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Media, Mediums, Channels, Conduits, Pipelines — Over Which & Through Which News Flows

By Hank Boerner

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MEDIA, MEDIUMS, CHANNELS, CONDUITS, PIPELINES — OVER WHICH AND THROUGH WHICH YOUR NEWS FLOWS



Information about your company is moving right now at the speed of light — that is, news and things informational related to your company race through fiber optic cables at 186,000 miles per second *to* and *through* countless media and communication channels. Things such as earnings announcements, regulatory filings, transcripts of earnings calls flow effortlessly — as well as breaking news from journalists' computers; and, a range of rumors, facts, half-facts, vicious attacks, or effusive praise about your company. All this is being moved through thousands of communication channels, often simultaneously.

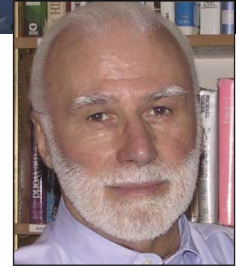
Many end points are *the media*. Whether an investor relations professional is directly responsible for media relations or not (about a third of NIRI members are), or sometimes works with media, given the extraordinary changes in the IR work environment and in the world of communication, it could be said that every IR professional is very much involved today in *media relations*. Let's look at the "how."

First consider the proliferating communications channels and information sources reaching or accessed by investors, analysts, asset managers and others — aren't most of these new *media*, given the changes taking place? The Oxford dictionary tells us that "media" (usually preceded by "the") is *the means of mass communication (especially by newspapers and broadcasting...)*.

We think of media as the traditional information pipelines or communication channels directed at the end user of news, commentary, opinion, financial research, stock advice, market trends, and more. The media include local daily newspapers carrying financial news; national financial media devoted to financial news (*The Wall Street Journal* and *Barron's*); widely circulated business and finance magazines (*Business Week*, *Fortune* and *Forbes*); and cable television's CNN, CNBC, MSNBC, Bloomberg, Fox Business and at times, the three mass audience TV networks.

But there's a broader definition for us to consider: A "medium" can be a single channel through which something is being communicated. *Medium* by definition can also be the means by which

something is communicated, the Oxford says. By this definition we might conclude that the daily work of the corporate IRO very definitely includes or is about *media relations*. Consider that the IRO is returning to the discipline's roots.



Hank Boerner

The Long Journey of the IRO

As the IR discipline we know today first emerged in the corporate world, and NIRI was but a few years in existence, *The Wall Street Journal's* Frederick Klein and John Prestbo explained the growing importance of "financial news" in their 1974 book, *News and the Market*. With 40 million American investors then holding equities (vs. 100+ million today), "too little was understood about the relationship of news and market movements, and the pricing of a stock." They explained the importance of the relationship between news and stock market movements, and wrote that "investors needed to understand more, about broad market trends squared with the general flow of news." To illustrate, specific examples were provided of how news affected their securities. The *WSJ* journalists selected Curtiss-Wright, Winnebago Industries, and General Mills.

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P R O W O L F E

Back then, 30+ years ago, many of those designated as IROs had a financial or business writing background — they were often called “financial communicators” if attached to a PR department. “Timely disclosure” (taken for granted now) was a new and important field of study for both IR and PR practitioners. Journalists were gaining important knowledge about corporate finance. *The Wall Street Journal* editorial staff [Klein and Prestbo explained], were *instructed* to pay closer attention to corporate prospectuses and other documents to find “nuggets” that had *not* been publicly disclosed by the issuer. (What was disclosed then was miniscule compared to 2009 disclosures.)

IR and NIRI Grew in Influence

Over the ensuing years NIRI and the IR profession grew dramatically in size, importance and influence. Two decades later, John Quirt (an editor at *Fortune* and then *Institutional Investor*) explained “the role of the press in the money world,” in his work, *The Press and the World of Money* (1994). Important changes had taken place in the media world by then: *Fortune* was no longer leaning left and was more free-market oriented; The *WSJ* no longer served as cheerleader for the capital markets; and, women were entering journalism in greater numbers.

And by the early 1990s, television was the most important medium for many Americans, who relied on TV for news about investing. This was a clear advantage for the TV and cable industry if “they can cover [investing] topics in ways that are credible and appealing,” Quirt observed. (Note: Financial news channel CNBC was established in the U.S. in 1989 and added Europe in 1995 and Asia in 1996. CNBC now has 14 distinct channels worldwide and operates from a 22-acre campus in New Jersey!)

