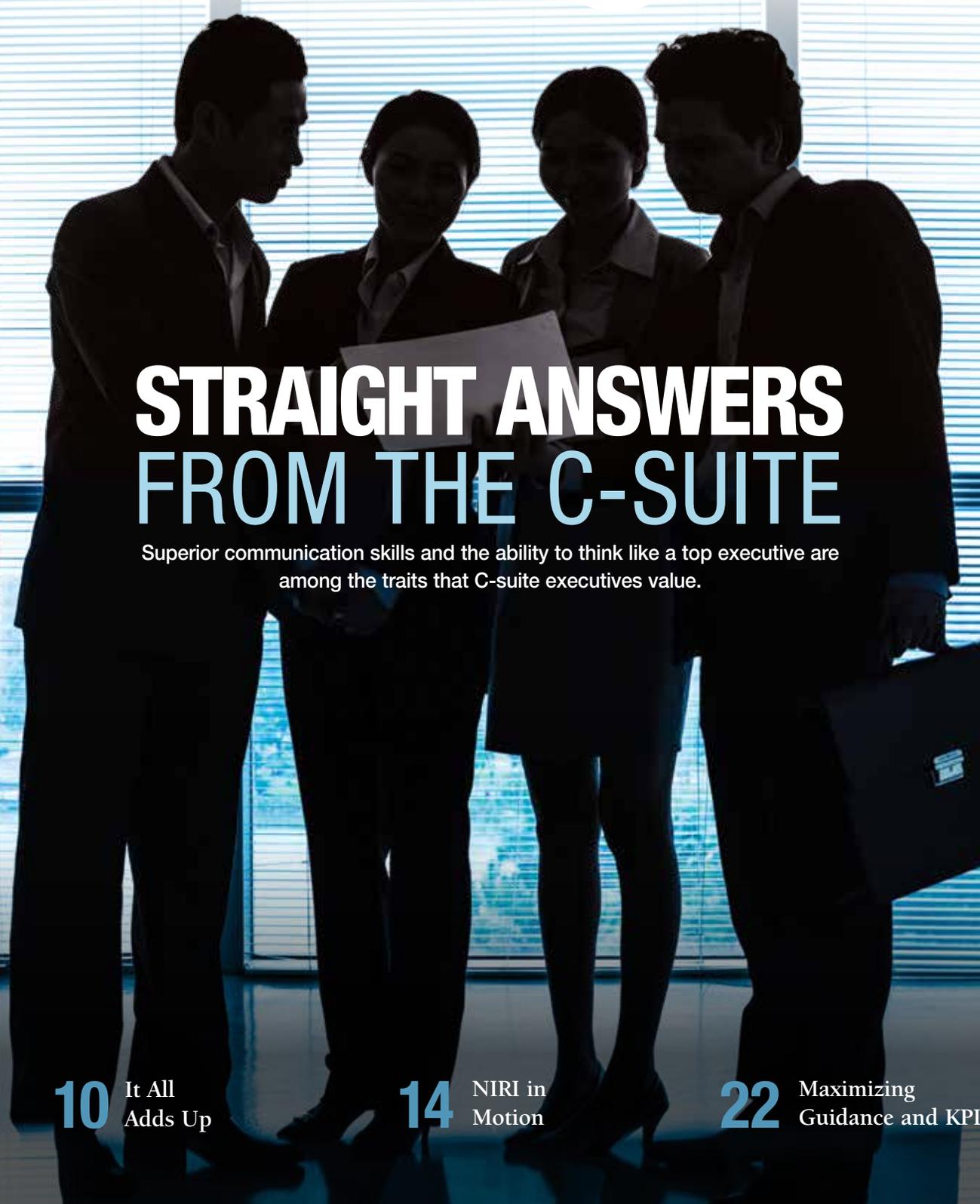


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APRIL 2015

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A photograph showing the silhouettes of four business professionals (two men and two women) in a meeting. They are standing in front of a large window with horizontal blinds, looking at a document held by one of the women. The scene is backlit by the window, creating a strong silhouette effect.

