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## The 5 P's of Crisis Communications

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The hedge fund manager looked at the sea of red on his screen, almost afraid to read beyond the headlines. Could he really take another day of catastrophic market news? Another day, another disaster! When the phone rang, he cringed and thought to himself, "Please don't let this be an investor—the last thing I want to do during this crisis is talk to another panicked client!"

Does this feel familiar? Do you have what it takes to face your clients in a market meltdown? With headlines in the financial pages and media blaring out bad news constantly, many investors are in a state of panic. The media tend to escalate fears and intensify anxiety, skewing all sense of perspective. For those who must speak with clients, now is crunch time.

### **Crunch time!**

These are times that separate the men from the boys, or the wheat from the chaff, or whatever metaphor you'd like to use. As bank after bank unravels and the headlines become more and more dire, now is not the most *fun* time to be in the markets in any kind of job; but now is when true talent and fortitude are tested among professionals in any field of finance.

Facing your clients can be daunting when you want to filter out any unnecessary noise and focus on your fund. But talking with your clients now, in a timely and orderly fashion, will help you to actually stay in business. Client relationships are easy to maintain in good times, but if you can do a good job of communication in bad times, you can preserve the relationship and even establish a stronger sense of loyalty and commitment from your investors. The key? *You have to actually make the calls.*

### **Resistance is natural**

In my coaching experience, it is normal for financial professionals—even sales professionals—to resist client communication in down markets. In a crisis, the natural propensity is to stick one's head in the sand, far, far away from the phone. There may be many deep psychological reasons for this: maybe you don't want to face conflict, perhaps you worry that you've made mistakes, or it is possible that your father was distant and your mother didn't tell you she loved you. But for now, who cares

about all that mumbo-jumbo? This is no time to confront those issues—you just have to deal with the crisis at hand, whether or not it is your own fund's crisis or the markets' crisis. Procrastination and avoidance will come back to bite you: *so make the calls*.

There are some practical communications strategies and techniques I use with clients which can be helpful in crisis situations. I call these the Five P's of Crisis Communications:

Be *Proactive*. Ideally, you should call your LPs before they have a chance to panic and call you. Anticipating your client's concerns and addressing them before they have a chance to get wound up by the headlines and start fantasizing about terrible outcomes will give allow you to confront their concerns before it turns into full blown anxiety.

Be *Prompt*. If they beat you to the punch, do not wait to return the call. Return all calls the day they come in, or at least respond by email. Investors want to know that you are in control, responsive, and that you value their time and money. If you delay, they fear that you are overwhelmed or don't consider them a priority.

Offer *Perspective*. You are the expert in this situation. Clients are calling you because they want information. They want to know what is going on with your fund, but they also want perspective on the markets. How are current conditions in the market affecting your fund (read: their money) and your performance (read: their money)? What do you see happening over the long term?

Be *Prepared*. A crisis is no time to "wing" your answers. Prepare notes in advance, addressing all the questions a client might ask. For one-on-one calls, know their balances. Know your performance. Decide what your take is on the market in the short and long term and boil it down to one or two sentences. In this situation, you are your own PR department; be honest, but know exactly how you are going to answer the questions so you don't accidentally say something you don't intend to say.

*Pool* the calls. If you can't face each LP one by one, or you have too many clients to call in a short period of time, arrange a conference call. Have a set script and a pre-prepared list of answers to questions that might be asked. Take a brief Q&A and then distribute it to those who couldn't be on the call.

Financial market crises are difficult and it is no fun to be a money manager when all seems to be crumbling around you. Smart managers know that now is not the time to hide. Your investors pay you for information and advice; especially in times like these. Use the opportunity to build relationships and demonstrate your talent and fortitude.

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