



A practical guide to engaging
with the media.

Advice for trustees and managers
of pension schemes.



SMITHFIELD

Foreword



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The decline of defined benefit pensions and rise of defined contribution plans has shifted the landscape of the UK retirement industry, making the role of the trustee more important than ever.

There is nothing retiring about the issue of pensions, which remains a huge concern for savers and businesses across the country. Whether we like it or not, we all need to put pennies away in order to enjoy a prosperous retirement but can no longer take for granted the certainty final salary schemes once offered.

The decline of defined benefit pensions and rise of defined contribution plans has shifted the landscape of the UK retirement industry, making the role of the trustee more important than ever. Workers want to know their savings are being protected and invested by able guardians and shareholders and that the value of the company they invest in is not being eroded by pension deficits.

This change is increasingly reflected in the media as newspapers, television stations and websites tackle the issue. Journalists are one of the best tools to get your message across and you should not be afraid to do this.

In my role as Insurance and Pensions Correspondent for The Daily Telegraph, I regularly speak to industry experts, who should never underestimate the value they can add to a story or feature.

Trustees are an important part of this but are often reluctant to speak to journalists in fear that their words will be misused or dare I say it exaggerated. This is not the case with the UK media who have a responsibility to relay information in a clear, concise and accurate manner.

A Practical Guide To Engaging With The Media will help you understand more about this relationship and how to work closely with journalists, whether they are on local, trade or national newspaper.

There is nothing more a journalist appreciates than a clear and confident interviewee with a incisive knowledge of his or her subject. This publication will take you a long way to achieving that.



Introduction

Pensions have, over recent years, made the transition from being an underlying issue in the media to one of the most pressing topics reported today. One only has to look at the expansion in the number of dedicated pension titles, both in UK and Europe, and the fact that the most widely read broadsheet, The Daily Telegraph, now employs a dedicated pensions reporter for evidence that media interest in the sector continues to grow.

One of the most important times when trustees should engage with the media is during the merger or acquisition of the sponsoring company. Recently the trustees of major schemes, including Boots and the old Marconi funds, have utilised the media to convey their standpoint to the wider world and, in many cases, their views had a major bearing on the outcome of the transaction. No longer are trustees seen as passive parties in a transaction; instead they are now regarded either as deal makers or breakers.

Even on the day to day matters of running a pension fund, trustees should convey the work they are undertaking on behalf of their Members, not least to emphasise that they are not ‘asleep at the wheel’, a charge that is being levelled at more and more trustees. This could be as simple as highlighting the appointment of a new manager or setting out the scheme’s ethical policies, but what is clear is that it is now more important than ever for trustees to be able to explain complex pension issues clearly and concisely.



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Members and any potential suitor for the sponsoring Company. Public scrutiny of all aspects of a transaction within the listed arena is essential for consistent value creation. It is important, therefore, that one of the most important stakeholders in transactions – the pension scheme members – are represented in any public debate. Moreover, press coverage can act as a warning shot to all parties that the trustees are organised, professional and are more than capable of using the media for their own ends and to protect the interests of their Members.

Using the media to achieve your goals

Pension schemes and their trustees now have a golden opportunity to engage with the media as they seek to deliver the best for their members.

Pensions have traditionally not been a ‘media friendly’ subject. The major news stories featuring schemes and their trustees have tended to focus on disasters and, as a result, schemes have unsurprisingly preferred to remain below the radar. However, as the media’s interest in the pensions industry has intensified and the issues inherent to it slowly

become better understood by the public at large – the tide has begun to turn; rather than a stream of headlines focussing on schemes failing, the media is increasingly exploring the wider issues which affect the reader at large, for example, the shift from defined benefit to some form

of defined contribution. These include the best way to address deficit issues, corporate governance best practice and personal accounts.

Pension schemes and their trustees now have a golden opportunity to engage with the media as they seek to deliver the best for their Members. As schemes are increasingly discovering, the media offers opportunities to:

- Ensure the scheme is attracting the best asset managers to manage its funds
- Demonstrate actively working in Members’ best interests by highlighting to Members:
 - the scheme’s risk profile;
 - the scheme’s performance; and
 - the scheme’s ethical or social investment policies
- Set out the trustees’ position in the event of M&A activity

Ensuring the pension scheme is attracting the best asset managers

Engagement with the pensions and asset management trade media can be a powerful way of making sure you are known to the most diverse and best performing investment managers. Publicising when a scheme has new tenders available and is seeking Requests For Proposals (RFPs) will attract new asset managers and new ideas. It should also demonstrate to Members that scheme managers and trustees are actively seeking to deliver the best performance against the agreed risk profile.

