

FROM ANGEL TO ACQUISITION

How to Leverage Public Relations to Create Extraordinary Company Value

By Lisa Calhoun & Jean-Luc van Hulst

YOU WILL LEARN:

- **How PR can increase your value 30%**, according to analyst research.
- The nine **Methods of Mattering** to your audience—which are best for you?
- How Salesforce, Apple and Microsoft approached PR at different stages.
- How to use a proven **approach for tracking and quantifying PR opportunities**—Triple A Industry Leadership.

“Steve Jobs was the smartest CEO about PR I’ve ever met. He knew how important it was and how powerful it was, and he was involved in every meeting that we had.”

—Fred Cook, *CEO of GolinHarris*



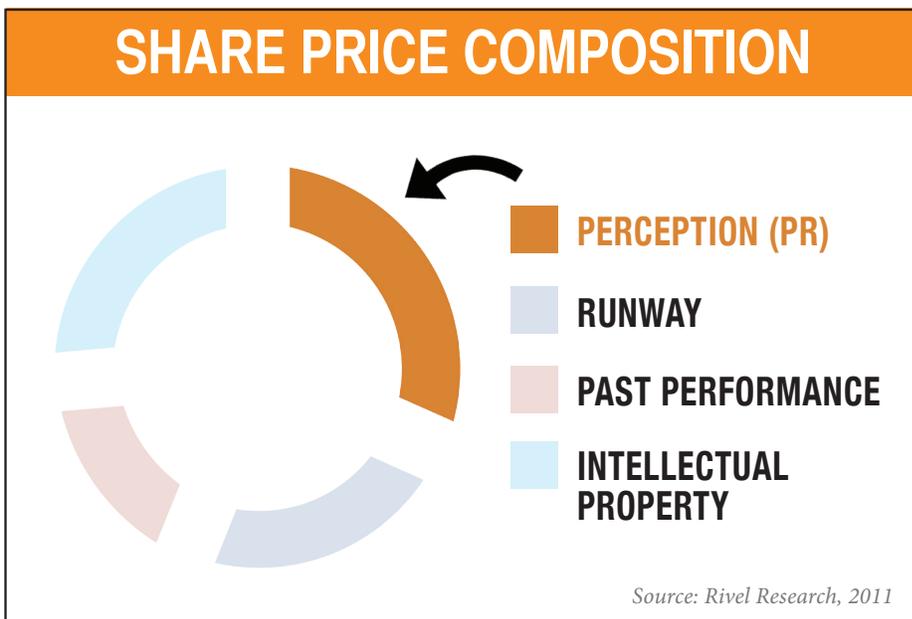
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HOW PUBLIC RELATIONS GROWS COMPANY VALUATION

“We uncovered that portfolio managers and buy-side analysts attribute a premium of 10% of a company’s valuation to good investor communications and a discount of 25% to bad investor communications.”

-Rivel Research



I. SPIN IS THE LAST THING YOU NEED

Before you dive into this paper, a caveat—we want you to know we get it that *spin* is the last thing you need.

You are building a firm with true value, something that changes the game in its industry. You don’t need, or want, to “hype” that. And we agree, whole-heartedly.

Companies from Apple to Microsoft, from Salesforce to Scoutmob, have found that the proper application of public relations can do two things:

1. Acquire customers faster, and thus scale faster.
2. Increase the perception of company value, boosting overall valuation.

Authentic, accessible, honest awareness of what you’re doing can create tremendous ROI. Consider

what Steve Job’s agency for most of his career, GolinHarris, has to say:

“Steve Jobs was the smartest CEO about PR I’ve ever met. He knew how important it was and how powerful it was, and he was involved in every meeting that we had.”

This paper is about harnessing the power of audience awareness to create the runway that you not only need, but you also *deserve*.

So no spin, no hype, no baloney—if that’s good with you, keep reading.

(If you were looking for the quick-fix or trick, you might as well drop this paper now.)

II. WHAT'S IN YOUR BOX?

Tech companies really are special.

