, warning that you are going to miss by a penny and then getting whacked by 12% is just not fair."

Still, many analysts and major investors later said that the mar-

ket reacted harshly due to Honeywell's lack of communication rather than to the somewhat disappointing profit picture. Caught unprepared by the Street, the company's IR pros withdrew, regrouped and came charging back, pushing CEO Michael Bonsignore out front for the reputation resuscitation. Crane said the key to Hon-

eywell's communications strategy was a complete and detailed revised forecast. The company brought the revised financials public last Monday at an analysts' meeting in New York – timing that was criticized by many investors. Crane countered, "July 10 was as fast as we could put everything together."

Bonsignore stayed on point while addressing the gathering. "We know what happened, we have taken decisive action and we are committed to never repeat this experience again," he said at the meeting. "Honeywell is not broken."

In the wake of Honeywell's roller-coaster ride, IR vets advised a cautious and controlled approach during times of severe investor backlash.

"When a company announces bad news, it has to expect some stock erosion," said Ted Pincus, chairman and CEO of FRB/BSMG Worldwide. "You just have to direct the investor's eye to the long-term potential."

PR serves strong brands well in market fluctuations

By Craig McGuire

STAMFORD, CT: PR was an essential tool for many public companies attempting to preserve the value of their brands through recent downturns in the market.

That was one of the conclusions Corporate Branding president Jim Gregory drew from a recent study by his company, which attempted to discern how top brands fared during last month's wild market fluctuations.

Gregory trumpeted the mollifying effect that PR has on brand management. "It is absolutely critical," he said. "The most important thing is consistency."

For the study, Corporate Branding compared the market performance of five composites (consisting of 20 stocks each) from April 13 to April 18. The composites included

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Microsoft... rebounded quickly, while weaker brands took longer

stocks tiered according to brand-strength ranking. Tier 1 included companies with the strongest brands (Campbell Soup, Walt Disney); Tier 5 included the weakest (Valero Energy).

While no tier emerged un-

scathed from the April 14 sell-off, companies in Tiers 1 and 2 rebounded on April 17 and 18, while those in Tiers 3, 4 and 5 responded lethargically.

Gregory said that PR was often the difference. "In Tier 1, just look at Coke and Micro-

soft," he explained. "These are two big brands that are going through significant turmoil, working hard to maintain a positive brand image while trying to solve specific threats to the company." PR, he said, helped them through what could have been a difficult time.

In Tier 2, Gregory highlighted companies like the besieged Warner-Lambert, which was finally merged with Pfizer on May 12 after months of back-and-forth maneuvering. "Whether battling a takeover attempt or undergoing federal investigation, they know life goes on," said Gregory. "That's why you see them constantly out there promoting and building their brand."

For more information on the study, visit www.corebrand.com.