

*Journal of***APPLIED CORPORATE FINANCE**

A MORGAN STANLEY PUBLICATION

In This Issue: Private Equity and Public Equity

- | | | |
|--|------------|---|
| Private Equity, Corporate Governance, and the Reinvention of the Market for Corporate Control | 8 | <i>Karen H. Wruck, Ohio State University</i> |
| Corporate Cash Policy and How to Manage it with Stock Repurchases | 22 | <i>Amy Dittmar, University of Michigan</i> |
| The Rise of Accelerated Seasoned Equity Underwritings | 35 | <i>Bernardo Bortolotti, Università di Torino, William Megginson, University of Oklahoma, and Scott B. Smart, Indiana University</i> |
| Re-equitizing Corporate Balance Sheets: Choosing Among the Alternatives | 58 | <i>Jason Draho, Morgan Stanley</i> |
| SPACs: An Alternative Way to Access the Public Markets | 68 | <i>Robert Berger, Lazard</i> |
| Competition and Cooperation among Exchanges: Effects on Corporate Cross-Listing Decisions and Listing Standards | 76 | <i>Thomas J. Chemmanur and Jie He, Boston College, and Paolo Fulghieri, University of North Carolina</i> |
| Callable Bonds: Better Value Than Advertised? | 91 | <i>Andrew Kalotay, Andrew Kalotay Associates</i> |
| BIG Writing: The Fundamental Discipline of Business Writing | 100 | <i>Michael Sheldon, XMedia Communications, and Janice Willett, University of Rochester</i> |

BIG Writing: The Fundamental Discipline of Business Writing

by Michael Sheldon, XMedia Communications, and
Janice Willett, University of Rochester

A successful business exists independent of any individual—even its founder or current management team.

A business has a heart and soul. That is its mission.

It has a brain. That is its strategy.

It has a body: employees, customers, suppliers, investors—all part of a shared culture.

Business also has a face. That is its brand image.

But does business have a *voice*? Yes—you hear a bit of it in advertising, although advertising is more about attitude and image.

The voice of a business calls its employees and customers to action. To be effective, the voice must be consistent, believable, and compelling.

And that requires BIG Writing.

What Is BIG Writing?

BIG Writing is the fundamental discipline of business writing. It recognizes that every organization has a few—say, three to five—core messages that form the basis for all of its communication.

These are your BIG Messages. They come from your core strategy or statement of core values. They have to be universal and relevant.

Why are they called BIG Messages? Imagine encountering a colleague in an elevator. You say, “Hi Don. How’s business?” And Don replies, “Business is good.”

Business Is Good is the archetypal business message. It is positive, succinct, and memorable. It also forms the acronym BIG—hence BIG Messages and BIG Writing. All of your communications should use your BIG Messages as the initial point of reference, with the content expressed in BIG Writing that is positive, succinct, and memorable—like “business is good,” but specific to your business and relevant to your audience.

BIG Writing is the official language of your organization, and all of your written material should reflect your company’s BIG messages.

For example, suppose you’re a senior analyst working on a report evaluating the pros and cons of an acquisition. You will want to begin your report with an executive summary that frames your recommendation in terms of the company’s

existing business strategy. That way, senior management will know right away that you see the big picture the way they do, and you’re not just some quant pushing numbers around.

Or you might be a sales professional drafting a letter to a client or prospect. In that case, you will certainly want to work in a reference to the principal benefits of your product or service in the first paragraph.

Or suppose you are a manager writing an evaluation of one of your direct reports. It probably makes sense to start by providing an overview of that person’s performance in terms of the company’s mission and values, before moving on to MBOs, 360-degree feedback, or other specifics.

Today We Are All Writers

Is writing really so important? Absolutely. Writing is a vital skill in today’s workplace because virtually everyone, particularly in service businesses or organizations, does some writing as part of the job.

You may be the CEO of a Fortune 100 company, or an entry-level administrative assistant. Your official title may be Sales Associate, Research Analyst, Product Manager, or Human Resources Specialist. The fact is, if you sit at a desk with a computer, your everyday tasks probably include writing reports, memos, letters, evaluations, e-mails, or other communications.