They manufacture an item of the mind.

You can't touch it.

But you can use it. Audience acceptance is a mental exercise. To foster the greatest possible audience acceptance, you have to tell people what's in the box they can't smell, touch, or feel.

What's tough about that is in today's world, they won't "listen" long to what you want to share.

In fact, it may be true that you have to share how it *feels* to work with you before a potential customer even knows *what* they are getting from the relationship.

Scaling tech firms like MailChimp really get this. When you go to Mailchimp.com, you *feel* the company's energy well before you learn what they can do for you.



“When you’ve found your true voice, it’s easier to talk more, blog more, tweet more, and email more. **Then your brand gets out there, and attracts people who really like your style.** More importantly, it scares away people who don’t like your style, and would therefore never be a happy customer.

*When you have happy, self-selected customers, you can build a culture that loves providing customer service. **Which gets more customers.**”*

—Dan Kurzius, Co-founder & CCO of MailChimp



III. PR FILLS THE GAP BETWEEN WHAT YOU HAVE AND WHAT THE WORLD NEEDS

THE 9 METHODS OF MATTERING

1. Research you conduct with your user base about why it changes their lives
2. Comparison or context, you against the current status quo
3. Pro and con (Apple vs. Microsoft)
4. Case studies of how you've changed the world for one company
5. Paradigm shift stories (think Amazon and Jeff Bezos, or iPad)
6. Major market adoption stories (for example, when you are "now used by P&G!")
7. Personal appeal (hotness, fashion, cute-factor, in-crowd)
8. Story—a great and touching story moves the world and always will
9. Social change, revolution or movement (Kiva)

There's a gap between what people *want* or need, and what you have.

It's *perception*, or awareness.

The role of PR for tech companies is to fill in the blank space between the hunger of the market and the satisfaction of working with you.

This is a cerebral game, yes. But there are tried and true methods of creating such a delicious "aroma" from your solution, that the starving masses can sniff it out, and come to your banquet.

These 9 methods of mattering, developed by Write2Market, are the heartbeat of any conscious and effective awareness program that helps you scale.

IV. HOW PR FILLS PERCEPTION GAPS

It's all in the picture really—but your awareness (or publicity, or PR if you prefer) campaign should:

1. Relate to prospective customers or clients.
2. Carry the message to potential investors (and current investors for publicly held brands).
3. Engage current and potential employees.

As you scale, your reputation effort should be moving the bar for you on all fronts in a virtuous cycle. Any reputation building exercise that cannot tell you how it raises the bar on these three critical fronts—fails.

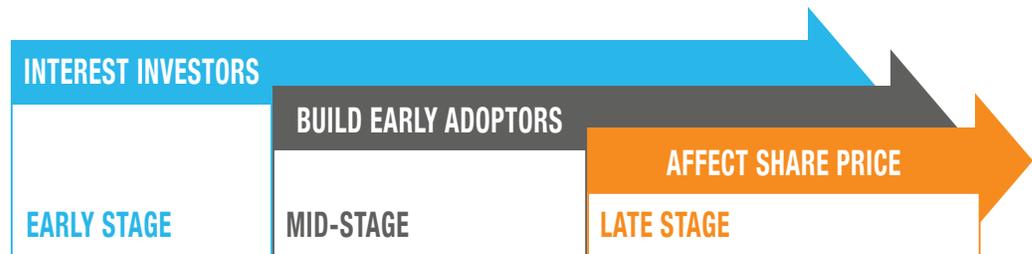


V. HOW DOES PR MATTER TO YOU?

Reputation building has different consequences at different stages of company building.

Where are you?

PR EFFECTIVENESS AT DIFFERENT STAGES



When you think about it, this makes sense—and it in fact dovetails nicely with theories of crowd wisdom and hive mindedness that we humans are subject to.

But the investment market AND the market of your potential customers has all the aspects of a “wise crowd” that collectively makes better decisions than individuals would. You want the power of crowds and “collective wisdom” working for you—something the proper public relations makes possible.