There are a large number of publications which are read by the investment management community and each publication has its own areas of focus. For instance, Professional Pensions, Pensions Week, Pensions Age and Pensions Management are all UK-focussed, whilst FT Mandate, European Pensions, IPE and Global Pensions have a broader geographic remit. The regularity of the publication (daily, weekly, monthly) will also have an impact on the type of stories which generally run in a given publication and the length and amount of detail involved in news pieces.

Online coverage, through new media portals including www.schemeXpert.com – and also through many of the above publications – is evidence of a readership that now demands insightful and timely news.

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Dependent on the complexity of the tender, a short, simple announcement issued to the target media in question is often the best way to achieve press coverage. Unless the amount of funds open for tender is enormous or the scheme is attached to a global brand name, it is unlikely that an announcement of

this type will justify a long news piece, which means that there will not be space in the publication to include every detail. As a general guide, the announcement should comprise:

- A simple headline
 - e.g. ‘ABC Pension Scheme Seeks Managers For New £500m Mandate’
- Brief overview of the main mandate details
 - e.g. Mandate size, overall scheme size, the requisite asset class, the requisite time period, if appropriate
- The deadline date for proposals to be received

As a general rule, the trade media tends to be more receptive to organisations with whom they are most familiar and a media relations campaign to run alongside any announcements issued will improve the chances of widespread coverage and dissemination of key messages in a targeted way.



Lessons we've learned on media engagement



By Kevin LeGrand
President

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The pensions industry has been quite slow to recognise the potential benefits from active engagement with the media. That has arguably led to lost opportunities to get positive messages across, especially when the industry has been trying to cope with increasingly debilitating influences.

SPC has sought to embrace the media, and I believe has been appropriately rewarded in return. It has proved a powerful tool to raise awareness of key issues and elevate them on the political agenda to the benefit of our members and the industry as a whole.

But to be effective, media interaction must be handled correctly, and there are rules of engagement to follow; the objective is to help the journalist as much as possible with their story. Golden rules to achieve this are:

- Be available to respond within their time frames, even if it is inconvenient to you; they are up against a publication deadline, and the story is their priority. If you don't help, they will go elsewhere
- Pensions are complicated; the journalist is not the expert – you are; they need you to explain things in a simple and straightforward way that they can pass on to their readers
- You must be prepared to respond to every request; if you just pick the opportunities that suit you, you will never be a reliable source.

The bottom line is that if you help them, they will remember and return; one day that could make the difference between a balanced story and a misleading and potentially damaging one.



The media offers a route to an active demonstration that provides a platform from which trustees and scheme managers can publicly demonstrate that they are fulfilling their fiduciary duties to scheme Members. It also provides an opportunity to highlight success stories and, where appropriate, issues surrounding performance, risk profile and exposure to different asset classes.

If your scheme is unique in terms of its exposure to a specific asset class or is blazing a trail in its choices which you feel will become a future trend, the media will be interested.

One way of alerting the media to this information is to distribute an update outlining the headline performance figures. Whilst regular contact with the press regarding performance demonstrates a commitment to transparency and good corporate governance, it is important to bear in mind that if you have committed

to a regular (quarterly or half-yearly) update, the tap cannot simply be turned off in the event of poor performance. Dependent on a scheme's risk profile and track record, it may be more appropriate to issue ad hoc updates on the back of extraordinary performance over a specified time period. You are not obligated to highlight your performance figures to the press but many schemes 'miss a trick' in terms of not being more vocal when their investment choices and exposure to particular asset classes have reaped dividends for Members.

Similarly, asset allocation is becoming of increasing interest to the media, particularly where exposure to alternative asset classes or ethical/SRI funds is involved. If your scheme is unique in terms of its exposure to a specific asset class or is blazing a trail in its choices which you feel will become a future trend, the media will be interested.



The trustees' position in M&A scenarios

Engaging with the media is perhaps the most important and simple way by which the trustees can be seen actively to be protecting and even fighting for the members' interests and fulfilling their fiduciary duty.

