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corpcounsel.com | December 7, 2018

## Why 'GC' Should Mean 'Great Communicator'

By *Hugh Burns and Tom Orewyler*

In recent years, several developments have created the need for GCs to take a larger role in corporate communications—most notably the rise of shareholder activism, proliferation of social media, and heightened awareness of workplace misbehavior as reflected in the #MeToo movement.

Shareholder activists have brought corporate governance issues once considered arcane into the public spotlight, and increasingly do not confine their overtures to proxy season. Adding to these dynamics is the impact of social media, which has eroded the wall that used to separate internal and external issues. In a culture where individuals often feel comfortable sharing the trail of text messages, emails and even recordings that track virtually all interactions, what used to be a discrete human resources issue now has the potential to explode into a public news event in the blink of an eye. These and other factors mean the risks to a company's reputation—and market capitalization—are constant, more varied and can accelerate faster.



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Public company GCs can no longer afford to look at corporate communications through the traditional prism of quarterly filings, intermittent 8-Ks and press releases. Today they must take a holistic view encompassing what is being said by—and about—the company anywhere in the public domain, including social media. This must include a frank analysis of the array of narratives that can be used by an activist, competitor, ousted executive, disgruntled employee, or any

others who might seek to advance an agenda adverse to the company. The management of legal and reputational risk, and interaction with management teams, are therefore far more complex and require a GC to take a truly central role in a broad range of communications.

The first step is integration. Reporting structures will vary by company, but it is critical to establish a regular flow of information and dialogue between the office of general counsel, corporate communications and

investor relations (IR). Most corporate communicators and IR professionals are not lawyers and may be less sensitive to nuanced issues surrounding matters ranging from proxy solicitations to newly enacted privacy regulations. Moreover, they are rarely privy to all the sensitive information held by GCs. Even the most seasoned communicators can therefore trigger legal and reputational risk because they are unaware of critical information. Conversely, GCs cannot make informed recommendations to management teams and boards without understanding how the company is perceived by investors, analysts, media and employees—information often best known by communications and IR teams. While most communicators understand the need for legal review, and most lawyers understand the value of clear communication, true collaboration between these teams early on yields better results. Breaking the silos and promoting a culture of regular communication is essential.

Second, GCs must assemble the right team before a sneak activist attack or quickly escalating crisis. This includes not only the right group of internal and external communications professionals, but often outside counsel with specialized expertise, financial and corporate governance experts, and strategic proxy solicitors. The importance of moving quickly in today's news cycle cannot be overstated, and having the right team in place before events unfold can often make all the difference.

Third, GCs must push management and boards toward a rigorous assessment of vulnerabilities. This includes everything from best corporate governance practices to board composition, past executive behavior and reputational perceptions among internal and external audiences. This can trigger a range of tough—and awkward—internal conversations and potential changes, but companies should do their best to preempt potential problems before they arise. This process is an ongoing one; potential weaknesses must be continually reevaluated.

Finally, GCs should take ownership of planning and training. Vulnerabilities that cannot be pre-empted should be planned for. Whether it's a potential safety incident or data breach, every business has potential crises waiting to happen. Good crisis plans are essential, but not enough. Too many companies prepare elaborate plans that either gather dust or prove too unwieldy in a real crisis. Best practices require management—and potentially board members—to engage in realistic training exercises to prepare management and refine crisis plans to act as valuable guides in real time when a true crisis emerges. Oversight by the GC is critical, but execution can be all-consuming, including engagement with shareholders, analysts and reporters—far too much for a GC alone to take on. This makes the role of corporate communicators sensitized to the implications of this engagement all the more critical.

Many GCs already have begun to play a larger role in corporate communications, as they address all aspects of risk management today. Tangential or episodic involvement, however, is not enough. Regardless of reporting structure, GCs must view legal communications expertise as an essential part of their job function. The best GCs will become integrated in the function and form a trusted, working partnership with colleagues in all aspects of communications, from general corporate communications, to investor relations, internal employee communications and social media. Only then can a GC best position his or her company to manage the myriad and dizzying risks now facing corporations.

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