Making media count

Want to drive deal flow? Talk to a reporter, writes Bill Haynes.

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For private equity firms, it's all about relationships. The firms are quite adept at cementing ties with limited partners, investment bankers and other parties central to deal-making. But a private equity firm can further raise awareness of their organisation, its focus and differentiated approach, and help drive new business, by forging relationships with another constituency – journalists.

Private equity firms that maintain strong relationships with reporters, understand their needs for timely news and thoughtful perspectives, and share their viewpoints on industry trends and issues, are more likely to receive accurate and fair media coverage, helping improve their company's and the industry's image in the eyes of regulators, legislators, portfolio companies, investors and the general public.

In fact, a recent survey by BackBay Communications and Marketwire revealed that reporters are eager for news about private equity firms and their portfolio companies, as well as firms' perspectives on industry issues. However, the 109 financial journalists who participated in the survey said private equity firms are not the most forthright communicators. No journalists rated these firms excellent in terms of communication, and only 30 percent said their capabilities are good, while 48 percent rated them fair and 23 percent chose poor.

According to the journalists, common mistakes for private equity firms include not sharing enough information on acquisitions and exits, inconsistent communications, not offering enough thought leadership on industry trends, and only discussing portfolio companies at time of investment or exit.

Private equity firms that want to build their brand recognition among limited partners, investment bankers and company executives and drive more deal flow should work to build relationships with the media and share their news and perspectives on industry issues and trends. They also have the opportunity through their deeds and words to address concerns among investors, regulators, legislators and others and be seen as leaders who can help rebuild the economy.

Following are five key steps to communicating successfully with the media.

1. Get to know reporters. Reach out proactively to reporters in a way that is consistent with your firm's brand and culture. If your firm has had a low profile, you probably want to ease into the role of thought leader. Avoid overexposure, which has been a problem with a few of the largest private equity firms. It makes sense to meet one-on-one with reporters at their offices and at conferences to build relationships and discuss industry trends. Issue press releases on your company news such as a fund closing, investment or exit, or new senior employees. You may eventually want to send pitch e-mails highlighting trends you are seeing and a unique approach you may be taking to investing. Importantly, make sure you are promoting your institution, not any one individual, and if possible, show bench strength.

2. Have a point of view. Share your insights on trends and issues. Quarterly "spokesperson e-mails" and newsletters are great ways to share your firm's perspective. According to the financial reporters polled, they are looking for private equity firms to be more accessible, develop professional relationships, and communicate regularly and consistently in good times and bad through a variety of dissemination vehicles, like one-on-one meetings, news releases, articles, conference speaking, newsletters and studies.

3. Develop proprietary studies and events. Consider conducting a survey or analysis of existing data on the private equity industry or a particular sector, geography or deal school or association for a co-branded initiative. Studies can be leveraged through news releases, roundtable discussions, and bylined articles. A strategic public relations firm that is experienced working with private equity firms can help shape messages, develop studies, and build and strengthen ties with the media.

4. Prepare for and quickly address crises. Be prepared to address bad news regarding your firm or a portfolio company. Assume senior-level departures, missed fund-raising targets, portfolio company failures or management team shakeups will draw media attention in the private equity trade publications, media in the communities where troubled portfolio companies reside, and possibly the national business media. Developing confidential internal Q&A documents can help ensure a private equity firm has a thoughtful, consistent message for interested constituencies prior to a reporter's call. Ignoring the call almost never makes it go away. Rather, it tends to provoke reporters covering the news, and your perspective will be absent from the resulting article or broadcast segment.

5. Educate reporters about the important role private equity plays in growing portfolio companies and building the economy. Private equity firms once enjoyed blissful obscurity. No longer. There is simply too much capital involved to fly below the radar. The industry is now the focus of possible regulatory and tax changes. Private equity is not well understood by

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