

HOW TO RUN AN IR PROGRAM THROUGH THE COVID-19 PANDEMIC

A panel of experts on a NIRI webinar provided advice on how IROs can maximize communications and take steps to effectively manage investor relations during this crisis.

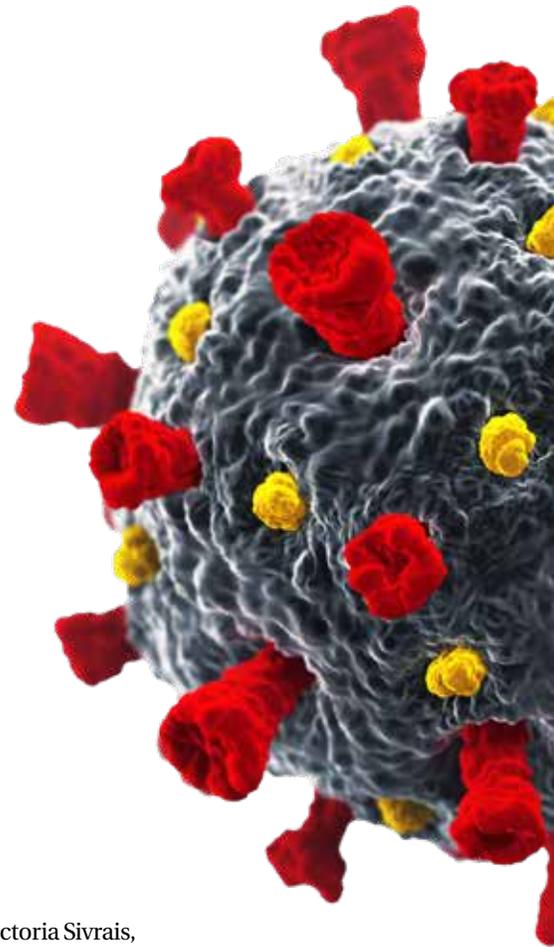
BY AL RICKARD, CAE

As NIRI members navigate their way through the COVID-19 crisis, NIRI is stepping forward with ways to help, including a new Crisis Resource Library, an eMeetups video conference platform for conversation and collaboration, and more, as described in the article, “NIRI Serving Members Amid COVID-19,” on page 4 of this issue of *IR Update*.

These programs include a timely series of webinars related to COVID-19. The first in this series, “Maintaining an Effective IR Program through the Covid-19 Pandemic,” held in late March, offered important advice on this rapidly evolving threat.

The webinar was moderated by Victoria Sivrais, Partner, Clermont Partners; and the panelists were Felise Kissell, Vice President, Investor Relations and Corporate Affairs, Aramark; and Lynn Tyson, Executive Director, Investor Relations, Ford Motor Company. It is archived and can be viewed at www.niri.org/webinar032620.

“It wasn’t too long ago IROs were focused on what growth would look like for the year, and now it’s very quickly shifted to liquidity, potential covenant breaches, tapping revolving credit lines, understanding product suspensions, store closures, and more,” Sivrais said.





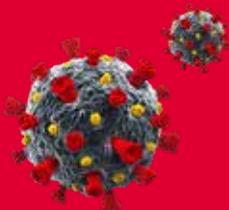
“The kneejerk reaction some companies have in a crisis-situation is to pull back from talking to investors, but that’s the furthest thing from what you should be doing. From our perspective, once the volatility dies down, investors are going to come back to fundamental stock-picking mentality and look for companies that were able to withstand the storm.”

NIRI Members Report on COVID-19 Impact

NIRI conducted a survey of members in April about the impact of COVID-19, which generated more than 175 responses.

Has the COVID-19 crisis increased the average daily workload at your job?

- Significant increase (30.3%)
- Moderate increase (40.0%)
- No difference (20.6%)
- Moderate decrease (5.7%)
- Significant decrease (3.4%)



Indicate the significance of the following challenges to your company’s IR team (or your clients) during the crisis so far. (Respondents indicated that the following concerns were “extremely significant” or “significant”.)

- Uncertainty about how the pandemic will impact your company/clients (69.5%)
- Intraday volatility and the impact of high frequency trading/algorithmic trading (63.2%)
- Lack of transparency around investors’ long and short positions (44.1%)

Has the COVID-19 crisis elevated your professional stature (or the importance of the investor relations team) within your company?

- Significant increase (2.5%)
- Moderate increase (35.8%)
- No difference (60.0%)
- Moderate decrease (1.7%)

Focus on Investor Outreach

“A time like this is when the culture of your company comes through all the communication touch points,” Kissell observed.

Kissell advised IROs to focus on answering five key questions that investors may ask:

1. What impact is this currently disheartening environment having on your business?
2. Where are your pressure points?
3. How can your company be part of the solution? (For her company, Aramark, this included helping healthcare facilities with uniforms.)
4. What is the flow-through on your business and how can you flex your business model?
5. Help me better understand your cash flow, your covenants, and liquidity and then ensure that your company can bridge them.