You may also be involved in writing projects without doing the actual writing. You may be the salesperson who uses the brochure. Or you may be an administrator, concerned with the cost and efficiency of writing projects.

In our service-oriented economy, consumers are spending their money on something intangible. The service is real and has value, but it’s not something consumers can hold in their hands. Often, your company’s marketing materials are the closest your customers will ever come to having physical contact with your service offering. If you develop software, your customers aren’t interested in seeing the physical disk that stores the software—they want to read about your software and experience it in brochures or descriptions online.

Same with automobiles. Sure, people want to test drive them. But Audi reports that 88% of people who bought Audis first researched them on their website. And if you’re shopping for a new car, you’re guaranteed to come home with a handful of glossy brochures.

What about non-profits? They are promoters of abstract values and, as such, are truly message-centered organizations. They produce direct mail letters by the ton—to say nothing of calendars, bumper stickers, glossy magazines, and gift cards.

And if you work in the public sector, your days will be filled with a variety of forms along with detailed instructions on how to fill them out: reports, schedules, grant proposals, surveys, guidelines, manuals, digests, commentaries, and on and on and on. That's why there is a paperwork reduction act.

In 2007, the U.S. economy produced more than 153 million jobs. Of these, approximately 115 million, or 70%, were white-collar office jobs.

Face it. We are a nation of 115 million writers. So we might as well get good at it.

Does BIG Writing Work?

Client response to the principles of BIG Writing has been enthusiastic, particularly at the CEO level—and outcomes have been positive. But deeper into the bowels of an organization, there is less clarity and more noise interfering with the basic messages.

Sometimes individuals think they have such a good handle on the product that they don't need to pay attention to the messages that the Marketing Department has created at great expense. Alternatively, Marketing may not have bothered to communicate the brand message internally, so people don't even know they're breaking the rules.

In other cases, there might be a turf war in progress between individuals or between functional areas of the company. A writing project, such as a sales presentation or a corporate brochure, can become the bone of contention as the two sides skirmish for position. Adding insult to injury, it can take a while for the writers involved to realize why they are having so much trouble getting their copy approved.

And then there's the most common scenario, which is simply a suboptimal process for getting the work done. The range of issues that apply here are varied: inexperienced writers, lack of product knowledge or business experience, project managers overstepping their roles, an indistinct approval process, too many decision-makers, no decision-maker...the possibilities are endless.

BIG Writing is an effort to diagnose and solve these problems. The principles are solid. However, there is always a lot of inertia to overcome, so your success in applying BIG Writing will generally require a good deal of persistence, creativity, and the ultimate lever—which is visible support from senior management.

BIG Writing Across the Organization

The requirements of BIG Writing are different depending on where you sit. Business leaders, employees who write, and individuals who manage writing projects all have specific roles

to play in implementing a culture of BIG Writing across the organization.

Business Leaders and BIG Writing

Let's start at the CEO/senior executive level. Senior executives are often the best writers in the organization—they have the most experience and the most at stake, and are therefore the most effective company representatives. They typically are accomplished public speakers and have exceptional product knowledge and management ability. Yet because senior executives have so many responsibilities, they don't have time for writing, and end up delegating much of it.

Fair enough. But in delegating, they also must ensure that people have the necessary tools to write effectively. As we'll see in a minute, it is not reasonable to assume that everyone has equally strong communication skills. Senior executives need to take responsibility for the organization's BIG Messages. That includes creating them, distributing them, and letting people know that they are expected to use them.

In larger companies, most of the BIG Messages already exist. The *business strategy*, of course, comes directly from the CEO's office. Some of this information may be confidential, but there is always a version that's suitable for public consumption. The sales department knows what the *value proposition* is and the benefits that pertain to each product and service. Marketing is the custodian of the *brand* and all related messages such as positioning or taglines. Human Resources houses the *mission statement*, along with supplementary vision and value statements, employee policies, and other guidelines.

Now it's time to put the BIG Messages to use.