STRAIGHT ANSWERS FROM THE C-SUITE

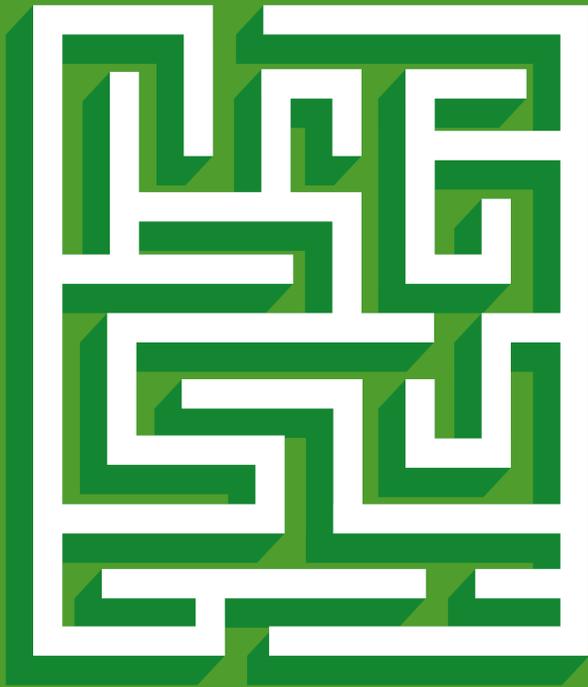
Superior communication skills and the ability to think like a top executive are among the traits that C-suite executives value.

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Adds Up

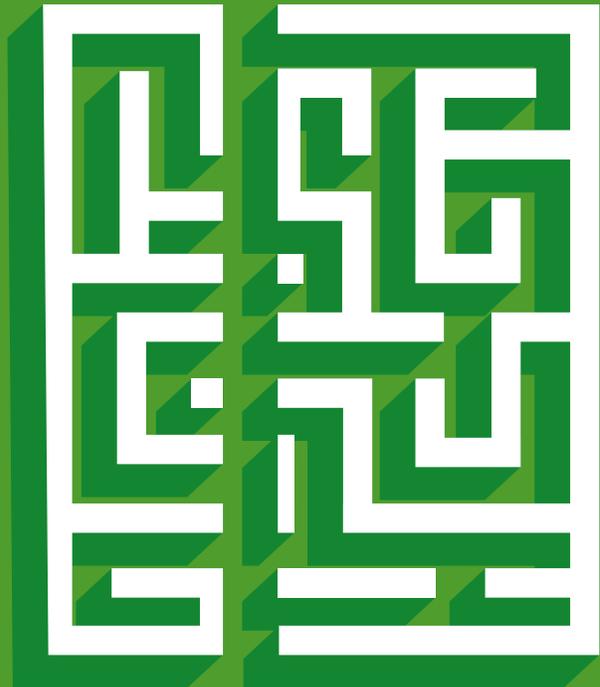
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Guidance and KPIs

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About NIRI

Founded in 1969, the National Investor Relations Institute (www.niri.org) is the professional association of corporate officers and investor relations consultants responsible for communication among corporate management, shareholders, securities analysts and other financial community constituents. NIRI is the largest professional investor relations association in the world, with more than 3,300 members representing over 1,600 publicly held companies and \$9 trillion in stock market capitalization. NIRI is dedicated to advancing the practice of investor relations and the professional competency and stature of its members.

About IR Update

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Superior communication skills and the ability to think like a top executive are among the traits that C-suite executives value.

By Margo Vanover Porter



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Maximizing the Use of Guidance and KPIs

IROs and analysts weighed in on how to best use guidance at KPIs at a NIRI Silicon Valley chapter event.

By Michael Sullivan

Move Forward at the NIRI Conference

It has been a very cold winter for many of us living east of the Mississippi River. Fortunately, spring is emerging and warmer days are ahead. It also means that NIRI's showcase event in June – the 2015 NIRI Annual Conference – is quickly approaching. For the first time in NIRI's history, the Conference will be held in Chicago, the “Windy City.”

I still remember attending my first NIRI Annual Conference in San Francisco in 2000. Though overwhelming at first, NIRI members and staff, as well as sponsors, were extremely welcoming. The numerous educational sessions and networking opportunities expanded my knowledge base and contact list. Now, after 13 consecutive years of experiencing the conference, I am again looking forward to this year's event with the theme “IR in Motion.”

The Conference agenda focuses on our fast-paced profession, requiring investor relations officers to adapt to this ever-changing environment to remain competitive. To successfully influence and bring value to the highest-level of our organizations, we must be constantly on our toes. In addition to learning the newest and best practices, we must strategize and share experiences with both our peers and industry experts. Also, we must make time to catch up with old friends and meet new ones.

