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**Format:** Campaign Profile-A two-page summary of a Silver-Anvil Award of Excellence winner, addressing research, planning, execution and evaluation.

**Title:** Conquering Chapter 11: Global Brand Remains Intact and Business is Better Than Usual

NII Holdings, Burson-Marsteller (Latin America), **2003**

**Summary:** NII Holdings (formerly Nextel International), is a publicly held company based in the US and is a leading provider of mobile communications for corporate customers in Latin America with operations in Argentina, Brazil, Chile, Mexico and Peru. Burson-Marsteller worked closely with NII Holdings to strategically manage a financial restructuring communications campaign throughout Latin America and assisted the company with its entry into and successful re-emergence from Chapter 11 in the US Bankruptcy Court (January-November 2002). Burson-Marsteller protected NII Holdings' Nextel brand and image in Latin America by efficiently disseminating the company's key messages, positively impacting the company's bottom line and stock price.

**Full Text:** The slowdown of the global economy during the past two years has severely impacted the telecommunications industry and is rapidly drying up sources of financing for most companies operating in Latin America. NII Holdings was not an exception; therefore its executive leadership team opted to seek protection under Chapter 11. This decision had the potential to have a detrimental impact on the Nextel brand, as the company's audiences in Latin America do not have a clear understanding of the meaning of this legal process and usually literally translate it to mean "bancarrota" implying "out of business." Moreover, NII faced the possibility of being written off by the US business media as a "lost cause," or an additional casualty of the global telecom downturn. Finally, the fact that more than 20 important US telecommunications companies filed for Chapter 11 protection last year made it challenging to reach the target audiences effectively and to differentiate NII as a successful and exemplary case.

According to a regional media audit conducted by B-M during 3Q 2001, Latin American journalists perceived Nextel as a new player growing its penetration in the corporate sector and conducting general media relations activities at an "above average" quality level.

Moreover, in an unaided brand question, Nextel was identified for its digital trunking/radio service, the corporate sector (its target niche) and the benefits brought by its services. This initial research served as a strong basis for the company to continue building on its strong brand recognition in the Latin American region.

In addition, once B-M was notified of the "possible" Chapter 11 filing, daily media monitoring and analysis was conducted throughout the region on news relating to NII Holdings, the industry in each specific market and at a pan-regional level as well as political and economical issues impacting the region. Both the media audit and the daily media monitoring were crucial research tools in effectively gauging the media's perception towards NII Holdings.

Burson-Marsteller's strategy was primarily based on a pre and post media perception audit as well as utilizing secondary data, including media coverage analysis, previous Chapter 11 examples and internal information provided by the client regarding employee morale and sales feedback on consumer issues.

## PLANNING

Facing a financial restructuring process in 2002, it was imperative to create a campaign with the following key objectives:

1. Minimize the negative impact of the Chapter 11 filing announcement with key stakeholders and target audiences, retaining key personnel and market share.
2. Protect Nextel's brand reputation by maintaining and/or improving media perception and the company's leading position in industry standards such as ARPU (average revenue per unit).
3. Achieve balanced and objective news media coverage, emphasizing the positive aspects of the agreement while reducing the initial length of time of negative coverage, circumscribing the negative perceptions associated with the Chapter 11 filing to a "US related matter."

In order to meet the company's objectives, Burson-Marsteller's experts worked closely with NII's communications, legal and financial teams throughout the region to ensure a clear, simple and constant flow of communication to the company's stakeholders. The overall strategy of the campaign was to tackle the financial restructuring process as one that was taking place in the US and was not impacting local Latin American operations, which would continue "Business as Usual" and would not be affected by this process.

The campaign was divided into three stages, PHASE 1: preparation and announcement of entrance into the debt restructuring process; PHASE 2: maintaining a ‘as Usual’ stance in the market, while undergoing the process and negotiating the successful emergence; and PHASE 3: preparation and announcement of emergence from the Chapter 11 debt restructuring process.

