



BREAKING THE IR MOLD

The 2017 NIRI Annual Conference in Orlando helped IR professionals defy business-as-usual and prepare for the many disruptions faced by public companies. BY AL RICKARD, CAE

In the photo above, a panel discussion on "Managing for the Long Term in a Short-Term World," moderated by Michael Flaherty, chief correspondent for Reuters (right) was one of several compelling general sessions at the 2017 NIRI Annual Conference.

Disruption. It's seemingly everywhere – from politics to international relations to finance and the investment sector.

Congress is debating legislation to roll back the Dodd-Frank Act, as the Securities and Exchange Commission (SEC) starts to move forward under new leadership. The sell-side business model is turning upside-down and many analysts are moving into IR positions. High-frequency trading is juxtaposed against the rise of index funds and passive investing.

Companies have less insight than ever on who their investors are and face new communications challenges in an era of social media, presidential tweets, and "fake news." Hedge fund activism continues, but other investors are telling IROs to resist "short-termism" and stop providing guidance. As the Trump administration retreats from the Paris climate change accord, ESG activists are demanding that companies provide more data on their impact on the environment. The number of U.S. public companies has fallen significantly

over the past 20 years and lawmakers and regulators are trying to figure out how to stop this trend.

Against this backdrop, more than 1,100 NIRI members traveled to Orlando, Florida, in June for the 2017 NIRI Annual Conference to discuss these and other issues while advancing their professional development, doing business with companies serving the IR profession, and networking with peers.

It was also an opportunity for members to meet new NIRI President & CEO Gary LaBranche, FASAE, CAE, who provided a NIRI overview, moderated the Global Economic Outlook general session, and held an informal question-and-answer breakfast meeting.

Best of all, the conference was a two-way conversation between speakers and attendees through the use of the Sli.do app, which allowed people to easily post questions and also served as an instant polling tool, quickly capturing and revealing opinions from the crowd in response to many speaker questions.

Conference Co-Chairs Karen Fisher, senior vice president, FSW Communications; and Dennis Walsh, senior manager, investor relations, Zillow Group welcomed everyone at the conference kickoff and kept the event on track with timely updates and insights throughout. NIRI Fellow Mickey Foster, vice president, investor relations, FedEx Corporation, served as honorary chair and co-moderated a general session on “The Evolution of Regulatory and Sustainability Disclosures.”

NIRI Today

In his remarks, LaBranche praised NIRI for reaching an important milestone by launching its IRC certification program and noted, “NIRI is a diverse and growing profession in a time of significant change. People most need their professional society in times of change. We need to think outside the box. NIRI is the steward of the profession and needs to think about how the body of knowledge changes. We need to think about how to create new opportunities and value. What worked in the past will not work in the future.”

He added that the NIRI Board of Directors is thinking strategically about new relationships and trying innovations that may or may not succeed.



Despite the risk, he believes this is important: “You can’t innovate without failing sometimes.”

On Capitol Hill, LaBranche said he is dealing with the same people and committees that he did in his previous position representing mid-market private equity companies.

“What I found is that our voice carries weight,” he declared. “We are a \$9 trillion industry. There is a window of opportunity to make some regulatory changes at least until the midterm elections. We are the tip of the spear but members have to be the energy behind the spear.”

He encouraged members to come to Washington, D.C., for a legislative fly-in event on September 27 “so you can tell your story and how and why regulations are affecting you and dampening IPOs. We have a powerful story and we need you telling the story with us.”

LaBranche also wants to broaden the influence of the IR profession. “We have to think more openly – if you are an outsider trying to learn about NIRI it is hard. People can get knowledge and information from many sources, so we have to open the windows and doors and let people learn about the tremendous value this organization offers through a more robust and comprehensive platform.”

Many participants were first-time attendees and a number of them attended a “New to the NIRI Conference Orientation Session” on Sunday afternoon that received strong reviews – just one of several innovations designed to improve attendee experiences.

A new class of IRC holders were honored at the conference, joined by NIRI President and CEO Gary LaBranche, FASAE, CAE.



