**Business Fluency Boot Camp for Communicators**

Thursday, Jan. 14, 2021
11 a.m. – 2 p.m. ET

**Executive Summary**

*Notes from select sessions at Ragan’s Business Fluency Boot Camp for Communicators.*

**Business and finance fundamentals: what public relations and communications professionals need to know and why**

*Karen Vahouny, Adjunct professor, George Washington University's Graduate School of Political Management*

**Context—why is this important to know:**

* Many people think that communicators go into the field because they hate math or aren’t good at it—to be successful, you can’t let that be true
	+ An advanced degree like an MBA can be crucial to your success and building credibility with peers
	+ You need to show executives you’re familiar with numbers and willing to work with them
	+ Understanding investor relations can also set you apart in the field

**Basic Financial Reports**

* **Income statement**
	+ Can be simple or complex—large companies will have more expense breakouts by function and sector
	+ Understanding the difference between revenue and profit on this is critical
		- Profit is your revenue *after* expenses
	+ The numbers in here are a great tool for analysis when they’re broken down in different ways
* **Balance sheets**
	+ Typically calculated on last day of quarter or year—a specific point in time
	+ Often listed in thousands or millions to make it easier to read
	+ “Current” assets or liabilities mean you can convert them to cash within a year—fixed assets or liabilities are less liquid
	+ Your assets will always equal liabilities and equities together
* **Statement of cash flow**
	+ These are important for ensuring operation costs and investment costs can be paid in a timely manner
	+ Not all income is instantaneous
	+ Income statement might paint a rosier photo than your cash flow statement
* Parentheses in financial statements indicate negative quantities
* Karen recommends “Finance for Non-Financial Managers” by Gene Siciliano as a great resource to understand these terms further
* **Two key terms for communicators to know are “Market Cap” and “P&E”**
	+ Market cap: Reflects the value of a public company and is the price of a share of stock x time number of shares
	+ P&E: Profits and earnings. Determines how much investors are willing to pay as a multiple of earnings.
* **Stock ROI/Return Example:**
	+ Beyond Meat money in 2018, but still went public
	+ Buying on “future”—buying into their future earning potential based on their past performance and likelihood of success
	+ Investment bankers responsible for setting initial valuation
	+ For calculating ROI, you typically look at YTD starting price.
* **When considering stock prices:**
	+ Don’t assume prices always go up when good news is announced or vice versa
	+ Important to consider stock prices of peers, historical financial results, guidance from company
	+ 40% of investor decisions are based on non-financial factors, like quality of management at a company
* **Annual reports:**
	+ “Form 10-K” is official term, and is required annually from public companies by SEC
	+ MD&A: Management Discussion and Analysis is most important for communicators
		- Management’s view of what the numbers mean and what opportunities and risks are present
		- Karen recommends looking at yours, and your competitors
	+ Detail in annual reports differs based on company—may or may not include form 10-K
	+ Look at annual summary or Chairman’s letter—Karen recommends Warren Buffet’s in particular
	+ CSR and sustainability reports and becoming increasingly common
	+ You should be able to pick out the three key messages from an annual report that reflect the company’s values
		- T-Mobile’s is a good example of this
* **Preparing for an economic downturn:**
	+ Leaders at the Business Roundtable say they expect economic impact of coronavirus to last beyond until end of 2021.
	+ Congressional budget office believes impact could last through the decade
	+ Many companies this year aren’t releasing earnings guides. There is no way to predict path forward
	+ Organization’s currently thriving are focused on investing in revenue growth

**Mastering Business Acumen: Pathway to Becoming a Strategic Advisor to The C-suite**

*Matt Ragas, Associate Professor, DePaul University*

* Three stages of evolution in PR. Some organizations haven’t made it to the third.
	+ How do I say it?
	+ What do I say?
	+ What do I do?
* Increasingly, organizations want communicators to be responsible for actions over words.
* Nike almost didn’t embrace Colin Kaepernick in its campaign—until their CCO stepped in as an advisor
* Matt recommends The Plank Center is a great resource for communicators to expand their knowledge
	+ Strategic decision making and communications knowledge management are two key areas of their model of PR leadership
	+ Top execs at Molson Coors, Arthur Page Society,
* Business acumen can be especially important to help women and minorities succeed in the PR industry
* By assessing business models, you can provide recommendations with a communications lens
* Three areas of business acumen:
	+ Functions
	+ Stakeholders
	+ Markets
* We all want our organizations to be driven by purpose and societal duty, but you first need to get a seat at the table
* Build relationships with colleagues in legal and finance—they’ll become a good resource to bounce ideas off of.