________ Jeff Ansell April 2002 Newsletter _________

Hello everyone and welcome to my April 2002
ENRON EXCLUSIVE Newsletter.
Please feel free to forward this newsletter to friends and colleagues.

In light of the controversy and massive confusion surrounding the Enron/Anderson fiasco, I thought it would be helpful to send you a synopsis from a communication and media perspective.

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IR VPs Search for New Spin After Enron Debacle

Change. Change. Change. After watching Enron make a bad situation worse, Investor Relation Officers worldwide are scrambling to change the way they disseminate information to shareholders and ultimately the media. Accountability and modified reporting methods are the order of the day.

IR, Investor Relations is a well-established business of conventions and standards that according to a recent PRWEEK article are often wielded carelessly by untrained professionals. It seems to some that many IR Officers pick up communication skills as they go. Companies are recently admitting that they are changing how they report information to shareholders and media, but interestingly they refuse to acknowledge that their change in corporate IR policy has anything to do with the fiasco at Enron. It's understandable that they want to distance themselves, but in doing so, are they setting themselves up for bad press?

If financial reporting has met regulatory requirements and IR has been reporting responsibly, why the need for change? Does the scramble for distance from Enron in fact just serve to draw more attention to their policies? It's a Catch 22 that companies must address properly if they want to convince stakeholders and others that they have been operating responsibly in the past and will so in the future.

It's not hard to see that "how you share information" is as important as the information being shared. The more you deny, the harder the media probes. It's their job.

For example, consider Anderson. Worldwide, their business is crumbling. They should have quickly acknowledged the inappropriateness of their processes and pledged to cooperate with authorities and bring in new safeguards.

Anderson CEO Joseph Berardino failed to appreciate the significance of a strong response and thought he could wait out the media and other stakeholders. Berardino finally resigned last week, admitting that with him at the helm, the company would not be able to see its way out of its problems.

Enron's Kenneth Lay played dumb, while his wife lamented the downsizing of their personal lifestyle. Jeff Skilling was defensive and argumentative. The list of poor media management tactics is long.

PRWEEK recently published a provocative article that helps clarify the confusing circumstances surrounding the Enron scandal. It is well researched and written and simplifies much of the complexity. I'd like to highlight a few ideas from the PRWEEK article regarding communication, ethics and accountability. I'm sure you'll find it enlightening and helpful.

First, regarding formally educated and trained IR professionals; the truth seems to be that they are almost non-existent. Universities simply are not making it part of the curriculum. To quote the PRWEEK article, "Scotty Andrews, director of the Sanford Ziff Placement Center at the University of Miami, says in the three years he has held his position helping newly minted MBAs find jobs, only one company has come to him looking to fill an investor relations post." Andrews reports, "It's not so much that students are not interested in IR as a profession, but there are no majors in the business school in investor relations."

In the same article "Robert Ferris, executive MD at RF Binder Partners and leader of the agency's IR/capital markets practice, cautions that his peers must not forget the importance of solid communications skills. 'The mosaic of perspectives,' as Ferris explains cross-discipline skills, is important to a group equally charged as confidants, watchdogs, spokespeople, and finance gurus. 'We need to be more fully grounded and interested in corporate communications . . ."

Let me leave you with one more excerpt from the PRWEEK article;

Damage control is a technique IR officers are finding more important this earnings season. For example, Krispy Kreme's stock tumbled nearly two points when a Forbes magazine article directly compared the doughnut manufacturer to Enron. Krispy Kreme has no IR department, so Deborah Darrell, SVP of agency LaForce & Stevens, called the reporter to explain errors in fact.

"Something must have gone wrong for this to happen," she says of the article. "In the period of full disclosure, it's easy to answer questions without asking what the person is working on, and the angle. Sometimes when you have a high profile, you have to be hyper-vigilant."

Oh Deborah, this could be the understatement of the decade.

If you want to read the entire PRWEEK article please click the link below.

I'm Jeff Ansell,

Be well

Enron Article . . .
http://www.prweekus.com/us/features/marketfocus/020311.htm

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