B-M and NII Holdings conducted a cohesive pan-regional communications effort, including key messages, public statements, letters, Q&As, and executive memos targeted towards the media, employees, customers and sales team, tailored for each country. The effort centered on a steady flow of updated information, which was essential in ensuring the successful management of the announcement. The communications stream required adaptation for each stakeholder group and was customized for specific stages (before, during and after the filing). The total budget for the region was approximately \$553k for the agency’s support throughout the markets during the entire process including the media perception audits conducted.

## EXECUTION

Following is a brief summary of the most important activities conducted during each phase of the restructuring process:

### Phase 1: CH 11 Entrance

- o Development of a comprehensive communications plan
- o Distribution of a press release via BusinessWire to US, pan-regional and Latin American media
- o Q&As and key message document development
- o Pro-active one-on-one phone calls to reporters who followed the story in each geographical location to offer additional information and the opportunity to speak with a company spokesperson
- o 24/7 monitoring system
- o Media Analysis of all coverage obtained until 90 days after the announcement in order to identify perception issues that needed to be addressed
- o Monitoring of every SEC filing in order to track any repercussions of such stories at the local level

### Phase 2: “Business as usual”

Proactive media approach with key publications to generate stories that further demonstrated that Nextel was “alive and kicking” in the markets. This included:

- o More than 62 interviews with publications such as Latin Trade (Pan-regional), New York Times (US), Global Wireless (trade), El Clarin (Argentina) and Gazeta Mercantil (Brazil)
- o New product launches to obtain positive coverage; The i90c Testing program generated feature articles in media outlets such as PC World (Pan-regional), PC a Todo, Vida@Linea (Pan-regional TV programs) and Reforma (Mexico).
- o The Mega Center inauguration in Mexico brought together Government officials including Arturo Montiel (State of Mexico Governor), Abel Hilbert (COFETEL—local FCC), Ruben Mendoza, Tlalnepantla Municipality President.
- o Continuous monitoring

### Phase 3: CH 11 Emergence

- o Distribution of a press release via BusinessWire to US media focusing on the successful 3rd Quarter results, which the company achieved while successfully emerging from financial restructuring
- o Distribution of a press release to Latin American media, highlighting the company’s emergence from financial restructuring as well as the company’s 3rd Quarter Financial Results
- o In order to leverage local media interest, NII Holding’s CEO, Steven Shindler, was available for video-conference interviews with local reporters who had the most knowledge of the sector and the company. These included Dow Jones (US), La Nacion (Argentina), El Financiero (Mexico) and Valor Economico (Brazil)
- o 24/7 monitoring system
- o Media analysis of all coverage obtained until 30 days after the announcement

## EVALUATION

This well-conceived, effectively executed Latin American financial restructuring communications campaign significantly impacted NII Holding’s bottom line while strategically solidifying the Nextel brand in the region. The Company’s market share and reputation were effectively protected. 1. The program was successful in minimizing the negative impact of the Chapter 11 filing announcement with key stakeholders and target audiences, retaining key personnel and achieving a remarkable overall employee satisfaction measured at above 80%. 2. The company’s leading position in its markets and the industry remained consistent as demonstrated by the before and after comparison of consolidated average revenue per unit (ARPU) (2001 - \$49 vs. 2002 - \$52). In fact, NII Holdings’ revenue per minute for 2002 was in excess of 12 cents and the company is considered the wireless operator with the best ARPU in Latin America.

Most importantly, the brand was proactively positioned allowing NII to meet its business objectives, registering combined consolidated operating revenues of \$780.4 million for 2002, an 18% improvement from 2001. NII Holdings began to be traded publicly on the OTC market after exiting Chapter 11 and its stock has consistently shown outstanding growth, moving up from \$5.50 in November 2002 to an all time high of \$19.00 in February 2003.<sup>3</sup> Additionally, the program achieved balanced and objective news media coverage. Results from a benchmark Latin American media audit conducted in December 2002 demonstrate that journalists' perceptions remained similar to the previous year, still viewing the company as a growing business targeting the corporate sector. Results also showcased an overall improvement in media relations and perceptions. Throughout the three phases of the campaign more than 1,800 clips were generated in the Latin American region resulting in more than \$1.5 million in relative advertising value. The initial announcement generated mainly neutral and objective clips, with almost 85% of the coverage including the company's key messages. During the emergence announcement, 99% of the clips were positive and included the company's key messages.

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