



DRESSING *the* PART

The fashion choices of senior executives can have implications for a company's performance and its IR messaging.

By Evan Pondel

T-Mobile's head of investor relations remembers an investor conference where the telecom analyst decided to wear a dress that matched the color of each presenting company.

"She wore a blue dress for AT&T's presentation, a red dress for Verizon, a yellow dress for Sprint, and a magenta dress for T-Mobile," Nils Paellmann recalled.

There may have been more subtle accents of each color in what the presenting telecom executives wore, with the exception of one: John Legere, the president and chief executive officer of T-Mobile, who has cultivated a rock-star following by wearing magenta-colored t-shirts and other branded clothing, including magenta sneakers that say "CEO T-Mobile" on the side).

"John has always had a natural proclivity for fashion, but wearing the color magenta has emerged as a strategy over time," said Paellmann, who dons the same color on earnings day. "If you don't wear magenta, John will poke fun at you."

T-Mobile's dress code appears to be working. Legere ranked No. 1 in *Institutional Investor's* 2016 rankings of top CEOs in telecommunications. Paellmann also ranked No. 1 among investor relations professionals in telecommunications.

It's hard to know just how much T-Mobile's aesthetic affects the Street's perception of management and IR, but Paellmann said there have been instances when investors have worn magenta to their meetings, and Legere even wears the company's colors in his private life.

Fashion, as it relates to investor relations, has long consisted of management teams asking IROs if it's appropriate to wear a blazer and open-collared shirt on a non-deal roadshow or khakis to a Friday morning breakfast meeting with a buy-side analyst.

But fashion for business leaders can also be more nuanced. Consider Mark

Zuckerberg's hoodie and t-shirt combination, or Steve Jobs' Levi's jeans and Issey Miyake black turtleneck.

The bottom line: What an executive is wearing says a lot about management's style in a business sense, which has implications for a company's performance.

First Impressions

"Appearance, much like a handshake, is all part of the first impression," said Paula Torch, senior healthcare analyst with Avondale. "Management should think about what kind of impression they want to make, and then dress accordingly."

Torch believes dress codes among the corporate set are much more casual today. Certainly, management from a fashion company may take more liberties with less conformity, although more bankers have also ditched conventional mainstays by wearing tieless suits.

And then there are accessories, such as handkerchiefs and cufflinks. A crisply folded white handkerchief can convey confidence, while diamond-encrusted cufflinks may be indicative of a spendthrift.

Richard Woolcott, the former chief executive officer of surf wear company Volcom, shunned looking too (in his words) "corpo," preferring to retain the laidback ethos of his life as a surfer, which resonated with shareholders.

Torch, who covered Volcom for Needham & Company, said what CEOs wear really depends on what type of company the executive is representing.

As for Torch's fashion pet peeves: poorly fitted or oversized suits and clothing. Not that Torch would ding a company's stock rating for an executive dressed like a hack, but she said there should be some forethought on what to wear before engaging with the Street.

Torch offered the following tips on how to dress from an IR perspective:



T-Mobile CEO John Legere takes pride in wearing magenta to highlight the company's well-established brand color.

- Ringing the bell on the stock exchange – suits (and ties for men).
- Conferences – again, suits and ties are appropriate.
- Marketing meetings – look your best in a suit for women and suit and tie for men.
- IR fashion staples for women – pencil skirts and a well-fitted jacket, subtle accessories.
- IR fashion staples for men – blazers with a great pattern, paired with a tie, a sweater vest and pair of slacks. This look is chic without being too formal.

Investing in Footwear

Shoes are another important article in the fashion ecosystem for executives. A lot can be said about a scuff here and there, or heels that are too high. The general rule is that conservative shoes are preferred when juxtaposed with exotic leathers.

At the same time, pricier shoe brands, such as Salvatore Ferragamo, may be harder on the pocketbook up front, and yet worth the long-term investment. Quality is imperative, particularly for road-weary executives. There is a lot of walking between meetings in New York, Boston, Chicago, and San Francisco, and shoes that generally cost more also support feet much better in the long run.

