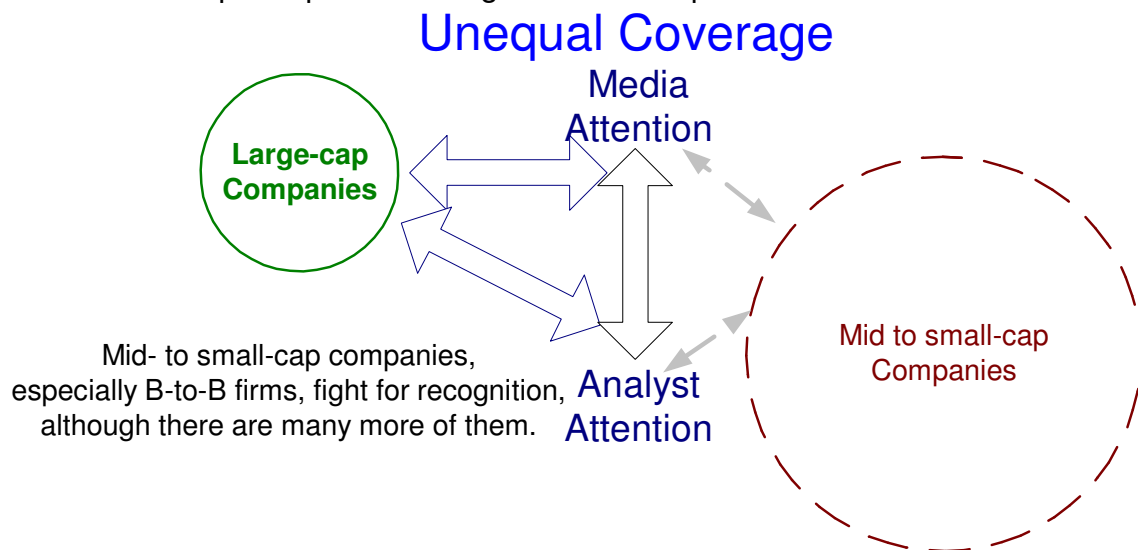


Positioning a Small- to Mid-cap Company

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It was a mid-cap, auto parts company that had fallen on hard times and was turning around. It had never been well known outside of Detroit, but it was NASDAQ-listed, and two Wall Street analysts followed it. The analysts were skeptical about the company's future, but the CEO felt there was a story to tell to investors. The media, including the local newspaper and business journal, ignored the corporation. There wasn't much drama in building seats and dashboards.

The challenge of the company was typical. Many small- to mid-cap firms have difficulty attracting attention on Wall Street and in the media, and this was one. There isn't inherent interest in most component makers, business-to-business suppliers, energy providers, extraction industries and other small- to mid-cap companies. Few think about them unless something goes wrong. Such companies can thrive for decades and remain mysterious to outsiders who drive by their facilities and barely glance in their direction. Reporters consider many small- to mid-cap companies boring and inconsequential.



Consider, for example, a telecommunications firm that is a billion in annual sales in an industry where major players are tens of billions. General business media ignore the company because they are "out of the mainstream." Even the newspaper in the city where the company is headquartered does not cover its earnings. National level business reporters on telecommunications beats say the company doesn't fit into their coverage. One cannot blame reporters, especially with the compression of newsrooms, but the result for the company is a challenge. It has a good story to tell, but nowhere to communicate it, except in a few limited trade media.

Much of the time, small- to mid-cap companies can remain in anonymity because they know their customers and their customers know them. However, when there is a reason to be better known, positioning a small- to mid-cap company is difficult. One may have to dig deeply to find story ideas, create news or use other media, such as advertising or the internet.

Why be known

There are reasons why small- to mid-cap companies might wish to be better known. Most, but not all, are economic. There may be a:

- Compelling market need because of a marketplace change, such as a new competitor. The company may find itself pressed and trying to move into a more profitable niche or another industry.
- Desire for better support for its shares. Especially in a time of shareholder activism, companies find anonymity hurts stock value and upsets equity holders.
- Need for recruitment. Companies face significant talent shortages as Baby Boomers retire. They are having trouble finding new workers. Global companies recruit workforces around the world and need to project their name and brand to get them.
- Board that presses the CEO to make the company better known. Directors may see a need for a company to gain recognition and recommend to the CEO that this be done.
- Crisis that has thrust the company before public attention and requires the company to explain itself and its business more clearly.
- Regulatory threat. Local, state or national governments may be moving against the company or its industry and creating conditions in which it is no longer economical to operate.
- Succession issue. A CEO may retire or be forced out and create news that raises the company's profile.