Learn From Experience

Ford was one of the earliest companies to reach out with communications during the COVID-19 crisis, and it benefitted from its experience during the great recession a decade ago.

“We created a framework in February around how we were going to behave as a company and how we were going to engage with employees,” Tyson explained. “We want to communicate complete stories and communicate actions and do it in an integrated and holistic approach that addresses all our stakeholders.”

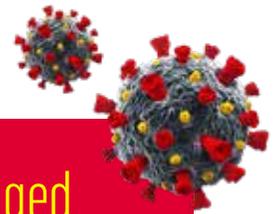
IROs Can Step Up

“This can be your moment,” Kissell declared. “It’s easy in one’s career to be a star when all is going wonderfully. But it is in moments of adversity when you are tested to become your best self and rise up to help your organization. You can lean into multiple areas within your domain and help one another.”

Tyson added, “IR has a unique seat. You straddle strategic communications, finance, and other areas. In times like this, IR needs to be involved. You need to permeate the organization, stay on top of the pulse of what is going on, and be the trusted advisor.”

Manage the C-Suite

“We are in uncharted waters,” Tyson noted. “There is a point where our senior executives will be kept at bay. We will be the human shield to protect them. We are not even manufacturing cars right now, so to have a conversation with stakeholders about long-term strategy is not an appropriate use of executive time. Executives are busy trying to keep the business going and make sure we will be ready when business comes back.”



Speak to the Street

“It is critically important that we stay in touch with the capital markets,” Tyson said. “In addition to staying in touch with existing shareholders, you need the capacity to respond to people who are trying to figure out the entry point to buy in.”

Kissell added, “You are there to be a quick reference and go-to solution for the Wall Street community. We condensed the hot topics in one disclosure and one key piece was the flow-through of our business and the flexibility of our business model. It opened us up to have a dialogue and we were very forthcoming.”

“At the same time, we don’t know all the answers, so we need to learn what is most important to shareholders. What would they like us to articulate? What would be helpful to them and their teams? We are going to solicit that input. It allows us to make sure their voice is infused in the disclosure process. We want to listen. It is not always about us speaking to them or at them.”

She also believes it is important to keep commitments to participate in conferences in whatever form they take.

“There is a Bank of America conference presentation on our website and a lot of new investors are using that as a great point of education as to how we were viewing the world at that time,” Kissell said. “That was a helpful asset for us. As we move forward it is important to be there as partners.”

Size Doesn’t Matter

“No matter how large or small your company is, you want to demonstrate that you are relevant and part of the conversation,” Kissell explained. “Use cascading messages. Not all messages have to be positive – they just have to be fair and appropriate. For us, there are pressure points in our business and we have been very transparent on that.”

Sivrais noted, “As a smaller or mid-cap company, it is even more important that you are out there talking. Your stock is more thinly held than larger caps and certain investors may have proportionately larger positions in your stock. Overcommunication in this environment is incredibly important.”

Remember the Fundamentals

Sivrais encouraged IROs to remember to deal with the fundamentals of IR during the crisis.

“Just because we’re all working from home doesn’t mean activists aren’t around, and it doesn’t mean that ESG shouldn’t be at the forefront of your program,” she advised. “It is critical to address some of these key areas such as identifying vulnerabilities, preparing for an activist, and bulking up your ESG

Five Steps to Stay Engaged with Wall Street

Kyle Grba, CFA, Director, and Victoria Sivrais, Partner at Clermont Partners wrote an article, “Evolving Your IR Program for the New ‘Normal.’”

In it they offer these five steps to stay engaged with Wall Street:

- Start to Reframe Your Investor Narrative
- Bulk up Your Investor Relations Website
- Keep Your Foot on the Gas when it Comes to Engagement and Targeting
- Adopt Alternative Methods of Communication
- Don’t Stop Spinning all the Plates

The full article provides details on these five steps and is available at www.clermontpartners.com/blog/evolving-your-ir-program-for-the-new-normal/.

program so you can align with integrated funds.

“Investors are looking for hand-holding at this point and reiterating historical trends and historical performance, explaining how you are set up from a liquidity standpoint, and how you can flex up and flex down quickly as the environment changes is incredibly important.”

Tyson noted, “As IROs, we must convey a sense of confidence in the capabilities of the company and our ability to go on making and selling things versus the financial challenges we are facing.”

“Project big and be that calming force,” Kissell added.

Look to the Future

“It is hard to look beyond this moment,” Sivrais concluded. “But as volatility starts to abate and we enter a new version of normal, investors who are not in your stock today are going to look for positions.”

“Or they may be investors who did not find the right price point previously and now they want to get back in. Engaging with those non-holders should be and must be a priority as you think about rebuilding what is likely to be a significant shift in your shareholder base over the next several quarters.” 

AI Rickard, CAE, is Editor of *IR Update* and President of Association Vision, the company that produces the magazine for NIRI.