Keemia Ferasat, founder and CEO of digital lifestyle company Style Salute, said many executives are so busy that it is easy for them to lose sight of how influential higher quality fashion items may be in the corporate world.

“What you wear needs to match your desired impact,” she said. “And whatever you wear should be consistent and shouldn’t distract your audience.”

In one such instance, a CEO didn’t consider the implications of wearing smiley-face socks to an investor conference until nearly two-thirds of the analysts and portfolio managers meeting with the executive said, “Nice socks.” The problem was that the conference occurred after the company experienced three consecutive quarters of lackluster results.

Ferasat offered the following tips to ensure tactful apparel choices:

- Keep your color palettes to beiges and blacks. Creative types can go a little bolder, but again be careful to not attract too much attention.
- Don’t wear clothing that makes you think too much about it. Managing your company is what matters, not necessarily the clothes you are wearing that particular day.
- Think about etiquette when deciding what to wear. Would your mother be happy with that outfit? Would you hire someone wearing what you’re wearing?
- Ditch those tight-fitting muscle shirts, even if they have buttons and could be concealed by a blazer. You shouldn’t have to prove your power with bulging biceps.
- Do not wear tight skirts, and never wear heels higher than 2.5 inches.



Again, let your mind impress your audience.

There has also been a movement in corporate circles to “dress as you are,” which means wearing clothes that embody the spirit and personality of who you are inside and outside the office. Authenticity is key when attempting to appeal to millennials, and silk shirts and fine imported wools aren’t necessary.

Matthew Sandschafer, a senior research analyst for a Los Angeles-based buy-side firm, said there is a misconception that people who work at hedge funds care about fancy clothes.

“There is a wide range of acceptable business attire on the buy-side now, and we hedge fund types in particular dress like slobs. So it really doesn’t make sense to judge,” Sandschafer said. “Secondly, I personally am old school by nature and prefer dressing up to down (or at least I did before I had kids). These are obviously in conflict.”

Fashion Red Flags

Sandschafer offered the following points on his perception of fashion in the context of IR:

- The whole point of my job, ostensibly, is to be able to see past superficial posturing. So I’m not supposed to care (about what management teams are wearing) and for the most part I don’t. I mostly notice whether a guy looks like he is focused on work, and dressed in a way that is appropriate for the industry.
- Flashy or overly dandified attire, especially in an industry that doesn’t call for it, is definitely a red flag for me. I don’t think of that as a pet peeve so much as an actual warning sign: Management’s vanity is large enough that I really need to worry about the principal-agent risk (i.e., they like the title and the perks more than they

like creating shareholder value and making money). Also, if someone’s dressed like a total slob, I wonder about their seriousness and competence – but error in this direction is quite rare.

• In this day and age, I would say ties really aren’t ever necessary anymore, as much as it saddens me to say. They look good but no one is going to think twice about their absence. In general, I think management should still wear a jacket when presenting to a room, but even that’s unnecessary when sitting across a table.

• The median buy-side uniform is a button-up shirt, plus chinos or slacks. For conferences, SNT (suit no tie) is about as dressy as a hedge fund guy gets. Long-only shops and older guys are more likely to wear suits out in public. Sell-side tends to wear suits in public, but even that is fading.

There was a time when suits and ties (SAT) were standard attire for Nils Paellmann, but that was pre-T-Mobile during the Deutsche Telecom days, he said. Europe still tends to lean more toward formal corporate wear, although that, too, is fading.

In T-Mobile’s case, the company is trying to distinguish itself from other carriers, and magenta tends to stand out in a sector awash with basic colors. Investors have also taken notice of the magenta cowboy hat the CFO wears during earnings calls. Paellmann said the hat took on a life of its own when the company launched a campaign to demonstrate its “un-carrier-like” persona.

For now, it appears the company’s solid financial performance and flamboyant dress code go hand-in-hand. When asked if T-Mobile’s CFO will still wear a magenta cowboy hat if the company’s results start to slip, “that could get a little tricky and hopefully we won’t be in that situation,” Paellmann said. **IRU**

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