While in Chicago, please be sure to introduce yourself to Jim Cudahy, NIRI's new CEO. During the search process, Jim walked the CEO Search Committee through a high-level SWOT analysis of NIRI from an outsider's perspective. He is looking forward to meeting as many attendees as possible, listening to your thoughts and ideas about NIRI, and obtaining an insider perspective about advancing NIRI and the profession.

Beyond the Conference preview feature in this issue of *IR Update*, be sure to read the article that highlights the value of investor relations, with IROs conversing about ways to build value throughout organizations. *IR Update* also went directly to the source and asked several public company C-suite executives about their expectations for IR, and what they want from their IROs. “Straight Answers From the C-Suite” is a must-read article.

I look forward to seeing you in Chicago, June 14-17, 2015. As always, please contact me, any of the board members, or NIRI staff members with comments or questions.



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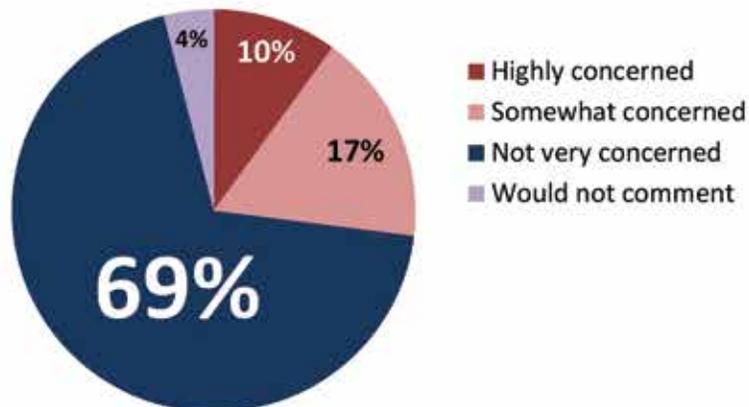
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Companies are not concerned about being targeted by activists:

Senior Management's Level of Concern about Being Targeted by Activist Shareholders

(156 CEOs and CFOs; December 2014)



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STRAIGHT ANSWERS FROM THE C-SUITE

Superior communication skills and the ability to think like a top executive are among the traits that C-suite executives value.

By Margo Vanover Porter

Ever wondered exactly what your CEO and CFO want from you? *IR Update* decided to find out by asking executives from three companies – CSG International, IHS Inc., and Superior Uniform Group, Inc. – about their expectations of the IR function.

Their answers shouldn't surprise you – and should be included in the top 10 countdown of every IRO's to-do list.

When they look in the mirror, what do IROs see?

"That's obvious," asserts Randy Wiese, executive vice president and chief financial officer, CSG International. "IROs really are the face of Wall Street."

In addition to building relationships with the buy and sell sides, IROs must be able to act as a key business advisor to their companies, Wiese insists, adding that he has great respect for Liz Bauer, senior vice president of investor relations and strategic communications at CSG, and her ability to counsel CSG's C-suite.

"I expect IROs to have a very strong business savvy in the sense they know strategy and understand how to execute it and to understand the company's markets and its competitors' strengths and weaknesses," he says. "IROs need to know what's important and the right balance between busi-

ness and how that relates to messaging back to Wall Street. I look for our IR person to be a key member of our management team as it relates to the operation of our business."

To ensure that their opinions count in high-level discussions, IROs must demonstrate "executive presence," which Wiese defines as the ability to be a big thinker who can back up theories with details and who is not intimidated when sitting down and discussing strategy with C-level executives.

"IROs have to think like a C-level partner," he says. "They need to be comfortable participating in discussions at the C-level. This is a no brainer, but they should also have technical understanding of how Wall Street works, what buy-side investors think, what sell-side investors think and how they make money, and what's important to investors."

Wiese counts on the company's IR team to educate C-level executives and other officers and managers about what creates shareholder value for CSG. "What do investors look at when they see our results?" he asks. "What's attractive to our shareholders is very, very important to our management team."

If a situation – either positive or negative – with investor impact occurs, he knows Bauer will craft a well thought-out message and plan of communication, which often involves the CFO and CEO sitting down with Bauer and walking through a series of questions. "She'll point out what to consider and the key messages to get across."