The BIG Message Inventory

In order to implement a culture of BIG Writing, the CEO's essential first step is to gather an approved version of all these documents into a single report called the BIG Message Inventory. There should be a one-page executive summary that simply lists the BIG Messages. And a more detailed, five- or ten-page version can give context to each BIG Message and provide examples.

Depending on the size of the organization and the resources available, employees can be instructed in BIG Writing either through formal training or by word-of-mouth—from managers to direct reports. But, as with any new initiative that has to overcome inertia, the CEO must communicate unequivocally that BIG Writing is now part of the culture and that there will be positive outcomes for those who adopt it and possible negative consequences for those who don't.

The Mission Statement Is a Special Case

The mission statement is the most critical of the BIG Messages, and therefore the most difficult to get right.

The mission statement is critical because it is a succinct, highly charged statement of the company's direction and

purpose that sets the tone for every employee's activities.

The mission statement is difficult because, no matter how approachable senior executives think they are, the rank and file regard them to some extent as aliens—little green people concocting obscure strategies from gleaming glass towers. Getting the mission statement right is vital to establishing trust among different levels of the organization. It helps employees become more grounded in the corporate culture, and provides specific signals to guide them.

Here are some of the pitfalls that companies encounter with their mission statements:

- If it overuses jargon or clichés it won't be meaningful.
- If it doesn't address the true situation, it will be ignored—or ridiculed. It has to be real.
- It takes time and effort. During Jack Welch's tenure, it took GE *three years* to write its statement on core values.

That said, it's worth making the effort because when the mission statement is done right, it will help employees understand the company's business purpose and apply it to writing tasks and projects. An effective mission statement is a cornerstone of the BIG culture and the biggest of the BIG Messages, so don't overlook it.

Basic Training in BIG Writing Is Easy

Once the mission statement is done and the BIG Messages are in place, the next step is for employees to put BIG Writing into practice. But there's a problem: most people in the workplace have no training in business writing, let alone in BIG Writing. In high school and college, we all learned to write lengthy papers about novels or poems or political movements. Scientific writing, which equates impersonality and formality with objectivity, is arguably even worse. Writing that is embedded in spreadsheets conveys this same artificial sense of precision. Academic writing in general is dense and deliberately complicated, and the reader doesn't really know where it's going until the end. Page length is critical—longer means weightier, both physically and intellectually.

But when has anyone in business ever asked for five to seven pages on the viability of a new product?

The trick is to apply a business perspective to writing, rather than a writing perspective to business.

The Three Rules of BIG Writing

The first step to becoming a BIG Writer is to throw away a lot of what you learned in school about writing. Forget about cultivating that dispassionate, "objective" point of view. Get rid of that lifeless, disembodied phantom who's afraid to say "I" or use everyday English. As a BIG Writer you're allowed to be yourself, a natural-sounding, flesh-and-blood individual who gets right to the point and tells everybody up front what conclusions to draw—and what action to take.

It's easy. All you have to do is follow the three fundamental rules for business writing:

1. Use the right voice to address your target audience. Once you've pinpointed your audience, talk to them in the language they speak and reference things you know they care about. The board of directors does not want to hear about Chi-square statistics and tornado analyses—but they *do* want to understand market positioning and trends.

2. Put the key message at the beginning. Business audiences are notoriously impatient, so tell them what they need to know right away. If you are making a recommendation, make it at the beginning. It may feel abrupt or "salesy"—and it's certainly antithetical to the kind of writing we did in college, where the big finish is at the end—but you are respecting your audience's time and they will appreciate it.

3. Keep it simple. After you've written your first draft, go over it again, looking for anything you can eliminate—especially anything fluffy or squishy. Notice a sentence that's spreading out over three or four lines? Find a way to cut it in half. Be brutal on words and easy on readers.

There is a remarkable degree of professional consensus about what constitutes good business writing. It is targeted to the audience, clear about its main intention, and economical in presenting supporting details.

