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Silver Anvil Winner

Repositioning a NYSE Company with the Investment Community, Building Image, Awareness, Higher Valuation

Situation

PHP Healthcare had grown at a substantial rate by providing health care services to government agencies and military facilities. With a new era of peace following the breakup of the Soviet Union, there was a reduction in government spending and an increase in competition. The company, based in Reston, Virginia, could see the trend worsening and began planning to evolve into a managed care organization serving the commercial market as well as the military. The transition was costly. PHP lost money in two consecutive years, and the price of its stock plunged dramatically as the company developed and began testing an innovative new integrated system of care.

A health care consulting firm and major investor in PHP that had worked with Tom Gable before, retained Gable to conduct a quick situation analysis. Interviews with analysts, the media and industry thought leaders found that PHP had failed to communicate its long-term vision and continued to be viewed as a government health care company with little future. The lack of awareness in the industry created problems for its new commercial marketing group; the company was saddled with an old image and credibility was lacking.

Internal research showed the company had not clearly defined its position. PHP lacked vital information on the company, its history, the industry, the market mix, vision, mission, and most important, its people. It had failed to build relationships with the financial media and those covering the managed care industry. Because of its previous loss position, the company had a reputation for not responding to calls or simply responding with a "no comment." The company was mistrustful of the media, and there were no proactive programs to communicate its new directions, positive stories and major milestones. No analysts were following the company and none had written about PHP in several years. The stock was trading at approximately \$9, about one-third of its previous high of \$27. The external image assessment and research indicated that PHP was largely unknown but viewed negatively by those who could articulate some awareness. Few felt PHP offered any potential as a long-term investment.

The Plan

The Gable team developed a long-range strategic plan to meet multiple needs: reposition the company; introduce and gain positive recognition for its new model of care; rekindle relationships with the investment community; generate new interest in the stock; build awareness and credibility for its growing management team; and build media relationships for the long term.

The agency devised a strategy to launch the "new PHP" with the announcement of the company creating two distinct divisions: government managed care and commercial managed care. This initial release would be followed by a series of releases on members of the management team in commercial managed care and interviews with the media. The goal was to position the company as having one of the strongest commercial managed care components in the industry and play down the government side of the business. Key positioning language was built into each story to support the overall new position of PHP. The agency began a consistent, continuous program to solicit interviews and targeted publications that were planning special focus editions on health care. The Gable team developed a database of leading industry analysts, fund managers and institutional investors who could be interested in PHP for building future relationships.

The Results

For quantitative results, the agency exceeded all expectations: an average of two news releases a month; one major placement per quarter; monthly communications with the investment targets, weekly phone contacts with media contacts, quarterly investor fact sheets, setting regular conference and meeting opportunities, weekly analyst direct mail, biweekly media interviews, regular coverage in focus editions and presentations to analyst societies and investment firms. For qualitative results (content and positioning), analysis of the media coverage indicated the "new PHP" was being perceived as desired. Analysts began covering the company again, and two firms issued positive "buy" reports in the short term and more followed. The stock price went from \$9 to over \$45 in less than one year and was one of the top 20 percentage gainers on the New York Stock Exchange during the period. The stock was split two-for-one at the one-year anniversary of the agency involvement; and within two weeks, reached the equivalent of \$54 a share (\$27 post-split). The program also earned a Silver Anvil from the Public Relations Society of America, the profession's highest honor.

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