

A New Idea For Venture Capitalists

By Robert A. Kelly

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Robert A. Kelly
bobbkelly@TNI.net

PRCommentary.com <http://www.prcommentary.com>

Obviously, it hurts when a promising business project you backed financially goes down the tube.

But while you point to many possible causes, seldom do you attribute the wreckage to a lack of effective communications that might have modified the behavior of sales prospects in a positive way, thus averting a money-losing shutdown.

Is it not possible, Mr. or Ms. Venture Capitalist, that aggressive publicity and promotion might salvage the occasional, marginal investment?

I believe it could, so here is a suggestion.

Make it standard operating procedure, starting with your next venture, (a minor cost compared to your investment) that any project you back **MUST** include an adequately funded, top-notch plan to aggressively publicize the venture.

Here's why. In public relations, we know people will act on their perception of the facts before them about your new venture. Further, we know that those perceptions will lead to predictable behaviors, good or bad, about which something can be done.

So when we create, change or reinforce that opinion by reaching, persuading and moving-to-desired-action those folks whose behaviors affect your new venture, your public relations effort is a success.

I know you have startup worries beyond public relations concerns, but consider for a moment some very serious PR exposures faced by that new venture of yours, and especially by the new management you recently installed.

If sales prospects are not made aware of your product or service, you will not get them as customers. And, as customers, if they

don't remain convinced of the value of your product or service, you lose them.

If employees believe your new management doesn't care about them, productivity suffers, and if a minority person believes your new venture discriminates when it doesn't, a host of unnecessary problems may ensue.

For that matter, if community residents perceive your new business as a lousy place to work, you have employee hiring and retention problems. And if insurance carriers perceive your new management as a bad risk, they don't provide the needed business coverage.

There's more. If journalists are suspicious of your new management's motives and they are not convinced otherwise, the venture gets "bad press." And if business people believe what some competitors say about the new business, that strategic alliance your managers want so badly may not come about. Plus, as you grow bigger, if government regulators believe the venture's products are not completely safe, sales will almost certainly be negatively affected.

By the way, this article calls addressing these kinds of risks a new idea for venture capitalists because I've yet to see it discussed or even mentioned in the public press.

Fortunately, you can put the kind of PR we're discussing to work immediately on behalf of your newest venture by introducing the new program to its managers with a brief, no-nonsense charter. Possibly along the lines of "yes, yes, I know you're very busy but it's our money on the line here and we're going to do everything possible to make it work!"

From that might flow these "marching orders" to your managers.

You will take the time to meet with members of your most important audiences and evaluate their feelings and beliefs about you and the business.

You commit to take action when you discover troubling perceptions that could lead to negative behaviors.

You accept that what people BELIEVE to be true, versus the truth, defines your public relations problem.

You will raise your profile, and that of the business, by regularly speaking before business and fraternal clubs, by meeting with the media and by promoting your business as appropriate, thus building the kind of good will you will need should things go awry.

You will prepare carefully thought out, persuasive messages that

directly address the misconceptions you discover during your periodic fact finding sessions.

You will select effective communications tactics that will carry those messages to your key audiences in a timely manner. And you will choose from a wide array of tactics such as meetings, speeches, luncheons, facility tours, promotional events, emails, media interviews and many more.

And finally, you will track the progress of your public relations effort by speaking regularly with members of those key audiences, and monitoring both the media and the reaction of community residents and other businesses, adjusting your strategy and tactics accordingly.

Yes, Mr. or Ms. Venture Capitalist, it does hurt when a promising project you backed goes down the tube.

Of course, you are, and must be concerned with a host of financial, human resource, legal and competitive issues for each new venture.

At the same time, in my view, you must remain vigilant as to how a single issue – potentially dangerous, unattended perceptions among a key audience -- can nudge a fledgling business closer to failure than success.

Fortunately, the “marching orders” outlined above will lead your venture management team to resolve such issues without a major investment in either time or money.

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Bob Kelly counsels, writes and speaks about the fundamental premise of public relations. He has been DPR, Pepsi-Cola Co.; AGM-PR, Texaco Inc.; VP-PR, Olin Corp.; VP-PR, Newport News Shipbuilding & Drydock Co.; director of communications, U.S. Department of the Interior, and deputy assistant press secretary, The White House. <mailto:bobkelly@TNI.net>
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