

Strategies

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Public Relations in the Era of Sarbanes-Oxley

Seven Ways That Communications Can Rise to the Challenge

The Sarbanes-Oxley Act of 2002 (the Act) has changed the tone of business discourse forever. Five years ago, corporate governance was rarely discussed outside the boardroom and investor relations departments. But following the wave of highly publicized business scandals, corporate governance – in the form of fairness, transparency and accountability – is in the spotlight. The old “inside/outside” paradigm – that an organization, public or private, could conduct its business internally without fear of any information getting out – is dead. Public relations professionals face an unprecedented yet pivotal responsibility to nurture a vital culture of transparency. But where do you start?

Gaining a general knowledge of the Act is essential to understanding your role in the new environment. The Act encompasses the roles of board members and audit committees, work performed by auditors, management's treatment of whistleblowers, and the responsibility of senior management for the accuracy of financial statements and the internal control structure. The guiding principle is the importance of upholding positive values and forthright behavior. To realize this principle in

practice means executing your job with an eye toward creating greater transparency. Here's how.

1. CREATE AND MAINTAIN A STRONG IR-PR PARTNERSHIP.

In the era of the 24-hour news cycle, no one questions the fact that corporate image, executive conduct, business performance, and stock price are interrelated. It is also acknowledged that every publicly disclosed action has a visible impact on multiple stakeholders. A divestiture, for example, may be viewed positively by investors and analysts, but get mixed reviews from the press, employees, the local community, and organized labor.

“We take corporate governance seriously, expecting to achieve the same continuous improvement as in all of our business operations.”

Andrew Grove
Chairman, Intel Corporation