In the photo on the left, Bernadette McCormick of NIRI Twin Cities and Bill Parke of NIRI Chicago in the IR Services Showcase.

In the photo on the right, the IR Services Showcase featured exhibitors representing a wide range of product and service providers and served as the central gathering place for the conference.



External Perspectives

Conference general sessions featured a diversity of views and external perspectives offered by financial industry and media leaders who deal with issues that impact IROs and their companies.

The Opening General Session on “Disruption in the Market: Leaders That Are Changing Business Forever,” was moderated by Bloomberg journalist Brad Stone, who authored the book, *The Upstarts*. He led a panel that included IEX Group CEO Brad Katsuyama, XO Group CFO Gillian Munson, and Marriott Vacations Worldwide Executive Vice President and CFO John Geller.

At one point the panel posed the question, “How do you establish a relationship with a market full of disruption?”

Geller posited that the answer is about “the story you are telling and trust you build with your investor base. It creates a longer runway to make investments.”

Katsuyama added, “The market migrated from buying and holding stocks for long periods of time to trading in microseconds. When the majority of investors don’t even know what your company does, what is the risk of not doing something? If you are a disruptor you have to not be afraid to disrupt yourself. People get penalized for standing still. There are too many stories of growth that is reactive where you are late to the game. The pace of disruption is greater than ever. We do not have a market share goal – we are working to generate higher-quality trades. We talk about long-term growth trends we are trying to get in front of.”

Managing for the Long Term

Against the backdrop of short-term trading and the constant demand from investors for immediate results, Michael Flaherty, chief correspondent for Reuters, moderated a panel on “Managing for the Long Term in a Short-Term World.” He was joined by Chris Stent, founder of Mission Street Capital Advisors; Sebastian Niles, partner at Wachtell, Lipton, Rosen & Katz; and Sarah Williamson, CEO of FCLT Global, a not-for-profit organization dedicated to encouraging long-term behaviors in business and investment decision-making.

“We believe that markets are too short-term,” Williamson explained. “Companies that speak in a short-term way have more short-term investors and more volatility in their stock price. Only 7 percent of buy side investors want quarterly guidance. They want to know the credibility of the management team and whether they have the ability to execute.”

She noted, “On earnings calls, buy-side investors won’t ask questions because they already have a dialogue with the company and they don’t want to give away any insights to competitors on the call. Conversely, sell-side analysts ask modeling questions and management concludes that the market is short-term oriented, but that is the wrong conclusion to draw.”

Stent urged companies to “paint a picture of what success looks like in both the short term and the long term. You control the narrative. Don’t provide annual guidance if it isn’t in the best interest of your company.”

Williamson and Stent both emphasized the importance of consistency – picking several long-



FIRST-TIMER REVIEWS

“ This was my first NIRI Conference and overall I was very impressed by the sessions, general sessions, and the networking opportunities.”

“ This was my first time, and the conference was really insightful and I have learned a lot. The IR showcase was great and I’ve met with many relevant vendors and the networking was great over the breakfasts post-event parties.”

“ Overall it was a great experience for my first time attending the annual conference. There were times I felt torn between competing sessions/ events.”

“ This was my first time attending the NIRI Annual Conference and I thought there were some really great efforts to help me maximize my experience. The luncheon on Sunday for first-time NIRI attendees was completely worth arriving early for the conference. This set the tone for me and helped me have a great experience.”

term oriented key performance indicators (KPIs) and reporting on them continuously to identify what is driving success.

Stent cautioned, “When CEOs get excited about something happening during a quarter and disclose it in a quarterly call, it sets a precedent [for reporting on it in the future]. You need to focus on longer-term KPIs instead.”

Niles encouraged IROs to call their biggest investors and ask why they invest in their company instead of competitors.

A general session on Good Corporate Governance also touched on long-term strategies. It was moderated by Mark Harnett, founding partner of Sard Verbinen & Company Strategic Governance Group.

Panelist Glenn Booraem, investment stewardship officer for Vanguard, urged IROs to build relationships and be transparent about any governance issues that may arise. “We are going to own your shares for a long time,” he said. “If we establish a relationship before the inevitable crisis happens, it helps us work through it.”

