

**The OPEN Perception Study™**  
**OUTLINE AND COMMENTARY**

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**Addendum to the Proposal – I**

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# The *OPEN* Perception Study

## OUTLINE AND COMMENTARY

*Addendum to the Proposal – I*

### INTRODUCTION

#### Purpose of this Document:

This document adds considerable detail to the proposal for the "Open Perception Study" you have already received. It offers an example of the form of a perception project carried out under this discipline and includes a discussion of the kind of content it might contain.

#### Premise of the Open Perception Study:

In traditional perception studies, the questionnaire has provided the definition, and therefore the boundary, of the work. But here, the questionnaire is regarded not as the frame of the work, but as a point of departure for a much larger discussion of issues surrounding the subject company. The full range of respondents' opinions are explored, regardless of whether or not they appear on the original questionnaire. Interviews conducted as part of an "Open Perception Study" therefore have a tendency to add important components to management's understanding of market thinking, revealing new ways of approaching specific communications issues. Through this broadening of market intelligence, the "Open Perception Study" becomes an important risk management tool. At the same time, executives of the investor relations group gain a stronger platform from which to contribute to the strategic thinking of senior management. And the company benefits.

#### Some Considerations:

My intention is to give you a sense of what an "Open Perception Study" performed for you might look like. There are challenges in trying to accomplish this, however. For example, showing you a version carried out for another client will not serve the purpose, since all good perception work is highly client specific and utterly confidential. So, it is virtually impossible to derive something meaningful from prior work in which all the "good parts" are blacked out.

In addition, the "Open Perception Study" does not run on any kind of pre-fabricated template or formula. So, work that will fulfill your needs is probably different from that which has worked for someone else.

My solution to these challenges is to offer you the structure of one possible perception study that I might conduct for you. This document also includes comment on the process and the essential elements of the work. An outline appears at the end of the following commentary and is offered to you as something we can build on.

## **How I Work:**

*(The following suggests one way of approaching the project. There are others, and your preferences will, of course, determine our course of action.)*

### **Getting the Story:**

My first task is to immerse myself in the terms of your existing dialogue with analysts and investors. This means understanding the prevailing attitudes that impact your valuation. I will sit down with you for a briefing and will look for your guidance on analyst reports and other materials that will fill in the background. I will also carry out whatever independent research is necessary to become fully current with the company and its issues.

### **Determining the Participants:**

We will consult with each other with regard to the institutions and individuals to be included in the study. The best starting point, of course, is your current constituency as you know it. You may wish to refresh your investor list through a data service if this has not been done recently. We may also wish to consult any targeting lists you have commissioned. And I will undertake whatever independent research is necessary.

### **Getting Started:**

Having undertaken the above preparatory tasks, we will sit down to draft the questionnaire and assemble the call list. Work should commence immediately afterward.

### **Interim Reporting:**

During the process I will keep you informed on degrees of completion, if you wish. I will also inform you about items of immediate interest that arise. If I learn something that will be helpful to you, it will not await delivery of the complete study.

## **The Interviews – Ways of Listening – Some Examples:**

Throughout the interviews, I remain alert for certain lightning-rod issues. For example, listening to respondents' opinions on the company's specific business segments can contribute to management's insight on how certain acquisition and divestment strategies will impact share value. So, regardless of the particular questionnaire item under discussion, an attempt is made to project the implications of what is heard into all crucial areas of the company's concern.

Perception work must include a judgment of the strength and focus of opinion. How much are investors and analysts painting the company with the brush of their broad views on the market and industry sector? In other words, how much is the company suffering from generalized prejudices? If this is identified as a problem, the particular areas in which it is occurring can be targeted by the company in its communications.

The terms that analysts and portfolio managers choose as the basis for making judgments among competing companies often give insights into their underlying thinking and biases. For example, if the company is faulted on R&D expenditure when compared to a peer, yet management thinks competitive judgments ought to be made on the basis of gross margins, we may have identified an important item to stress in future communications addressing valuation principles. In this case, information derived from one discussion (competitiveness) can be applied to another (valuation).

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# **THE OPEN PERCEPTION STUDY: STRUCTURE AND CONTENT**

## **SECTIONS:**

### **I OVERVIEW AND EXECUTIVE SUMMARY**

Detailed commentary in this section addresses not only the findings of the study, but ways the findings may differ from the company's assumptions about opinion prior to the study. The section takes into consideration the important insights that have been gained and offers an opinion on their potential application.

(Approximately 3 pages.)

### **II PRIMARY CONSIDERATIONS AND RECOMMENDATIONS**

This section presents an in-depth discussion of actions that might be undertaken as a result of the findings. Suggestions are offered as options with appropriate alternatives considered. Commentary supports the specific purpose of the perception study by contributing to management's thinking in as many dimensions as possible with a view toward action.

Recommendations are presented in considerable detail. For example, if prior communication to the market has caused confusion, its exact nature is stated with highly specific suggestions for addressing the challenge. Another example: Say certain market participants are questioning management's acquisition strategy. Their concerns are carefully outlined, and the commentary is likely to consider whether the problem lies in communication or business strategy. . . and whether it is a problem at all.

(Approximately 3 pages.)

### **III DETAILED FINDINGS**

#### **Section 1:**

Responses to Questions: Questions are broken out individually. Commentary on the responses to each is supported with quotes from the interviews. Emphasis is given to differences of opinion with suggestions for ways they may be reconciled. Irreconcilable divergences are frankly stated.

#### **A note on reconciliation of diverging opinions:**

The example of confidence in management: When an interview respondent says management (or the IR group) is doing a good job, and another says it isn't, much can be learned about the foundations of these attitudes by looking at what each respondent has said on other issues. We

become more sophisticated in our task when we realize that certain attitudes are often accompanied by other specific attitudes. Identification of disparity in opinion, therefore, marks the beginning of an inquiry, not the end of one.

## Section 2:

Building the Knowledge Base – Beyond the Questionnaire: This sub-section offers detailed commentary on unexpected issues that arose during the interviews.

(Approximately 20 pages).

## IV PARTICIPANTS

An alphabetical list of respondents is provided, and, in the interest of utmost candor on the part of each participant, none is associated with a specific comment. From the list, the company learns who has contributed his or her time, but none can be held accountable for particular views. This can be especially important to sell-side analysts who wish to be recognized for their contribution but often fear the expression of certain opinions might compromise their access to the company.

## V TRANSCRIPTS

Transcripts of interviews are provided if the company specifies its need for them prior to commencement of the project. There is a transcription cost.

## CONCLUSION

The above is an attempt to convey the nature and texture of the work of the Open Perception Study. This document pertains to a full perception study. Shorter and more narrowly focused versions, such as the Fast-track Perception Study, are not addressed here, though they are carried out in an identical spirit. Naturally, all eventualities cannot be anticipated, but I have tried to give you a sense of the process and the ways it makes a special contribution to your financial communications enterprise. I would be delighted to speak with you further and respond to any questions.

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