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Turn Crisis Communications Into an Opportunity

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Jim sat at his desk, anxiously watching his Bloomberg terminal while simultaneously listening to an earnings call and sucking down another double tall skim latte. After months of unpredictable markets and Fed action, not to mention the caffeine, his nerves were on edge. When the phone rang, Jim ignored it, but a minute later his assistant walked in.

"Client X is on the line," she said. "He wants to talk to you about the fund."

"Client X?" he exclaimed. "Didn't I just talk to him last week? Why is he calling *again*?"

With the markets continuing their roller coaster ride and major financial institutions in turmoil, clients may be calling more frequently than ever. At the same time you're focused on managing the portfolio, clients may suddenly require intensive handholding.

As I discussed in an earlier HedgeWorld column, "[The 5 P's of Client Communication in a Crisis](#)" [Previous HedgeWorld Story](#), it is imperative that you speak with clients during crunch time, even if this is not your favorite activity. Your clients are your partners and they deserve excellent service and an open flow of communication.

The good news is this: in times of crisis or difficulty, you can turn proactive client communication into an opportunity to strengthen your client relationships.

With a small amount of effort and foresight you can create an effective, proactive crisis communication plan that can actually improve the relationships you have with your limited partners now and into the future.

The even better news is that by communicating in advance, you can actually do it on your own terms rather than in a reactionary manner. In sports terms, create a strong offense so you don't end up sounding defensive when rushed.

A Proactive Plan

Clients have their own preferred method of communication; some may call, some may email, and some may drop by unexpectedly and demand to see you in person just when you're busiest. During stressful times, they may combine these actions or increase the frequency in an effort to manage their own anxiety about what is happening with their money and to gain a sense of comfort and confidence that you are in control.

This can be time consuming and leave you feeling rushed and fragmented. One solution to manage the volume and to minimize the number of times clients contact you is simply to *contact them first*.

The savvy hedge fund manager not only operates his or her fund efficiently but also takes the time to anticipate what an investor may be wanting to know. In a comprehensive crisis communications plan, a prepared manager might create a series of regular communications to proactively address these concerns.

How do you create an effective, pro-active crisis communication plan?

Here are some practical tips that have worked for my clients in the past and can help you manage communications in the current environment:

Decide on the message. The driving theme of your communication plan should be a straightforward response to what your clients have been asking. Their questions and concerns should form the basis of your message. Review what your clients have been wanting to know. Are there any themes? Do they want to know about the markets? The broader world of funds? A particular aspect of your strategy? If you have five clients asking the same question, then the obvious message is to simply answer that question. Your communication can be as easy as an update or as comprehensive as a portfolio review. Neither is right or wrong.

Determine how often the communication should happen. In a crisis or in prolonged down markets, clients want and need regular communication. Depending on the frequency of their calls and requests for information, design a bi-weekly or monthly conference call, newsletter, email blast, or video conference. Don't overdo it or you'll put too much pressure on yourself, but make sure you do it often enough that clients recognize it as a regular event.

Tell your clients what you're doing and why. Inform your clients through an official letter, email or call that you will be doing a regular communication because you value their time and interest; you recognize their desire for information and access during this market turmoil and are responding to that need. Make it clear that it is crisis communication or a series of special updates, not a long-term communication. This will help create an end point and manage expectations. By doing this, you will not only reinforce their trust in you, but also solidify your expertise and reliability.

Carefully craft the message. Remember, this is not a report; it is an update, so make your actual communication short and concise. Follow a format; for example, outline what has happened in the economy or markets since the last call or report, explain what you and your colleagues are thinking, reiterate your strategy briefly and let them know when the next communication will be. A conference

call should be less than 20 minutes even with a question-and-answer session; if it is an email, provide an overview that is one page or less.

Be consistent with your fund or company's "brand." Your brand is your corporate image. Just like Disney's brand represents family fun and Nike represents athletic excellence and innovation, you likely have an image that you want to uphold in the client's mind. What do you stand for? Is it innovation, integrity, quantitative excellence, authenticity, reliability, or analytic rigor, for example?

In your crisis communication, you have the opportunity to reinforce whatever characteristic you want to be known for. For example, if you want to be known for your integrity, integrate examples into your conversation, such as: "We have a policy of transparency here at XYZ Fund, because we hold ourselves to the highest standard and want to be open with our clients. During this time of volatility, all our positions are visible to you." If your brand is analytic rigor, let the clients know how your educational backgrounds, systems and modeling software are being brought to bear to manage the risk in their portfolio.

These communications give you an opportunity to highlight what you're doing right and to reinforce what you promise and consistently deliver. If you promise service, this call or email itself is the delivery; point that out.

Stick to the commitment. If you say you're going to do a regular communication for a certain period of time, stick to the plan. Demonstrate your dependability and consistency by doing what you say you will do. In normal economic times, periodic reports and reviews might be fine, but in a crisis, adding a schedule illustrates reliability and control.

Careful planning pays off, for you and for your clients.

Crisis communications do not have to be onerous; but they do require some careful thought. Make things a bit easier for yourself and come up with a plan. Then work that plan and watch your clients breathe a bit easier. Over time, you'll find that the effort strengthened your relationships with your investors and made crisis communication easier for you.

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