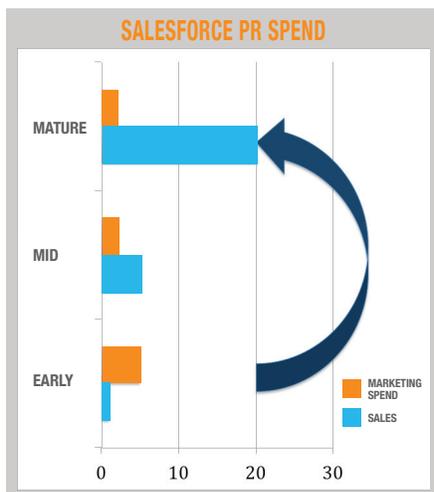
Referencing *Wisdom of Crowds* by James Surowiecki, certainly not all mobs are wise.

COMPONENTS OF THE WISE CROWD

CRITERIA	DESCRIPTION
Diversity of opinion	Each person should have private information even if it’s just an eccentric interpretation of the known facts—which PR can put together by creating blogs, articles, tweets—an environment that’s understandable and uniquely
Independence	People’s opinions aren’t determined by the opinions of those around them—which social media makes practically de facto when you login to your LinkedIn or Facebook or Google Circle and breathe the opinions of your social group
Decentralization	People are able to specialize and draw on local knowledge
Aggregation	Some mechanism exists for turning private judgments into a collective decision—for example, stock price in an IPO

Source: James Surowiecki

V. HOW DOES PR MATTER TO YOU?



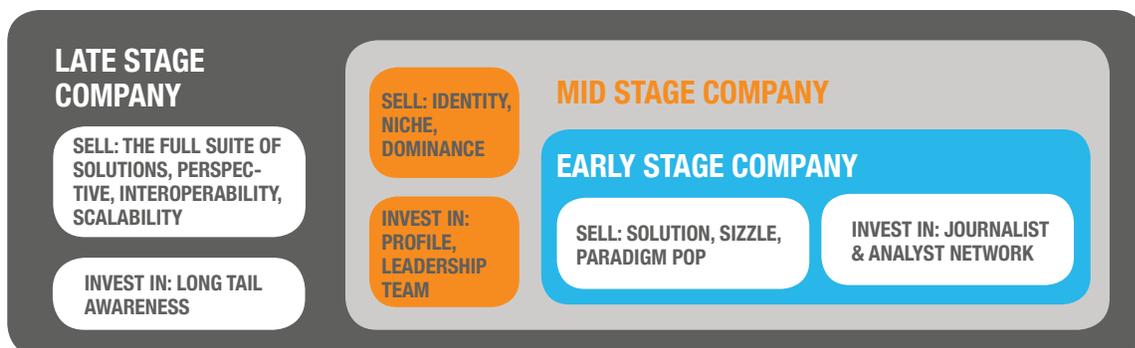
This is an individual decision, but you can inform yourself with applicable models from the real world. Look at the most successful venture in your field or a related one, and take a look at lessons learned from there, to start.

For example, drawn from the annual reports and SEC filings of this publicly held firm, Salesforce, like many tech companies,

invested in PR far ahead of sales or revenue. From Feb 2000 to Jan 2001, the first year of revenues, Salesforce spent \$25.4M on sales and marketing—4 times revenues.

In the second year, Salesforce spent 18% of revenue on marketing -- and this was deep in the bubble crash. Today, Salesforce spends 10%-20% of revenue on marketing.

REPUTATION INVESTMENT MAP



We can extrapolate this to create a tech PR investment map that helps you jump through the different stages your company will grow through.

