

In Real Estate, You Need to be Ready to Break the Bad News

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How and when do you talk about bad news? That's a question that most commercial and residential real estate developers are thinking about. We're not going to offer advice about when to talk to lenders, but we will give some guidance about when to go public with the news.

There is no sense in trying to duck this issue, or hoping that it won't come to talking about it publicly. The whole world knows that real estate and finance are at the forefront of this recession. Virtually every developer has problems and some won't make it.

The most sensible course of action, then, is to have plans in place now to deal with the coming storm. Financial plans, of course, but also communication plans.

Bad news about your company is going to be communicated through the news media. Too much bad news will have a negative impact your ability to keep doing business. Rather than hold your breath and merely respond when the media questions come, you can take control and prepare your communication plans now to deal with the crisis in the most effective manner.

A good crisis PR program is not going to make all your problems go away, but it can minimize the impact of negative

publicity on your company's reputation and maybe even contribute to its survival.

Each situation is unique, but elements of this type of program generally include proper messaging, selecting and preparing the right spokesperson, developing a media relations strategy that most benefits the company, putting rapid response procedures in place, and taking the position that ducking and covering won't help you, but rather that your point of view should be included in all media coverage.

When something material is happening with the company, such as defaulting on a loan, it may be time to get out in front of it by talking about the bad news. Proactive communication on the bad news does at least two good things: It gives you more control over the timing, and it gives you the opportunity to frame the story in the best possible way. Let's be clear, there is no making a silk purse from a sow's ear, bad news is bad news. But bad news also can be put in context: We're in a recession, markets have plummeted, everyone has troubles, so do we, and here's what we're doing about it.

If you don't have a public relations firm on board, get one. You are going to want experienced professionals to help you with this one. ■

Thorp & Company is a leading public relations firm based in Coral Gables, Fla. with extensive experience in real estate. For more information contact Thorp & Company at (305) 446-2700 or www.thorpc.com