



Communicating During COVID-19

6 strategies to uphold your reputation with investors during COVID19

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Even amidst the current crisis, businesses must look beyond. Remember, there is always light at the end of the tunnel. It's just that sometimes, the length of the tunnel is unpredictable. The key is to communicate how ready your company is to stand on its feet once normalcy returns and how quickly will your cashflow mismatch dissipate.

COVID-19 Pandemic has hit the world hard. Besides the rising health concerns and unfortunate cost to human lives, the pandemic has destabilised economies and businesses globally at an unprecedented scale. The economic impact of this is unpredictable and for many businesses it may develop into existential crisis. Naturally, investors and stakeholders are nervous about the uncertainties.

Dickenson World is helping its clients develop effective communication to stakeholders that convey the Company's current state of affairs amid the nationwide lockdown, which includes its current financial and liquidity position, as well as all other aspects that are critical for business continuity.

Here are 6 key focus areas of communication that will uphold your corporate value system, and hence your company's reputation:

- 1. 'Over-communicating' is necessary :** In a once-in-a-lifetime event, in which we're all momentarily paused under a lockdown to beat this pandemic, society is 'over-communicating'. This is a good thing for creating mass awareness and a strong recognition for the actions we all need to take. Similarly, businesses too should be 'over-communicating'. They should be addressing all stakeholders with equal empathy and fortitude, and demonstrate that your corporate values are strong by example. Many would argue that right now, the true new role of a "CEO" is to be the "Chief Empathy Officer". Naturally, in times of health crisis, concerns about the well-being of the employees are on the top of the list, and internal communication must be frequent and meaningful. However, one must also take a holistic view in communicating to other stakeholders besides employees. They must communicate with investors, bankers, rating agencies and regulators; their suppliers and vendors; their business partners; and most importantly, their customers. Everyone will want to know how you are coping as a business; how are you taking care of your employees; and how are your addressing concerns of business continuity.

2. Business continuity : With revenues coming to a standstill for some companies, the biggest challenge right now is business continuity. Sustaining fixed costs in such circumstances can be a key challenge for some, and less for others. Your stakeholders would want to know how the global battle against the existing pandemic threat is impacting the physical availability of your staff. The lack of people managing your business can be a threat to operations, and your commitments of products or service delivery to your customers and clients can be under serious threat. It is critical to evaluate and communicate not just on your health safety measures, but also on the job safety of your intellectual assets - employees. For the medium term, all stakeholders would be anxious to know what you have in store in terms of your Recovery Action Plans, when conditions eventually normalise and pick up once again. But for the more imminent future, they would be eager to know what your contingency plans are, within the short term, to protect you balance sheet and financial liquidity.

3. Balance sheet & liquidity : The worldwide coronavirus outbreak threatens to disrupt operations for companies large and small for the foreseeable future. Most business leaders anticipate revenue declines over the next six months. To help stem losses, most chief executives will be taking many actions to curtail expenses, including cancelling major events, nixing business travel, cutting costs, and allowing employees to telecommute. But more importantly, does your business have the cash flows and liquidity to survive the next 3 months?

Investors and Stakeholders know that your company's survival depends on addressing financial/liquidity issues during this crisis. They would want to know what your next 12-week cash flow forecast looks like, and whether it can stand the stress-test under likely scenarios and worst-case scenarios. They would want to know whether the management has adequately ascertained its cash needs looking ahead, after thoroughly reviewing fixed and variable expenses.

Concurrently, stakeholders will also want to know what you are doing to boost liquidity. For example, is your business seizing every opportunity to maximize its cash inflow by offering cash reductions to customers and clients who pay more quickly? Are you also taking steps to make what you have last longer? Are you in a position to reschedule outstanding expenses or loan servicing obligations toward a deferred and/or longer payment period? Is the management heading to the negotiation table with their vendors, keeping in mind that many of them are facing the same issues that they are. Lastly, can the management amplify its liquidity via extended credit, or a business loan. Are we fully leveraging any government support specifically made available during this critical period.

In summary, you need to effectively communicate your balance sheet strengths. This includes your cash reserves, that will help sustain the business during the crisis; any moratorium granted for liabilities dues; and steps that will be taken to ensure future liquidity and working capital management, once the operations resume.

- 4. Protecting reputation :** Revenue losses are certain across businesses and the extent of it is unpredictable. It may be helpful to be candid about it. It is also the right time to communicate, with humility, the long-term sustainability of the business model, corporate values and the governance that will see the company through during this crisis. This is not the time to benchmark with peers and gloat but simply put forth your endurance strategy. In the current crisis and prevailing uncertainty, while listed companies may not have the ability to protect their value, protecting reputation can certainly be achieved.

For listed corporates, drafting your message needs go beyond looking just at value deterioration. The fall in share price should not be the motivator to increase the intensity of investor communication. Investors tend to discount excessively, so your current market cap is not a reflection of your current state of affairs. It is more about investors trying to adjust the price based on their perception of how quickly will the road to recovery come to you

- 5. Business beyond crisis :** Even amidst the current crisis, businesses must look beyond the crisis. There is always light at the end of the tunnel. It's just that sometimes, the length of the tunnel is unpredictable. The key is to communicate how ready your company is to stand on its feet once normalcy returns and how quickly will your cashflow mismatch dissipate.

When the lockdown is lifted, which is most likely to be in a staggered manner, the resumption may vary from business to business. Non-discretionary spending will take time to take-off. People are unlikely to start making holiday plans in hurry, and it might be months before airline and the hospitality industry recovers, while manufacturing, pharma, IT businesses will probably normalise faster. Global investors are currently grappling with questions related to the economic recovery, stabilisation and resumption of growth. According to some experts. India's manufacturing sector is expected to benefit the most and many are already predicting that Asian countries, mainly India and China, will emerge stronger post the crisis. For CEOs and the business owners, it may make sense to start working on the post crisis story as well.

6. Leveraging digital channels : Investors will also observe how you leverage the digital world to instil confidence with your stakeholders. To begin with, you will be expected to develop a crisis communications plan that ensures a coherent and consistent suite of messages delivered in a seamless and integrated way through all your digital touchpoints. You will be expected to respond through your website that communicates your response to the COVID-19 crisis. Creating a central repository of information through which your key stakeholders can access accurate and up to date information is key to delivering transparency. You could also choose to stay connected through film, one of the most powerful ways to reach remote audiences is to harness the power of film. You would do well to engage your remote workforce by developing internal communications programmes and by opening new digital engagement channels such as employee Apps. This is the time to also sustain your external communications, across social media, through broadcast channels such as email, and ensure that you stay relevant and connected with your stakeholders.

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