Political Insight

Anthony Scaramucci, founder of SkyBridge Capital and host of “Wall Street Week” on Fox Business News, was interviewed by Rich Myers, general manager and group head of financial communications for Edelman Financial Communications in another general session.

Scaramucci was a member of President Donald Trump’s Transition Team Executive Committee and was recently named White House communications director. “A lot of what goes on in the

In the photo on the left, Wall Street power broker and former Trump Transition Team member Anthony Scaramucci (right) was interviewed by Rich Myers of Edelman Financial Communications and gave his perspective on financial markets and the Trump Administration.

In the photo on the right, general session speaker Richard Levick talked about issues affecting public companies ranging from presidential tweets to boycotts of products from cause-related organizations.



In the photo on the left, NIRI Board members Angie McCabe and David Calusdian, Bob is a former Board member and Bob Burton, who chairs the IRC Certification Council, at the Volunteer Appreciation Dinner.



In the photo on the right, NIRI Chair Valerie Haertel and NIRI President and CEO Gary LaBranche, FASAE, CAE give away raffle prizes at the NIRI Volunteer Appreciation Dinner.

CONFERENCE HIGHLIGHTS ONLINE

Want to go back and view a general session or look up a breakout presentation? It's there at <http://bit.ly/2uev1aq>. Click on Professional Development and then Annual Conference where you can find session materials free to conference attendees and available for purchase by non-attendees.

presidency is symbolic," he said. "For example, the perception of the Obama Administration was that it was anti-business."

Scaramucci explained that President Trump has to figure out the symbolic aspects of the job, adding that "30-40 percent of the job is running the news cycle, so the president has to thread the needle on that. He has 30 million Twitter followers so he can reach 12 times the subscriber base of *The Wall Street Journal*. He will adapt and make his presidency successful."

Dealing With Change

For IROs worried about the effect of the president's tweets on their company stock, communications consultant Richard Levick delivered words of comfort at another general session, saying that Trump "formerly had the most powerful thumbs in the world."

He observed that companies cited by Trump in his tweets saw their stock drop but noted "they came back within a week. We are now normalizing and these tweets are no longer an enterprise risk. Do not overreact and step in front of the limelight. Nordstrom stuck to their story and made it about sales. Its stock went up 7 percent by the end of the week. L.L. Bean showed that you don't have to respond where you are attacked."

In assessing the need for change, Scaramucci drew an analogy between business and the political world. "Michael Milken remade corporate America – many people didn't like him but he took sleepy companies and made them more aggressive. Corporate America, SkyBridge, and the government all need to periodically go through a period of renewal. We have to all think outside the box and have some ability to renew and rebuild."

On investment strategy, Myers asked, "Are the

best days of active management over?" Scaramucci replied, "Recently, indexes have won handily. But as volatility happens you need something else in your portfolio. When I advise clients I tell them to take a very long-term perspective. We are in the fashion business because perspectives and sectors come in and out of fashion. We always get these cycles of euphoria and mania. I think 5-8 cents of every dollar should be in hedge funds because when Armageddon comes every several years you want to be in that defensive position."

Levick also spoke about the communications strategy of cause-related groups such as *Grabyourwallet.org* that call for boycotts on certain products and companies. "If they say to boycott a product, people are acting on it. When they attack public companies, it is about the first 48 hours – you do not have to react unless it morphs into traditional media. But when they do morph into traditional media, they present an enterprise risk."

On the other hand, activist investor campaigns go on for a long time. "They have research, they hire senior executives, and they have political clout," Levick explained. "They understand how social media and risk come together and how to control the narrative and make it bigger than their own self-interest. We no longer have the ability to just do top-down communications which we have done for 70 years. It is now about grassroots communications."

Global Economic Outlook

The annual economic analysis at the NIRI Conference was delivered by Don Rissmiller, founding partner of Strategas Research Partners; and Jay Bryson, managing director and global economist with Wells Fargo.