Although each case is different, there are important messages that apply to every M&A scenario. Whatever the trustees feel privately about the potential takeover, it is important to remember that they will have to continue to work with the company, whether a deal is successful or not. There is therefore little to be gained from antagonising either the present sponsoring company or any potential suitor and it might be necessary to make this apparent from the outset via the media.

There may come a time, however, when it is clear that if the trustees are perceived to be doing nothing, Members will begin to lose confidence in their ability to champion their cause. Engaging with the media is perhaps the most important and simple way by which the trustees can be seen actively to be protecting and even fighting for the Members' interests and fulfilling their fiduciary duty.

This is particularly the case when positions can change overnight and there is no time to notify every Member by letter. Unions are displaying a growing interest in pension funds and are becoming more active participants in M&A scenarios in terms of fighting for the rights of employees; in this context, a perceived lack of activity from trustees is brought into even sharper contrast.

To make a complex topic easier for the media to digest, it is useful for trustees to give out information in bite sized portions. Of equal importance is that diet of information should not change. First and foremost the information and the view of the trustees should be supplied to the media clearly, concisely and as early as possible. It is no use supplying journalists with facts and figures that baffle and bemuse and it is equally no good giving vital information when the acquisition is all but complete.

Moreover, trustees should try not to vary the message or change the figures that they supplied. Ideally, the trustees should be kept in the loop by the company from the very first rumour of an approach but, even if the company boasts an excellent working relationship with the trustees, this does not always seem to be the case. Therefore, as soon as



there is any mention of a potential takeover of a company, the trustees should be prepared to outline their position – possibly initially on an off the record, background basis – to key commentators, giving a brief summary of the health of the fund. This position should not change.

Once the media has understood the essential facts and figures and the key journalists have been briefed appropriately as to the position of the trustees, there is no room for confusion for the company, the acquirer or most importantly the Members who would be reassured to see the trustees actively working on their behalf.

Engaging with the media, however, requires a delicate balancing act. There is a thin line to tread between protecting the interests of the Members and not antagonising the company. One should avoid to be seen in negotiation with the acquirer through the media. Although there are many stakeholders in a company, including the employees, the trustees should remember that the directors of a company have their own duty to fulfil and that is to the shareholders. In many cases, pension funds will hold equity in the sponsoring company. In these instances trustees need to be especially vigilant that perceived conflicts of interest are handled in such a way that stakeholders are left in no doubt that the trustees' duties are first and foremost to Scheme Members.



General guidelines when dealing with the media

- Before engaging with the media, ensure you have a clear set of messages. Define your objectives and opportunities in clear, concise sound bites. Less is more.
- Illustrate messages with newsworthy case studies stories facts/figures – the media does not usually accept anecdotes and opinion as evidence on which to base a piece.
- Cultivate media relationships; the most trusted media sources are those known personally.
- Be confident of your expertise; be forthright in your opinions.
- Emotion, not function, will differentiate you. Journalists are increasingly exasperated with interviewees who sound like corporate robots. Emotion delivers brand loyalty beyond reason.
- Reply promptly to any media requests.
- Have a single point of contact for the press for ease of access and transparency – whether this is a trustee or delegated to an external agency.

About Smithfield

Smithfield is a leading financial communications consultancy that combines extensive experience with innovative thinking and cross-border capability. We have become recognised as the one of the leading communications companies in the pensions sector.

Our services are focused on six distinct areas – financial and corporate public relations; mergers, acquisitions and divestments; share offer marketing; investor relations; strategic communications advice for financial services companies; and presentation and media training.

We have become recognised as the one of the leading communications companies in the pensions sector.

In each area we have worked successfully with some of Europe's largest companies and have long-standing relationships with the UK and international financial media and analyst communities.

Our people are experienced professionals with backgrounds ranging from financial public relations and journalism to investment banking and in-house investor relations.

We combine strategic thinking and a creative approach with disciplined programme management and execution, making ourselves available seven days a week as required. Our clients range from FTSE-100 companies to privately-owned businesses.



Selected pensions experience



Advice to BAA Pension Scheme Trustees re:
acquisition by the Ferrovial Consortium



Advice to the Boots Pension Scheme Trustees re:
£418m cash injection and £600m additional security
from AB Acquisitions



Advice to The Independent Trustees of the
Telent Pension Fund



Advice to the ITV Pension Fund Trustees



Advice to Marks and Spencer Pension Fund re:
proposed offer for Marks and Spencer Group by
Revival Acquisitions



Ongoing communications consultancy to the
Society of Pension Consultants



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