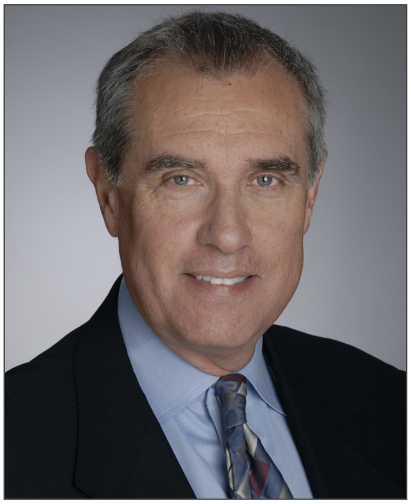
DELISTED OR ABOUT TO BE?

Roger Pondel, CEO, PondelWilkinson Inc. – Public Relations

When a publicly traded company is delisted from Nasdaq or the New York Stock Exchange, it enters a critical phase that demands an immediate, strategic response beyond a bare-bones required public disclosure and merely addressing the underlying issue that led to the delisting.



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Thoughtful damage control through effective, transparent and immediate communication is paramount to mitigate reputation loss and restore the confidence of all stakeholders— shareholders, employees, customers and suppliers.

First step is to swiftly communicate as widely as possible, through the media for full disclosure and to be in compliance with Reg FD, as well as through social media. Secondarily, consideration should be given to direct, one-on-one communications to key constituents via email.

Transparency is vital. The delisted company should provide a clear explanation of the circumstances surrounding the delisting, outlining both the immediate effects on operations, along with the long-term strategy for recovery. A message that conveys accountability will foster trust. Being forthright in acknowledging the challenges and detailing a specific plan to address them sends the message that the company is proactive and committed to overcoming its difficulties.

Additionally, companies should focus on the practicality of direct stakeholder engagement. Hosting meetings, webinars, or conference calls can facilitate open dialogue with shareholders, for example, allowing them to voice concerns and receive direct responses. The same holds true of customers and employees, allaying fears of job losses and of customers who may rely upon critical products or services. Demonstrating responsiveness can help manage uncertainties about the company's future.

Implementing and subsequently communicating a comprehensive turnaround strategy is essential. This might involve seeking financing options to stabilize the business, focusing on operational efficiencies, possible changes in senior management, and redefining corporate governance. The leadership team should also actively work on rebuilding relationships with investors and analysts to instill or regain credibility.

The delisted company should explore re-listing opportunities, wither by remedying deficiencies or even possibly listing on a different exchange, or via a new financial vehicle. Such an approach demonstrates resilience and also provides shareholders with a glimmer of hope for recovery.

Companies usually know ahead of time if they face a delisting. With Nasdaq, for example, they are typically given 45 days from the time of notice to develop a plan to regain compliance, with a total of 180 days to implement that plan. During that period, with valuation usually waning, it is prudent to prioritize transparent communication as the company remedies whatever the reasons were for delisting in the first place.

Robust engagement with all stakeholders and clearly articulating the strategic recovery plan, with a focus on long-term re-listing options, will help to effectively navigate what always is a challenging period.

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Roger S. Pondel, CEO of PondelWilkinson Inc., has been the architect of communications programs involving corporate transformations and restructurings, mergers and acquisitions, crises and complex shareholder matters, as well as serving as on day-to-day investor relations and strategic public relations counsel.

Heading the firm for more than three decades, Pondel previously was investor and public relations director of several middle market corporations. He also was a reporter with the San Jose Mercury News.

He is a member of the CFA Institute, the National Investor Relations Institute and the Public Relations Society of America and served on the national board of the Association for Corporate Growth.

Pondel earned a bachelor's degree from the School of Journalism and Communications, California State University, San Jose. He is a frequent guest speaker on investor relations and corporate communications issues.

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