Another data point for your consideration, a couple of years ago, Marketing Sherpa did a study of what IT services firms and suppliers spend on public relations—and isolated it from spending on email marketing, white papers, case study writing, and content development in general. They found:

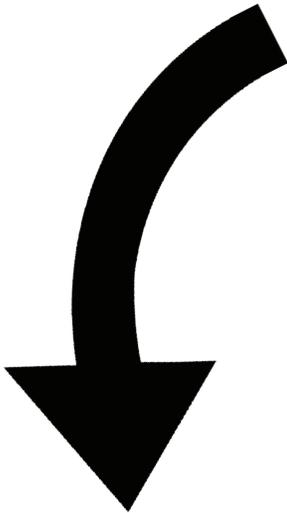
- IT vendors spend an average of 6.5% specifically on pure PR (not whitepapers, case studies, and collateral)
- For a \$1M company, that's \$60,000

- For a \$10M company, that's \$600,000
- For a \$1B company, that's \$600M

So let's just call it out and ask the question—are you asphyxiating your growth by not spending enough on appropriate reputation building? It's an easy pit to fall into, because as an entrepreneur or investor, you are married to the vision of the operation of the company—the one thing it does best. It can be tough at best to pry dollars needed by operations for an exercise like “reputation.” It seems so—unnecessary.

And yet, in today's wired, online, information-consuming world, it's increasingly critical to create scale, runway, and perception.

VI. WHERE STORIES ABOUT YOU WILL COME FROM



In fact, we hope this infographic about where stories are “born” today will help you appreciate the collective power of an aligned industry leadership strategy. What’s compelling is that PR agencies lead the pack when it comes to where stories come from.

Why is that?

Understanding today’s media marketplace

You have to dig into the world of the reporter or journalist to understand. Increasingly, journalists are tracked by online clicks. Their stories have to matter in the online world. They have to write more and more of them, for less and less pay.

In that world, some choose to become industry experts—imagine how exhausting to be “a know it all” in a burgeoning global space with no staff and no budget! Increasingly, smart analysts, bloggers, and journalists rely on public relations agencies to feed them signals that help make sense of the world. By no means are they advocating final responsibility—but they ARE leveraging a labor source they have to go find good stories, and then using their

best judgment. On the other hand, up to 60% of all journalism jobs are gone in the last 10 years.

Pause and take that in.

Where have these people gone?

Many of them have gone to work “on the other side” in the myriad of publicity agencies, marketing firms, and so forth. So the conversation between public relations agencies like ours that employ numerous former (and current!) journalists is closer than ever.

Symbiotic media management

In fact, let’s be brutally honest. Many publications and august brands now allow trusted and vetted marketing organizations like ours to directly log in to their web sites and post stories.

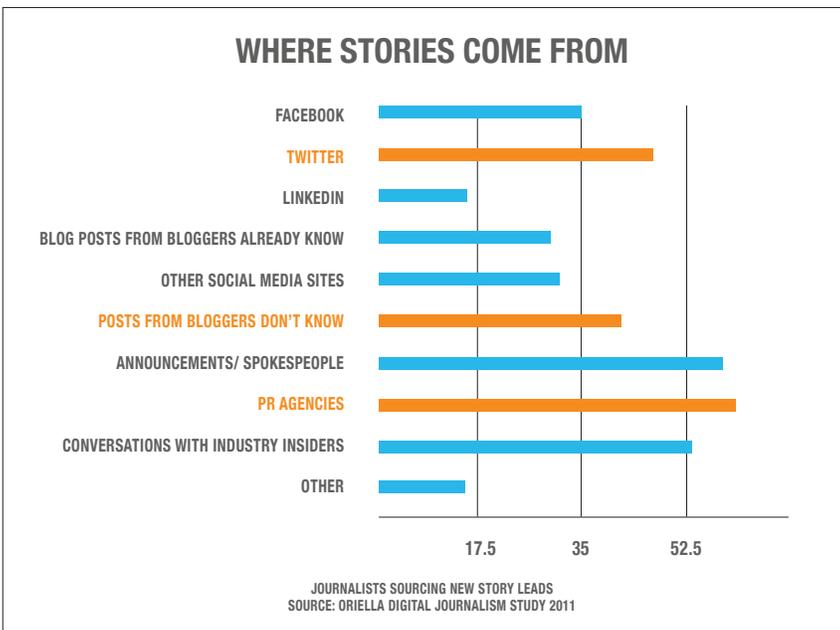
This is an earned and practical responsibility because agencies do indeed often aggregate wisdom from tremendous sources, and today’s media acknowledges that if that power is not abused, it’s best put to appropriate use. At Write2Market, we have coined this as “symbiotic media management.”