If it is none of these reasons, it may be because a CEO may want the company to be recognized and is willing to help make it so. Conversely, if a CEO sees no need for raising a company's profile, a communications department has little to go on. It lacks support from the top. CEO support is a pre-requisite for any small-to-mid cap corporate communications campaign.

Defining audiences, media and message

Should a small- to mid-cap company decide to communicate more broadly, campaign planning starts with audiences, backs into media and then, packages a message. Integrated marketing works best – one message, multiple media. Many PR practitioners have been taught to create campaigns in reverse order – message, media, audience -- but that is inefficient and inaccurate, especially with companies that may not understand audiences beyond customers and industry competitors.

Small- to mid-cap companies also tend to have tight marketing budgets, which preclude large advertising campaigns and other paid media. Publicity is a cost-conscious and credible approach– if it works. It doesn't always work. There are companies whose size and business are such that the media never pay them much attention.

Fortunately, with media relations, there is less need for detailed audience analysis. The business media are a proxy for consumers of business news who choose media to read, watch or listen to. A reporter isn't a perfect substitute, but for the sake of a PR campaign, a business reporter is near enough. This shortcut allows a communicator to work on an immediate problem – finding a way to interest reporters. There may be one overall message but numerous ways to present it. Often, presentation requires active cooperation from the CEO. Editors and reporters are willing to meet with CEOs even if there is no urge to write about a company. These meetings are important because they educate CEOs too about how little reporters and editors understand a company's businesses, even with preparation. And, if reporters and editors don't grasp the implications of a story, business news consumers won't either.

There is a temptation for CEOs of small- to mid-cap companies to give up in the face of media inattention and to concentrate on investor relations, but that is a mistake. As the illustration shows, there is a triangle of communication behind investor sentiment. Analysts deal with a company and speak to reporters. Reporters take cues from analysts about companies to watch and vice versa. If a reporter writes about a company, it spurs analysts to look too. Concentrating on analysts to the exclusion of media breaks the triangle and reduces the chance of company coverage.

Try, try again

CEOs may learn that they need to concentrate on less important elements of their businesses to gain attention. For example, a company that builds industrial equipment may have a small business erecting windmills for power generation. Reporters are interested in windmills but not industrial equipment, so the company uses its windmill technology as an entrée. Or, CEOs may find they need a better job of translating their story to make it appealing. A company might make an important down-hole piece of well equipment that few understand, so it uses graphs and demonstrations to show why the product is better than

alternatives. It is up to the company to connect the dots between relevance and product for the media. Translation may be difficult and can fail.

A PR agency should be honest with a small- to mid-cap company, if the media are ignoring its story. The company in turn should not be insulted that its activities stir no immediate media interest. If there is good reason for being better known, a small- to mid-cap company should endure. Half-measures are half-hearted.

Extended Marketing

If general business media remain uninterested, there are other avenues for getting a company's message out –a user-friendly web page, blogging, YouTube videos, e-mail campaigns, etc. It may be possible to spark news through sponsorships, events and other tactics. For example, a company that makes lawn watering equipment for landscapers might sponsor a golf tournament to raise its profile. Or, the company might put money behind a drive for water conservation that highlights its water-saving sprinklers and drip tape applicators and use these to gain exposure. Small- to mid-cap companies need patience.

However, if a company is successful in gaining media interest and stories about itself and its products, that is just a first step. The company should merchandise a story to gain greater awareness. A media story opens the door for paper and web reprints, for recruitment hand-outs, for online videos, for shareholder mailings, etc. The small- to mid-cap company should have a program in place for merchandising media from the beginning of a communications program because a reprint has a greater positive effect on marketing than the original story.

Small- to mid-cap companies are hard to publicize, but that does not mean they are impossible to help. It takes more digging, more creative thinking and more time to achieve the goal, but it can be reached.

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