Weise believes the IR person's job is to help management determine the company's long-term investment thesis. "How do you message to the Street what's going to drive shareholder value over a long period of time?" he asks. "It's not next quarter or two quarters out, but over the next two or three years."

During the quarterly earnings call, the IRO must find a way to tie recent events to long-range strategy, he says. "Our IR team does that very well. If you just talk about, 'Hey, we had three contracts this quarter and beat our earnings by 5 percent,' that doesn't mean much. If you say, 'We obtained these three contracts and, by the way, that's part of our long-term plan to expand our margins and client base in that market, and here are three proof



Randy Wiese
Executive Vice President and
Chief Financial Officer
CSG International



Andrew Demott, Jr.
Chief Financial Officer
Superior Uniform

“THEY ARE HELPING US DECIDE WHAT TYPE OF CONFERENCES WE SHOULD BE INVOLVED WITH AND POINTING US IN THE RIGHT DIRECTION.”

– **Andrew Demott, Jr.**, chief financial officer

points as to how we are executing the plan,’ that is really valuable.”

At CSG, the twin goals of the IR function are to help drive long-term shareholder value through messaging and outreach and to provide feedback to the business about the company’s markets and key competitors.

“We want to know what the IRO is seeing so the product team or strategy team has another source of input from shareholders,” he explains. “Our IRO does a great job of networking with shareholders to exchange information. It’s not non-public information. It’s market information. In fact, Bauer sits on one of our strategic planning

teams because of the knowledge she has about our markets and competitors. The business aspect is a huge value we get from our IR person.”

When participating in road shows with the buy or sell side, Wiese makes it very clear that Bauer is an integral member of management by sharing the stage with her and asking her to participate in fireside chats.

Even when meeting with individual investors, Bauer and Weise split the spotlight. “We’ve developed a very good cadence,” he says. “I answer some questions, and she answers some questions. We let the conversation go back and forth. It shows a great unity between the IRO and the manage-

ment team and demonstrates that the IRO has the ear of the C-level team.”

A Superior Story

Superior Uniform hired its first IR firm in July 2014 to streamline its message to shareholders and potential shareholders. “We have a very good story to tell,” says Andrew Demott, Jr., chief financial officer. “We were looking for somebody to help us tell it. The end game is to increase shareholder value.”

“We believe creating awareness of who we are and what we do will ultimately drive more people to our stock and create more demand,” adds Michael Benstock, CEO. “Awareness will drive shareholder value.”

When making their selection, the executives looked for an IR firm that possessed a solid reputation and strong recommendations, experience with companies of similar size, and long-term clients. “We think it’s important for the continuity of the message to have a long-term relationship with the IR firm,” Benstock says.

Before hiring the professionals at Halliburton Investor Relations, Superior Uniform lacked a targeted approach to investor relations. “Halliburton has better access to data and to the types of companies we should be in front of,” Demott says. “They are helping us decide what type of conferences we should be involved with and pointing us in the right direction.”

Benstock adds that “they make sure we are spending our money wisely and effectively and that everything we do has the best return on the investment of time and money.” He cites a recent road show in New York for which Halliburton set up the meetings and provided attendees with background information about the company, so the time spent with potential investors was effective.

With the IR team’s help, the company has been able “to generate a fair amount



Scott Key
President and CEO
IHS



Michael Benstock
CEO
Superior Uniform

of interest from potential investors, both from conferences and conference calls,” according to Demott.

As the relationship deepens, Benstock expects to reap even more benefits from the IR function. “We’re good at what we do, but this is new to us. We need someone to mentor us through this process.”

IHS Sets Lofty Goals

While the goals of companies may vary widely, the goals of the IR functions within those companies share many similarities. For example, Scott Key, president and CEO of IHS Inc., expects the IR function in his company to achieve five primary goals:

- Ensure the achievement of fair value for shareholders by ensuring that the company strategy and market position are well understood.
- Maintain a steady flow of accurate and reliable communications to shareholders, potential shareholders, the professional investment community, and the press.
- Provide full and fair disclosure according to the rules in Reg. FD and help

the executive leadership and the board in fulfilling public company obligations.

- Maintain strong sell-side coverage and strong connections to equity and debt markets.
- Create opportunities for the financial community to meet and become familiar with the company’s deep bench of executives.