So today’s journalists are no less brilliant—maybe they are even MORE brilliant because you can’t hide from the clicks of connected readers. And today’s journalists are no less committed—maybe even more so. But they work in a complex world where stories are born in numerous ways (many of these ways are agency-mediated if you think about it).

What you can do for your company

So given the complicated media landscape, and the powerful potential of publicity to change the perception of your company’s valuation in a positive direction, what do you do?

How do you know WHAT to do given that media is increasingly fragmented and when you include social media (as you should) it takes hundreds of touches to create true perceived value in the “crowd” of your future customers?



VII. TRIPLE A INDUSTRY LEADERSHIP METHODOLOGY

In our years working with clients, we struggled to simplify the “winning” approach. And we did. Write2Market has trademarked our approach but we share it with you gladly and hope you use it—because you’ll find it significantly useful in increasing the valuation of your firm.

Triple A Industry Leadership focuses aspirationally on the three pillars of company valuation from the context of “perception” or “perceived value.”

Keep in mind research suggests this component is up to 30% of your company’s value, and far out-weighs your current performance, and even in some cases, the value of your IP.

THE THREE A’S ARE:

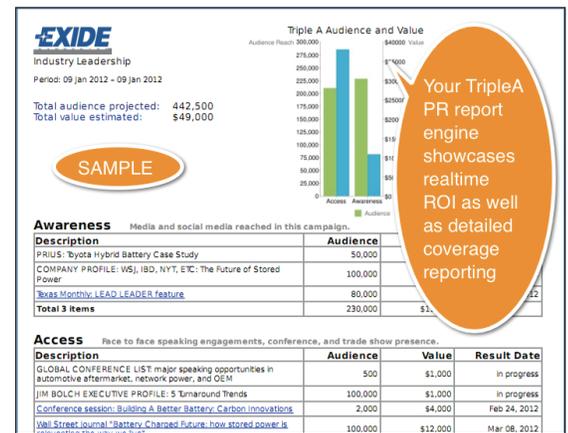
- 1. AWARENESS – THE TRADITIONAL PR, ANALYST COVERAGE, WALL STREET JOURNAL, INVESTOR’S BUSINESS DAILY.**
- 2. ACCESS – CONFERENCE SPEAKING ENGAGEMENTS. ARE YOU IN SESSIONS IN THE KEY VERTICALS IN YOUR FIELD AS SPEAKER? ARE YOU KEYNOTING CONFERENCES IN YOUR INDUSTRY?**
- 3. AWARDS – NOT THE BORING “ME TOO” AWARDS, BUT SIGNIFICANT AND VALUABLE AWARDS THAT GET YOU IN THE ROOM WITH OTHER LEADERS WHO CAN BE PARTNERS AND POWERFUL ALLIES.**

Maximum Perceived Value= A+A+A

Each of these three A’s can be detailed in terms of:

1. What are the assets in your industry? What are the trade journals? The analysts?
2. Which are the conferences you should keynote or speak at? Where are you decision makers?
3. What are the game changing awards and rooms of influence you should be in?

With this map, you can track audience size, lead value, and also value of the marketing asset.



In fact, Write2Market has done this by creating Triple A software (at right) we use with our clients, so all of our clients see their Triple A Industry Leadership ROI in real-time, and can see their coverage, their speaking engagements, and their awards.

VIII. THIS IS ABOUT YOU

But this is not about us, and our thrills in creating recognizable industry leaders with the reputations they deserve . . .

This paper is about you— helping you develop and

inform a real-world model for building value for your firm. We hope it has helped, and we invite you to contact us if we have been unclear on any point, or can increase your understanding of these key principles of creating extraordinary company value.