Use the BIG Message Inventory and Get Ready for an Avalanche of Feedback

The next step is for employees to understand that *the BIG Writer never starts with an empty page*. Whether it's a product, a service, a cause, or a legal requirement, your organization already has carefully crafted language that defines it.

Use that language. There is no need to re-invent the wheel. Your company may have a BIG Message Inventory. Or you can track down that information on your own by getting permission to look at the business plan, the operating plan, and the marketing plan, to say nothing of existing advertising, public direct mailings, sales pitches, the website, and investor relations materials like the annual report—always an excellent resource. (The sidebar provides a step-by-step example of how to put BIG Writing to work.)

There's No Need to Get Hung Up on Grammar and Style

The final point for beginning BIG Writers is to stay focused on the big picture.

BIG Writing addresses the real challenges that people face every day when writing in the workplace. The point is to communicate information that motivates people to act. In this context, the fine points of grammar and style are not all that important.

Oddly enough, however, this is precisely what most traditional approaches to business writing focus on—grammar and style—or what we call *small* writing. Of course, word choice, spelling, and comma usage are important. Attention

Sample Marketing Letter

You work for Joe Smith, the top salesman at ABC Corporation. Joe calls you into his office and says he'd like you to draft a letter to an important distributor he'll be meeting with next week. Joe wants the distributor to make a bigger commitment to ABC, and he's put together an attractive proposal that he'll explain in detail at the meeting. "I just want to have his full attention on the proposal," Joe explains. "He already knows us, so you can skip the background. Just remind him of the benefits. Half a page ought to do it."

An ordinary person might panic at this point. That's not very much to go on! For the ordinary person, the first order of business might be to find an empty conference room to do some deep breathing exercises and really focus on creating a free-form brainstorming diagram.

By contrast, as a BIG writer, you get right to work. You start with the Three Rules. Number One: audience. Although you don't know the recipient of the letter personally, you know he's been a client of Joe's for a number of years. Joe is generally pretty blunt and, no doubt, the client is used to it. Besides, Rule Number Two tells you to put the key message at the top. Thus, you begin:

Dear Bill:

I'm looking forward to our meeting next week. As you know, I've been urging you to increase your commitment to ABC for a long time. I finally got management to agree to a proposal that really makes sense for you.

You were tempted to put "will knock your socks off" instead of "really makes sense for you," but decided to go with the more formal, business-centered language. Based on his relationship with the client, Joe will change it if he wants to.

Now the lead paragraph is done. That's half the battle. Joe said to skip the background and go straight to the benefits. Fortunately, they're listed in the standard ABC sales presentation. You grab the latest version of the presentation, just to be sure. In the intro, under benefits, you find:

ABC products make you feel perky
They're good for your health
They're 100% safe

Hmmm. Those are the end-user benefits. You need

the distributor benefits, which are in a different section:

Recognized brand, flies off the shelves
Trusted product, low percentage of returns
Competitive profit margin
World-class client support

Okay, that's what you needed. And now you go the distance—you look at the *distributor's* website to see what *their* BIG messages are. Right on the first page: Guaranteed availability. Now you'll tailor the benefits for this letter. You pull up the client's sales figures on your screen and jot down some notes. Now you're writing again.

Bill, you've been an ABC distributor for four years, so I don't have to tell you how popular this product is. That commercial with the talking elephant really helped, and your sales figures show it. You've moved more than 30,000 units each of the last two years and the growth trend is impressive.

Plus there's very little hassle involved. Returns have averaged less than 0.2%. And our state-of-the-art inventory system means no stock-outs. In general, we have exceeded industry norms in terms of pricing and support. Because of the great job you've done, we've created a package that's considerably better than what you have now. As I said, it really makes sense for you and your organization.

Rule Number Three: Keep It Simple. You've covered all of the benefits, and you've done it in such a way that everything flows naturally, tailored to the recipient of the letter. Since Joe already has his meeting set up, you don't have to request one or add some kind of call to action. In this case, all that's left is to write the close and you're done.

This package is so good, I can't wait to explain the details next week in person.