Key believes effective IROs are superior communicators who can deal with ambiguity. “IROs must have the ability to work across multiple functional areas and to influence people who are not direct reports,” he says. “They need to understand and communicate the company’s financial strategy, as well as being able to contribute to and then communicate the broader strategic direction of the company.”

Particularly when representing a high-growth company, understanding and articulating the strategic direction, growth opportunity, and potential are crucial, he insists.

When making capital market decisions, Key relies heavily on input provided by Jane Okun Bomba, senior vice president and

chief sustainability, IR and corporate communication officer.

“We incorporate feedback from the investor relations realm and a capital markets perspective into many of the critical decisions we make,” he explains. “This includes building our annual plans, the setting of guidance and making capital allocation decisions linked to our growth, and the delivery of value to shareholders quarterly, annually, and over the long run.”

For example, the IR team has helped Key navigate a series of corporate events. “In the past several years, we’ve accomplished a major acquisition, have gone through a CEO transition, as well as a CFO transition,” he says. “We have invested capital directed at the build-out of global infrastructure and our commercial platforms and have evolved the organizational and operational structure. Through each of these events, we communicated consistently and clearly and gave stakeholders open access to ask questions.”

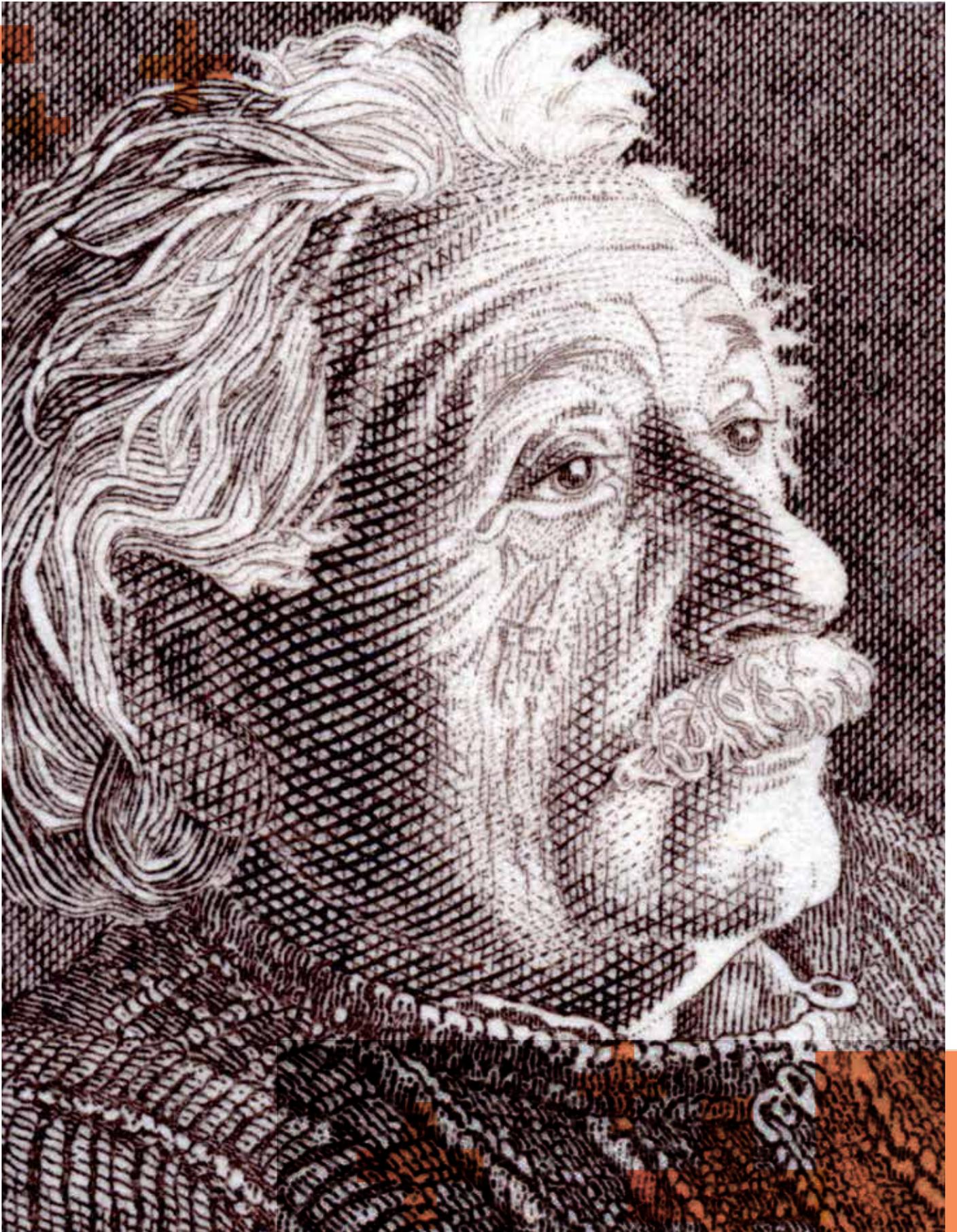
Does the Suit Fit?

