



The Ostrich Syndrome

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Public Relations for Unlisted Companies Planning An IPO

The apathy of unlisted companies towards Public Relations is inexplicable, and their sudden proclivity for PR at the time of fund raising is palpable. Such short-sightedness makes them look opportunistic and has many pitfalls. If Public Relations is about building goodwill and moving the needle, unlisted companies planning to go public could do well by building long terms relationship with their stakeholders much before asking them to trust with their money, believe in their governance, or endorse the corporate brand.



If IPO is the biggest milestone in the corporate journey, then getting an optimal valuation – the biggest challenge, stock price falling below the issue price – a permanent blemish, and sustained value creation – the biggest validation.

Large unlisted companies in India fall into three broad categories. Indian subsidiaries of foreign companies (Hyundai, Samsung or Coca Cola), public-sector companies (BSNL) or Indian private sector closely held companies. The focus of this little write up is domestic closely held companies, helmed by visionary and ambitious promoter aspiring to take their company public and create value for stakeholders.

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“Do closely held companies need public relations?” The question, although rhetorical, often confounds many.

“We are not listed, we don’t have public shareholding, so we don’t need PR”, goes the argument. This reasoning takes away the ‘responsibility’ of communication but not the ‘need’. At a very basic level, Public Relations is defined as a strategic communication process between an organization and its publics with the objective of building trust and goodwill. And ‘publics’ here is a very inclusive term covering all sets / categories / groups of people having any kind of dealings with an organization.

There are ample examples among relatively new, technology driven companies, starved of funds, embarking on PR routine early on. Their PR efforts are aimed at rapidly expanding the customer base, seek funding and, in some cases, tilting the government policies in their favour. Pick up any pink papers and surely there will be a story or two on unlisted consumer tech companies such as Flipkart, PayTM or Ola. Public Relations budgets of these companies are as big as any large listed conglomerates’ PR spend, in some cases even bigger.

On the other hand, we have companies – with more mature businesses, longer history and the internet not necessarily the backbone – who terribly underestimate the need for Public Relations. Despite many of them having professional management at the helm, Public Relations is never a priority. It is only when these companies file the DRHP, Public Relations appears on their agenda.

Some of the recent IPO and those who are planning one prove this point. Take example of Varun Beverages, HPL Electricals, S Chand & Co. Each of these companies enjoy significant market share in their respective sector, have a good track record of financial performance and yet almost each of them suffered from poor visibility and recall.

Sure, the success of any IPO largely depends on the market conditions as well as the valuation demanded. At the same time, companies who have done a better job of communicating early on, have a better chance of creating curiosity, anticipation and investor demand for the IPO.

IPO – a biggest milestone in corporate journey

An oft-repeated statement, however, is an incomplete one. If IPO is the biggest milestone in the corporate journey, then getting an optimal valuation – the biggest challenge, stock price fall below the issue price – a permanent blemish and sustained value creation – the biggest validation.

IPO bound companies who suddenly embark on a PR program to hard-sell the issue find themselves challenged on many fronts. Some of the critical ones are:

Regulatory restrictions: The market regulator, the SEBI, does not allow company spokespersons of an IPO bound companies to speak anything outside the draft prospectus (DRHP). This leaves most of the softer aspects and intangibles of the business uncommunicated. All you can talk about is hard numbers which are dated and issue objectives. Moreover, an untrained promoter is highly likely to blurt out something extraneous to the DRHP during TV interviews and runs the risk of getting pulled up the SEBI.

Ignorant media: Unless you are a Coffee Day or an Indigo Airlines, it is very likely that media would hardly know anything about you. Now, one hour, which what you usually get, is not good enough to impress anyone to understand and appreciate the strength of your business model and get convinced about better outlook. If you invest time in building relationships with the media much ahead of the IPO, you could sell your investment story far more convincingly.

Under-preparedness: Media interviews around IPO are not exams. Unprepared promoters end up tackling interviews like one; defensive in their stance, eager to move to the next question and get out of it asap. Your clarity of purpose, spontaneity, body language, will be under scrutiny and only well-prepared promoters can sail through it effectively.

Unconvinced audience: As a part of the IPO marketing exercise, the management faces sceptical media, brokers and analysts during road shows. Unless you are a good storyteller, it is hard to impress this tough audience. Again, earlier efforts of building strategic relationship with this audience can award you a patient and an open-minded hearing.

An objective driven financial PR program for IPO aspirants

At Dickenson, we strongly feel that an IPO bound company must build a positive consensus about its prospects long before it decides to go public. This takes time and special efforts. Intense marketing activities closer to the IPO date are often inadequate in improving the market's understanding and the appreciation about the company's uniqueness.

Our unique Financial Public Relations offering is designed for companies planning IPO in the next 10-12 months. The program is tailored by the professionals who have worked on marketing of numerous large and complex IPO. The program execution team includes investor relations specialists, PR and corporate communications veterans, analysts and business writers.

Key elements of Dickenson's Financial PR Program for IPO aspirant companies include:

- **Advisory:** We help you build a unique positioning for your company. This positioning is supported by well-crafted evidenced based messages that we develop to resonate with your diverse stakeholders.
- **Stakeholder outreach:** We develop the most effective outreach program efficient communications channels and platforms to reach out to your audiences.
- **Content development:** Yet to be listed companies often struggle to come out with news worthy stories. Dickenson specialises corporate story telling. Out experienced writers, with the help of our business analysts, create compelling stories that are relevant and newsworthy.
- **Financial media relations:** We help you develop mutually beneficial relationships with journalists covering your sector and the capital across media platforms.
- **Analyst & broker relations:** These are the key influencers and their endorsement is critical for IPO success. Dickenson is India's foremost IR agency and enjoys excellent rapport with these influencers.
- **Orientation workshops:** Dickenson conducts a series of workshops for the senior management. These are typically half day workshops on important aspects such as Messaging workshop, Media Orientation workshop, Investor Relations workshop, Pre-sentation training workshop, etc.
- **Online reputation management:** We are screen agnostic and help you create & distribute content for Digital platform to build your strong online reputation. Dickenson's services are designed to make you IPO ready from reputation stand-point and help you navigate communications challenges up to the IPO. To know more, please write to Mehul Mehta, President, Financial PR on mehul.mehta@dickensonIR.com

Manoj Saha is the Managing Director of Dickenson World, a leading Capital Markets Communication solutions company. Dickenson World specialises in the end-to-end production of Annual Reports, from researching, conceptualising, authoring, designing and digitisation. To know more about our capabilities, and how we could help you to produce a digitised annual report, contact enquiry@dickensonworld.com.



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