Sincerely,
Joe

But before you email it to Joe, wait until after lunch so you can see it with a fresh eye and catch any typos.

to detail is *always* important. We know that sloppy writing often indicates sloppy thinking and sloppy analysis.

But if “Get it 15% cheaper” is your message, then the important thing is 15%—not whether you say “cheaper” or “more cheaply.”

If you’re not great at grammar, get a style guide that will help you brush up on the points that give you trouble. You’ll discover something that will really make your day: The experts don’t agree with many of the supposed “rules” that have been giving you a headache all these years.

The problem with most grammar mavens in the workplace is that their claim to authority is their seventh-grade English teacher. There are many mistaken ideas about grammar, such as the following, all from our old Warriner’s grammar text:

- Never end a sentence with a preposition
- Never split an infinitive
- Never use contractions
- Never begin a sentence with “and” or “but”
- Never begin a sentence with “because”
- Never refer to yourself as “I”
- Never refer to the reader as “you”
- Never write a one-sentence paragraph

Most of these “rules” have been recognized as unnecessary since at least the 1920s—in *all* writing, not just business writing, which is generally understood to take greater liberties. In general, English grammar is surprisingly flexible. So don’t complicate your life with unnecessary worries or superstitions. Just keep your writing clear and simple and you’ll do fine.

Jargon of the Barbarians

A quick word here about jargon. While jargon is universally reviled in the style manuals, it is widely embraced inside many companies. It’s not unusual for internal reviewers to reject well-written copy precisely because it’s jargon-free! This represents a failure to acknowledge that readers may have a different frame of reference than the reviewer—and that’s how companies lose sales.

BIG Writing is grounded in plain, everyday English. Of course, it’s important to know your industry’s jargon and business buzzwords, if only so you can understand what your colleagues are talking about. But slinging around that kind of terminology is definitely not the goal, and will not make your organization’s voice compelling.

Instead, you must become a native speaker of your company’s messaging system—someone who has mastered the inside lingo, but who also knows how to translate it for ordinary human beings. In this sense, BIG Writing goes beyond fluency; it is natural, idiomatic, and contextual.

Managing a Writing Project: It’s a Jungle Out There

Senior executives can promulgate the BIG Messages, and employees can practice BIG Writing, but it is the people who *manage* writing projects who really have their hands full. Regardless of a company’s size, industry, or sophistication, writing projects are often business problems in disguise. A long-simmering organizational conflict can erupt as a pitched battle over the wording in a sales presentation. When a website or brochure project stalls, and there’s anger, frustration and endless rounds of revisions—those may be signs that a larger turf war is in progress. And that’s bad for business.

Even in otherwise well-functioning organizations, writing projects may also be subject to a level of scrutiny that most business writers and project managers have never encountered before. This is known officially as “the approval process,” and it can reduce otherwise stalwart men and women to tongue-tied simulacra of their former selves. Fortunately, the BIG Writing toolkit includes strategies and antidotes for these project management challenges.

The BIG Writing Index (BWI)

The BIG Writing Index (BWI) is a diagnostic tool for measuring the efficiency of your company’s communications projects. It can give you an early warning before you’ve blown your marketing budget, and may even tell you something about your overall organizational health.

Here are the basic parameters of the BWI, based on input from colleagues around the country:

- The BWI raw score is the total time to complete a project divided by the time to write the first draft. If it takes eight hours to write the first draft, and the project is approved without revisions, the BWI score is $8/8 = 1.0$. Scores of 1.0 do occur, but not usually on major projects.

- Most scores fall in the 1.5 to 2.0 range. Scores in the 2.0 to 3.0 range may be acceptable for large projects with a lot of influential reviewers. Projects meant to create consensus can take this long.

- Scores over 3.0 are dysfunctional.

It may be hard to believe, but it’s absolutely true: A writing project such as the text for a marketing brochure, annual report, or website may end up being reworked so much that it’s the equivalent of writing the same piece three times or more.

There are several reasons why this can happen. The internal team may be inexperienced—they might ignore existing BIG Messages and try to create something new and exciting on their own. That’s at least one draft down the drain.

