Steelcase's inexperience with releasing company information to the analyst community cost it credibility in the years immediately following its IPO. Press releases assumed relatively high importance at Steelcase in a company environment that both lacked a strong channel for adjusting guidance and reflected the company's inherently conservative attitude toward providing information to outside parties. Unfortunately, if the information published in a current press release was inconsistent with earlier guidance, Steelcase could do very little to minimize the surprise the information caused investors. Several pre-announcements in 1998 and 1999 damaged Steelcase's reputation with investors and increased the perceived risks associated with owning the stock. As Genesis's Deborah Kelly explained, "They kept missing quarters and it was an unusually large number. For a company that has just gone public, usually you want to have 4–5 quarters in the bag. . . . Not here."

NEXT STEPS FOR STEELCASE

Overall, Steelcase put a tremendous amount of effort into its IPO and into readying itself for the rigor of being a public company. Unfortunately, assumptions about public company communications that Steelcase made based upon past experiences as a private company often led to disappointment for investors. In addition, the equity markets entered into an extremely turbulent period after the IPO, which caused significant shocks to equity values and corporate capital spending and also created a harsh environment for a newly public company to develop its investor relations acumen. Deborah Kelly summed up Steelcase's situation as follows:

> I think they put a lot of effort into getting a grasp for what being a public company meant from a communications perspective. They are such good people. They are a terrific management team in terms of doing the right thing, integrity, and caring about what happens. The shock was that they had spent so many years communicating with owners that I don't think they realized there might be a difference when you go public. It was kind of a shock that you had to do things a little differently and have a different sensitivity with this group.

As part of Steelcase's effort to readdress its corporate communication to investors, the company had hired Grueber, and now it was up to him to outline his goals and strategy for the IR department.

CASE QUESTIONS

1. As part of creating the full-time IR position, Steelcase had to decide where to place Grueber in the company hierarchy. Given the issues facing Steelcase when Grueber arrived, what are the strengths and weaknesses of placing Grueber under the CFO versus the corporate communication department?
2. What resources should Grueber ask for? How should he organize the function (reporting lines, internal staff versus agencies, etc.)?
3. What investor constituencies should Steelcase try to interest in the company's stock? What channels should Grueber use to attract them? What message would Steelcase deliver to them?
4. What mistakes did Steelcase make in its past IR efforts?
5. What are the biggest challenges facing Steelcase in mid-2000 and beyond? How would you position the IR function to handle those challenges?
6. What can you learn about Steelcase today through an online search of its website?