Other developments affected the IR professional: Working press journalists (mostly print) became more emboldened and skeptical after the Watergate scandal

and the fall of President Richard Nixon; the “gotcha” school of media coverage emerged. Corporate equity and debt issues were more varied and complex; so were the finances of the large corporations. More methods of public and private communication were being established; and publications covering companies were more specialized (e.g., *Institutional Investor*), their staffs more professional in covering corporate finance. Over time, financial communications and traditional PR had separated within the corporation and IROs now came from backgrounds other than journalism or PR. “Media Relations” also became more complex within the corporation.

Technology and the Pace of Change

The pace of change in technology continued to bring about dramatic change at a dizzying pace for both IR and PR pros. The emergence of the global commercial Internet linked hundreds of millions of computers. The Bloomberg system of direct-to-desktop news delivery started in 1990 in the midst of a serious market downturn. As Michael Bloomberg (now mayor of New York City) explained his vision in his autobiography, the Bloomberg terminal on the desk in thousands of offices would bring about a seismic change in the investment industry.

The buy side no longer had to depend on the sell side for essential financial and commodity market information — and the securities industry would no longer dominate the investment industry. If the “Bloomberg” provided indispensable information it would become the fulcrum to the world’s most important fiduciaries — and *everything* would change. Even in the earliest days, the Bloomberg machine was a *news machine*

— and therefore prices, relative values and trends were “reported,” and the IROs involved in some way were doing *media relations*. This is exactly what happened over the first years of the Bloomberg on the desktop.



The development of the World Wide Web in 1994 also changed *everything*, bringing about an explosion of connectivity: suddenly there was a profusion of company Web sites with IR silos; on-line media outlets featuring instant investment pundits; dedicated investment Web sites; social networking sites like

Facebook; and many of us now routinely use Web sites with protected, user-only content, or private publishing platforms (such as Listservs). More recently, interactive two-way communications presented new challenges for the IR and PR professional, compared with the “one way” communication channels of their predecessors. The IRO also finds herself dealing with communications via new social media applications, and more.

Another major challenge for IR professionals is tracking the explosion of information about their company by a growing army of *citizen-journalists*. In their landmark 2003 work — *The Naked Corporation* — Don Trapscott and David Ticoll talked about entering an “*extraordinary age of transparency, where businesses must for the first time make themselves clearly visible*” to shareholders, customers, employees, and others if they are going to be sustainable.

If You Know Where to Look

If anyone wants to know — and knows where to look — they can find out almost *anything* about your company. Financial data, employee grievances, environmental disasters, internal memos, product weaknesses, customer complaints, scandal, good

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CHAIR'S NOTE
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sessions focused on taking your career to the next level, as well as opportunities for one-to-one meetings with career counselors and executive recruiters. We think you will find this to be a most welcome benefit in this market.

The NIRI Board and staff are committed to our mission of advancing both the professional competency of our members and the practice of investor relations. Your feedback and questions about our efforts are always welcome — please do not hesitate to contact me, or any NIRI staff member.

Sincerely,




Bina Thompson

NIRI Chair and
Vice President, Investor Relations
Colgate-Palmolive Company

NEWS MEDIA
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news and bad — all this is there; welcome, they say, to the “World of the Naked Corporation.” Transparency is now enabled by technology; this results in power shifts from the corporation to the watchers and activists. (Good news: Trapscott and Ticoll offered the examples of this being an emerging zone of opportunity for Shell Oil, Johnson & Johnson, Chiquita Brands, Novo Nordisk, H-P, and other public companies.)

And with all that has happened, as briefly outlined here, there is much, much more change to come. Change is accelerating in media matters. We conclude with this thought for the IR professional: Everything we have presented here is really all about *media* and *mediums of communication*. Where do the lines get drawn between communication and media relations? Hard to tell, isn't it! We are all involved in *media relations*, it seems! 

Hank Boerner began his career as a print and broadcast journalist, then moved to corporate IR and IR consulting, and then became a management consultant. As he continues his communication and media journeys as editor of IR Update, he welcomes comments and questions at hboerner@niri.org.

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