Or the objectives for the piece may have been poorly defined. A beautifully designed and print-ready sales brochure may suddenly be discovered to have targeted the wrong audience—retail consumers rather than business prospects. BWI scores of 5.0 or higher are not unheard of in situations like this.

Having too many people who need to approve the project is a frequent cause for scores in the dysfunctional category. Your project may be going very smoothly—on schedule, on budget—when the CEO decides to take a look. Suddenly the project parameters change. Sometimes you'll even find the CEO rewriting the copy. Of course, if the CEO is the most effective spokesperson for the company, this may be a good outcome—but the project is still off track.

The best solution to all of these problems is to establish a culture of BIG Writing throughout the organization. By definition, that means you'd have buy-in from senior management on your BIG Messages, and there would be companywide acceptance of the need for efficiency in writing projects.

Given that BIG Writing is new, however, project managers may have to deal with issues on an ad hoc basis. Here are some suggestions:

- Preparing a written “creative brief” is a good way of clarifying communications objectives. Getting people to physically sign off helps to keep them honest. Of course, if you're in the middle of full-blown turf war, a creative brief won't carry any more weight than a verbal agreement would have.

- Try to streamline the process by limiting the number of people who have to review or approve the project. It helps if you have a high-level champion. But if you work in an organization that makes decisions by consensus, all bets are off.

- Show them the numbers—either the dollar figures for the project or the BWI score, or both. That way they can see the cost of perfection.

- Adopting “drop-dead” deadlines can help everyone focus. Public company annual reports must be approved in time to be printed and distributed prior to the annual meeting. It's amazing how much discipline a legally mandated deadline brings to the approval process. Tying other projects to events such as conferences or speeches can have a similar effect.

Bringing In Outside Help

It is also possible to improve efficiency by using freelancers, who bring with them an outsider's fresh perspective. Of course it is vital that any warring internal factions are ready to lay down their cudgels and listen.

Generally, there are two reasons for hiring an outside writer. Number one is the time factor, when internal resources are overcommitted. Number two is when there's a major strategic project that requires new messaging. Then you might bring in a specialist.

Keep in mind that bringing in freelance writers and consultants involves a new set of complications:

- You hire freelancers for an outside perspective, but they also have to get up to speed on your business.

- You want to simplify your messages, but you secretly miss your insider jargon.

- There will be internal politics: which vendor to select and who gets to choose and manage them.

- They will need considerable access to internal resources, so if you don't trust them to interact with your key people, don't hire them.

Brave New World: The Internet

When it comes to writing on the Internet, it's important to recognize that there is a lot of self-serving nonsense floating about. This occurs not only in cyberspace, but also in the corporate headquarters of otherwise sensible companies where people should know better. I'm referring to the idea that the Internet is a completely new medium that is unlike anything we've experienced before, when it is really just a new delivery mechanism. Contrary to the hype, the Internet does not require a new and different kind of writing, nor can it change the fundamentally human character of the audience.

The Internet does offer tremendous business benefits:

- Cheap, instantaneous, round-the-clock delivery
- Direct contact with the market (no middleman)
- Prime real estate: your website is just as prominently located as Tiffany's and as convenient as Starbucks

But none of this changes the fact that people *are reading* on the Internet. If you look at the top 15-20 most visited sites you'll see that the only ones that don't principally rely on the written word are YouTube, where people go to watch videos, and a few sites where people store and edit their photographs. On Amazon and eBay, people regularly read written descriptions of products, which are often lengthy and include in-depth reviews by other customers.

Your technically minded colleagues will tell you that “users”—notice, they're not people anymore, but “users”—click through pages at an average rate of 0.7 nanoseconds. And that's why writing needs to be different on the Net; *everything* needs to be short and catchy:

This is *hot* new stuff with really *cool* features.

In business, of course, readers often scan first, then print what's of interest so they can read it in their spare time—on the airplane or the train, between meetings or before bed. Once you catch someone's attention, they will want more information. That's the goal: they're not there to surf. Businesspeople don't suddenly take on the mindset of a teenager just because they're on the Internet.