In the United States, Rissmiller predicted, “The Federal Reserve will continue to normalize rates.” He also noted that declining unemployment has hit “an inflection point where labor is going to start seeing rising wages. Churn in the labor market is picking up – this should help people get their ideal jobs. This will increase productivity, which has been so bad for the past five years that it can’t get any worse. We could also use a little more inflation. That would be good for this economy.”

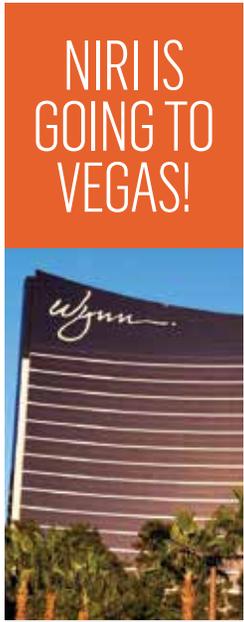
Bryson said he “expects more of the same – steady but slow growth.” He is skeptical of claims that the economy can grow at a 3 percent GDP growth rate. But he cautioned against “throwing fiscal stimulus at an economy will full employment,” which he said would push wages up sharply.

“I would rather see tax reform than tax cuts,” Bryson said. “Everyone can agree on tax reform but no one can agree on loopholes.”

He touched on Asian market economies, noting that growth in China will continue to slow, but not to the point of collapse. While noting that China has low government debt, he pointed to a bigger debt problem in the Chinese business sector, where the ratio of private sector debt to public sector debt is much higher than in the United States. “A portion of that is non-performing,” Bryson said. “China has the ability to recapitalize its banks by transferring some of the private sector bad debt to the public sector.”

In Japan, he commented that money was flowing to the dead parts of the economy, but should have flowed to the productive sector. “China has the same problem,” he declared. “You have zombie companies in China but they employ 60 million people. The Chinese government continues to kick the can down the road by lending to state-owned enterprises.”

LaBranche, who moderated the session, asked the economists about a scenario where productivity goes up along with unemployment due to technology advancements. Rissmiller quipped that he is “rooting for the robots.” Bryson predicted that “artificial intelligence could be a game-changer” but warned of “pro-



Mark your calendar now for the 2018 NIRI Annual Conference, June 10-13, 2018 at Wynn Las Vegas

Wynn is a luxury resort and casino located on the Las Vegas Strip named after casino developer Steve Wynn and is the flagship property of Wynn Resorts. Visit www.niri.org/conference to learn more and view a welcome video from Craig Billings, CFO of Wynn Resorts.

found social and economic implications. Thirty percent unemployment would lead to a social revolution. A few rich people could own the technology.” But Bryson believes “there will be new sorts of jobs that no one can foresee right now. Artificial intelligence and robotics will only continue to grow.”

Personal and Career Advice

Three general session speakers gave inspirational and educational advice to help IROs build their personal performance capacity and advance their careers.

Corporate coach Connie Dieken, author of *Become the Real Deal*, delivered a session, “Influence Your World: The Proven Path to Gain Gravitas in a Demanding World.”

She drew a distinction between “influencers and people who seek to influence. There are three types of people: manipulators, persuaders, and influencers. The influencer is the person who earns commitment. They do the hard work that leads to respect. It is a long-term strategy that lasts.

“For the role you have as IROs you deserve to be influential, and you can be. Influencers change the game. You have that ability within your organization. Step up and be influential yourself.”

Loretta LaRoche, a speaker, author, humorist and stress-management specialist with award-winning Public Broadcasting System shows, gave a humorous presentation with wide-ranging of advice for using humor and wisdom to help achieve success in the business world.

United States Army veteran Dan Nevins – who was wounded in combat and calls himself a “warrior, speaker, and teacher,” closed the conference with an inspiring talk on “Reinvention When Faced With Adversity.”

Five Tracks for Success

The conference also included five educational tracks with more than 20 breakout sessions in Corporate Governance & Regulatory, Innovations in IR, Professional/Career Development, Economics & Markets, and Marketing Outreach & Stakeholder Communications. 