

# When things go wrong

In a crisis, the right communications strategy can make all the difference

Chocolate retailer Koko Black, which went into voluntary administration last month, could do worse than heed the lessons from competitor Darrell Lea.

The owners of Koko Black, which has 14 retail outlets in Australia, including Claremont Quarter and Perth city, called in administrators Deloitte after its expansion extended the company beyond its resources. While the business continues to trade, Deloitte is looking for buyers or investors.

In July 2012, the heritage chocolatier brand Darrell Lea — also riddled with debt — was haemorrhaging \$200,000 a week and headed for disaster. The administrators were called in and

## INSOLVENCY PR

(or how to get your communications right when everything else is going wrong)

- **Remember the rumour mill starts early.** Paying staff late, being behind with your bills or forcing redundancies will get rumours circulating. Have your messages ready.
- **Never allow a vacuum to develop.** Keep putting out accurate information or gossip and speculation will quickly fill the void.
- **Work with administrators and lawyers, not against them.** Most PR people are not financial or legal experts, don't pretend to be.
- **Budget for your brand.** If you are seeking to "rise again" ensure you have a large enough budget to rebuilding your brand and reputation. Consider a full rebrand.
- **Be honest.** Always. Highlight any lessons learned and actions taken.
- **Monitor the media and social media.**
- **Prioritise internal audiences.** All stakeholders are important, but keeping staff morale up is crucial.
- **Get an expert in.** You want the best administrator and the best lawyer. You need the best marketer, too.



SOURCE: CLINT FORD, RILEY MATHEWSON  
PUBLIC RELATIONS, SENIOR CONSULTANT

it looked like the 85-year-old family business would disappear. But the administrators did their job and the business was restructured. Dozens of retail outlets closed, hundreds of employees lost their jobs, but the company was salvaged and sold to Quinn Foods for \$25 million.

Public accounting expert and corporate adviser Jason Parish, of Parish Business Services, told *M&M* this week Darrell Lea survived because “they were able to show customer loyalty as a strength to a potential purchaser” and a clear path to return the business to profit. Mr Parish said it showed that when a business under financial duress got its communications strategies right they gave themselves the best possible chance to survive.

“When you are still open for business, you need people to understand that, and to have faith in the brand and keep on buying the product or service,” he said.

Mr Parish said administrators were obliged to maximise the value of a business and its assets. Marketing to lift brand awareness could make a differ-

ence. “With the right PR or marketing strategy in place before entering an insolvency event the negative implications may be negated by being able to stress the high underlying value of the core business or its assets by being able to tell the company’s story as to its trading difficulties,” he said.

Riley Mathewson Public Relations senior consultant Clint Ford said companies facing insolvency had to communicate immediately and effectively internally and externally to get ahead of the rumour mill.

“I think a lot of people try to duck the communication issues,” he said. “They just think it’s just a financial situation and the administrators will find a way through it but you need to retain your reputation and keep your marketing going so that people want to buy your product.

“The greater control you can retain over the messaging of the situation the better.”

Having an internal communications strategy was crucial, Mr Ford said.

“You need your productivity

to stay up so you need your morale high,” he said.

Get your communications wrong and the situation can go very badly. Mr Parish said when Ansett Airlines went into administration and liquidation in 2001 it destroyed the brand name and reputation of the airline.

“Their customers, the public, lost faith in Ansett straight away,” he said. “The administrators were on the back foot trying salvage any value out of Ansett as a potential going concern. By the time that Ansett II was launched (in March 2002) there was no faith by the consumers that the airline would continue to be able to fly.”

Mr Ford said it was a good idea to bring in outside communications experts to help right the ship. “Once you’ve gone through administration, you’ve worked through your financial difficulties and you’re back under way and you’re solvent, you need someone externally to come in and say ‘look you’ve got all this mud on your brand, you really need to perhaps start from scratch’, rebuilding your brand

and rebuilding what your brand means to people.”

Quinn Foods brought in Publicis Mojo and BBS Communications to develop a media strategy to relaunch Darrell Lea, complete with new brand positioning, Everyone’s Darrell Lea, and an advertising tagline, We’re Still Here Because of You. The Guinness Book of Records was brought in for a special marketing stunt — the creation of the world’s largest piece of “Rocklea Road” chocolate in the shape of Australia. Traditional media advertising, competitions, social media and consumer engagement were part of the strategy.

BBS Communications director Matthew Hart told *M&M* Darrell Lea had to find the balance between “honouring the past while looking for a fresh way forward”.

“In many ways, the campaign capitalised on the public interest in Darrell Lea, which helped to drive more cost-effective activities like media coverage and social media,” he said.

Three years later, Darrell is “still here”.