

Why Community Banks Need Professional Communications

By John Marsh

As a community bank executive, you face a daunting array of business objectives: gain market share; build customer and employee loyalty; generate investor interest and trust; create goodwill in your communities; develop strong business partnerships; and enhance the image of your bank at every turn. All while competing fiercely against other financial institutions, both big and small, trying to do the same.

How do you achieve your objectives? In part, at least, by strategically communicating valuable information to each of your constituencies—shareholders, customers, employees, business partners, prospects, the communities you serve—in the manner that best meets their needs and best positions your bank to achieve success.

Community banks often overlook the importance and value of professional PR and investor relations or believe they can't afford it. On the contrary, an effective communications program designed and implemented by experienced, knowledgeable professionals can be less expensive than many of the marketing promotions banks run every year. What's more, community banks can't afford NOT to strengthen their communications effort. If you don't, at best your bank is missing a golden opportunity each and every time you communicate with one of



your constituents. At worst, badly executed communications could actually result in lost business, injured reputation to your bank or even regulatory rebuke.

THE COST OF PROFESSIONAL COMMUNICATIONS

Not long ago, big PR firms—with their big price tags—dominated the

communications field. More often than not, community banks were scared away from pursuing professional communications programs because they simply could not afford the cost. Those days are over. The communications field is rapidly changing, as more and more senior-level PR and IR professionals are setting up their own practices. (Continued on page 38)

Community Banks cont'd

These independent communications pros—typically with in-depth industry experience—provide senior-level expertise at a greatly reduced cost. And unlike big firms, which “push down” the actual daily work to inexperienced staff, the principals in these small firms do the work themselves. Community banks can play on the same communications field as larger banks by seeking out independent PR and IR counsel.

VAST DIFFERENCE BETWEEN PROFESSIONAL & NON-PROFESSIONAL

Sure, your bank may issue the required earnings announcement every quarter. And you may send an obligatory letter to employees about a change in benefits. But are these and other communications being produced by a professional communicator with in-depth financial services experience? Is attention being paid not just to what

is said, but how it is said? Is care being taken to tailor each type of communications piece to its target audience? And is there an attempt to include regular messages in all communications that clearly articulate your bank's vision, goals and strategic approach?

WHAT A COMMUNICATIONS PROGRAM CAN INCLUDE

A professional communications program can include public relations, investor relations, corporate communications (internal and external), and business-to-business communications. The benefits of professional communications are substantial.

Public Relations: The basic building block of any communications program, PR is more than just cranking out news releases for their own sake. It is a systematic, strategic approach toward using newsworthy business activities as a means to keep nearly all of your constituencies updated on matters of importance regarding your bank—and in doing so creating and maintaining a positive impression of your institution that helps achieve your business objectives.

Example & Benefits: Your bank becomes one of the first in the area to offer health savings accounts (HSA's) in conjunction with a large insurer. Creating awareness of your bank's leading status in this new and growing area of financial services resonates with all of your constituencies. Your customers' choice of your bank is reinforced in seeing a valuable new product choice. Your bank is differentiated from competitors among prospective customers. Business partners, shareholders and the investment community see a vibrant institution delivering on its strategic vision. And both employee morale and community regard are boosted knowing the bank is an industry leader.

Importantly, communications outreach like this example should not be relegated only to the local media across your footprint. Banking trade media (such as *American Banker*, *ABA Banking Journal*, *Banking Strategies*, *US Banker*) provide opportunities for coverage of community banks, as do



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national publications (*Wall Street Journal*, *USA Today*) on occasion. In addition, the business news wire services—Dow Jones, Bloomberg, Reuters—are conduits that deliver news to an array of newspapers and broadcast media statewide and nationally. Finally, Web portals (Yahoo and the like) and online media of all types are typical sources for today's news.

INVESTOR RELATIONS

Communicating effectively with your shareholders and members of the investment community, including analysts, is vital. The strategic importance of writing effective earnings releases cannot be understated. In addition, you have a unique once-a-year opportunity in your annual report to detail your bank's progress toward achieving management's overall business objectives—by clearly stating your plans and goals, and telling compelling stories about your success in reaching them.

By creating and delivering core messaging that strengthens your bank's profile, reputation and brand, you bolster investor confidence, management credibility—and can affect the value of your bank. Effective IR better positions your bank for success on your terms: whether you elect to remain independent and seek a steady rise in share price, or consider M&A options and seek the highest possible valuation.

CORPORATE AND BUSINESS-TO-BUSINESS COMMUNICATIONS

While your bank should place a premium on PR and IR, you should not overlook the importance of professional writing and strategy in your executive communications (speeches, messages to employees, newspaper and magazine articles in your name), internal communications (employee newsletters and the like) and B-to-B communications (white papers, case studies, presentations and business-development materials). All reflect directly on your bank and can help create and burnish your profile, reputation and brand. ★

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