If you're selling brightly colored cell phones that also play music, then maybe you do want to say it's a hot new product with really cool features.

But if your clients are pension funds researching actuarial projections that may help determine their investment policies, you will want to write a headline that has better odds of appealing to that audience—the same as you would do in any medium.

Any way you slice it, the dominant activity and main purpose of business websites is to communicate the company's BIG Messages to its customers.

Legal Reviews—the Final Frontier

You work for XYZ Auto and your job is to sell the product. First, you look at the research, which says that in a recent focus group 67% of participants liked XYZ cars best. Then you check your brand messages and see that customer satisfaction is one of the key messages. So you come up with a real gem of a slogan:

People love XYZ cars.

It's simple, active, direct. Good copy. The product people probably would have liked to see more about the features, but they're OK with it. Marketing likes it. Sales loves it. So it's a go, right? It's just a matter of getting it through... Legal.

The lawyers summon you to their offices in the eighth circle of hell and point out that not everybody loves XYZ cars, just 67% of those in a particular focus group. Lawyers love qualifiers, and while acknowledging that 67% is a statistically significant percentage, and reasonably representative of the population in general, they think it would be prudent to mention somewhere in the ad all the limiting particulars including the place, date, and total number of people in the focus group. Or if that's too much of a mouthful, they might let you say,

Some people love XYZ cars.

Well, you can't use *that*. But let's say you discover that the focus group turned out to be a group that was particularly knowledgeable about cars. Maybe Legal will let you say,

People who know their cars love XYZ cars.

Seems like a good compromise. But the head of Legal decides he's uncomfortable with the word "love." Too strong—they really only "liked" the cars in the focus group. So now you come back with

XYZ. Preferred by people who know their cars.

It works. It's not as succinct as your original slogan—nor will it necessarily appeal to as broad an audience. But it works.

The fact is, lawyers are trying to protect us from accusations of dishonesty. But do we need this protection? After all, lying is not a winning business strategy. If you don't offer value, if you lie about your product—or even just exaggerate—the market will find out. In business, there is no long-term incentive to weasel out of accountability by using language that hedges. And the fact is, serious liars don't hedge—they state their lies forcefully. "There is no sexual relationship." "I am not a crook." "I have never used steroids."

When it comes to managing "headline risk," everyday business practices probably matter more than marketing statements. In general:

- Most people in business are committed to what they do and try to do it right.
- Integrity is a frequently cited value in the business world, and most people are committed to ethical behavior. Of course, there are always exceptions.
- It's the classic politicians' dodge, but sometimes mistakes *are* made. By people at all levels, in all industries, and in all types of organizations. It could be human error or the weather. You can't sell bathing suits when it's cold and rainy. Screw-ups are not always someone's fault.
- In every company, the first rule of crisis communications is to get the entire story out—directly, truthfully, and quickly.

The bottom line here is not to let too much legalese into your BIG Messages and BIG Writing. In a culture of BIG Writing, the CEO would instruct the law department to focus on legal issues and let the businesspeople take business risks if they choose to. That rarely happens, so BIG Writers will generally need to do what they can to set up clear ground rules and a good working relationship with their legal and compliance teams.

BIG Success

BIG Writing addresses the writing challenges that people face in today's workplace. Rather than a fussy adherence to a set of antiquated grammar rules that end up making us all sound stilted, we should strive for BIG Communication that consistently incorporates our organization's BIG Messages and values. With this kind of communication, organizations can expect to benefit from stronger brands, increased revenues, and fewer internal problems.

MICHAEL SHELDON co-founded XMedia Communications in 1999. Based in Seattle, XMedia provides strategic advice on messaging and develops advertising copy, brochures, websites, annual reports, speeches, and video scripts for businesses on three continents. The current article is based on his book (in progress), *Business Is Good: Gain a Competitive Edge through BIG Writing*.

JANICE WILLETT is Senior Lecturer in business communication at the University of Rochester's Simon School of Business and Senior Manuscript Editor for the *Journal of Financial Economics*. She has also worked as a freelance editor and writer, primarily on financial publications.

Journal of Applied Corporate Finance (ISSN 1078-1196 [print], ISSN 1745-6622 [online]) is published quarterly, on behalf of Morgan Stanley by Blackwell Publishing, with offices at 350 Main Street, Malden, MA 02148, USA, and PO Box 1354, 9600 Garsington Road, Oxford OX4 2XG, UK. Call US: (800) 835-6770, UK: +44 1865 778315; fax US: (781) 388-8232, UK: +44 1865 471775.

Information for Subscribers For new orders, renewals, sample copy requests, claims, changes of address, and all other subscription correspondence, please contact the Customer Service Department at your nearest Blackwell office (see above) or e-mail customerservices@blackwellpublishing.com.

Subscription Rates for Volume 19 (four issues) Institutional Premium Rate* The Americas[†] \$377, Rest of World £231; Commercial Company Premium Rate, The Americas \$504, Rest of World £307; Individual Rate, The Americas \$100, Rest of World £56, €84[‡]; Students** The Americas \$35, Rest of World £20, €30.

*The Premium institutional price includes online access to current content and all online back files to January 1st 1997, where available.

[†]Customers in Canada should add 6% GST or provide evidence of entitlement to exemption.

[‡]Customers in the UK should add VAT at 6%; customers in the EU should also add VAT at 6%, or provide a VAT registration number or evidence of entitlement to exemption.

**Students must present a copy of their student ID card to receive this rate.

For more information about Blackwell Publishing journals, including online access information, terms and conditions, and other pricing options, please visit www.blackwellpublishing.com or contact your nearest Customer Service Department.

Back Issues Back issues are available from the publisher at the current single-issue rate.

Mailing *Journal of Applied Corporate Finance* is mailed Standard Rate. Mailing to rest of world by DHL Smart & Global Mail. Canadian mail is sent by Canadian publications mail agreement number 40573520. **Postmaster** Send all address changes to *Journal of Applied Corporate Finance*, Blackwell Publishing Inc., Journals Subscription Department, 350 Main St., Malden, MA 02148-5020.

Journal of Applied Corporate Finance is available online through Synergy, Blackwell's online journal service, which allows you to:

- Browse tables of contents and abstracts from over 290 professional, science, social science, and medical journals
 - Create your own Personal Homepage from which you can access your personal subscriptions, set up e-mail table of contents alerts, and run saved searches
 - Perform detailed searches across our database of titles and save the search criteria for future use
 - Link to and from bibliographic databases such as ISI.
- Sign up for free today at <http://www.blackwell-synergy.com>.

Disclaimer The Publisher, Morgan Stanley, its affiliates, and the Editor cannot be held responsible for errors or any consequences arising from the use of information contained in this journal. The views and opinions expressed in this journal do not necessarily represent those of the Publisher, Morgan Stanley, its affiliates, and Editor, neither does the publication of advertisements constitute any endorsement by the Publisher, Morgan Stanley, its affiliates, and Editor of the products advertised. No person should purchase or sell any security or asset in reliance on any information in this journal.

Morgan Stanley is a full service financial services company active in the securities, investment management, and credit services businesses. Morgan Stanley may have and may seek to have business relationships with any person or company named in this journal.

Copyright © 2008 Morgan Stanley. All rights reserved. No part of this publication may be reproduced, stored, or transmitted in whole or part in any form or by any means without the prior permission in writing from the copyright holder. Authorization to photocopy items for internal or personal use or for the internal or personal use of specific clients is granted by the copyright holder for libraries and other users of the Copyright Clearance Center (CCC), 222 Rosewood Drive, Danvers, MA 01923, USA (www.copyright.com), provided the appropriate fee is paid directly to the CCC. This consent does not extend to other kinds of copying, such as copying for general distribution for advertising or promotional purposes, for creating new collective works, or for resale. Institutions with a paid subscription to this journal may make photocopies for teaching purposes and academic course-packs free of charge provided such copies are not resold. Special requests should be addressed to Blackwell Publishing at: journalsrights@oxon.blackwellpublishing.com.