According to these executives, top-tier IROs all share common traits and work habits:

- By analyzing the market and competition, they shed light on – and help shape – critical business decisions.
- Through messaging and outreach, they proactively communicate the company’s long-term financial strategy to shareholders and the investment community.
- By backing up their positions with knowledge-based details and expertise, they demonstrate their executive presence to C-level partners.

These CEOs and CFOs have outlined a clear picture of what winning looks like for IROs. **IRU**

Margo Vanover Porter is a freelance writer based in Locust Grove, Virginia; m.v.porter@comcast.net.



It All Adds Up

IROs discuss ways to build value in their roles beyond the C-suite.

By Apryl Motley, CAE

“Try not to become a man of success. Rather become a man of value.”

This quote, attributed to Albert Einstein, aptly describes one avenue for IROs to gain additional influence within their companies.

From the C-suite and the Street to everywhere in between, IROs’ sphere of influence has the potential to grow at their companies when they add value internally beyond working with the members of the executive team. In fact, it’s not unreasonable to suggest that IROs touch each and every employee at their companies in some way.

“IR is most successful when we all crusade value on behalf of our organizations every day,” says Felise Kissell, vice president of investor relations and strategy at HSN, an interactive multichannel retailer. “While we may be the primary people accountable for communicating results, our world touches every employee in the company.”

“We have to bring employees along with us,” offers Jane Okun Bomba, senior vice president and chief sustainability, IR, and corporate communications officer at IHS, a global market information and analytics company. “Ensuring that employees understand investors and their perceptions of the company is important.”

Six years ago when Mark Donohue began his tenure as vice president, investor relations and corporate communications, at Impax Laboratories, the technology-based specialty

pharmaceutical company did not have a lot of internal communication pertaining to IR. “I helped kick-start our internal communications program,” he says. “It’s very important to keep employees informed about our business and corresponding regulations.”

When Charles Triano joined Pfizer as senior vice president of investor relations, he faced a similar challenge. “IR had not been fully in the loop,” he notes, “and the Street felt IR was not connected internally. Our new CEO recognized the need for us to change that and be more communicative.”

Leveraging their expertise in communication, combined with their finance/business acumen, may be IROs’ best opportunity for adding value.

Employee Education

“You don’t know what you don’t know.” If this sums up how IR is perceived internally, it might be time to take your efforts to educate staff up a notch. You can make IR a company affair by introducing and enhancing a variety of communication vehicles.

“The IR team [at Pfizer] spends time doing a road show internally to help our colleagues understand how operational cause equals a financial effect,” Triano explains. “For example, we know Wall Street wants to see good expense control.”



In addition, most divisions within the company hold global town halls that are half- or full-day meetings. Triano and his team are on the agenda for a presentation and Q&A session with employees. Global town halls are also held the day after earnings are released so that staff can get a recap from executive leadership and IR, who will offer their commentary on the earnings call.

Further, junior executives who have been identified as candidates for future executive leadership roles participate in a professional development program. One of the modules in the program is investor relations. “We’ll do a deep dive into an earnings call, and we’ll discuss what motivated questions and how well we answered them.”

At the executive level, Triano says one of the best learning opportunities is participation in meetings with investors. “It’s important to let the executives who don’t normally talk to Wall Street hear investors’ questions firsthand, which adds value for IR,” he says.

Kissell also finds it helpful for business unit leaders to be exposed directly to questions from portfolio managers and analysts. “It helps them think beyond the silo of the company,” she says. “We try to learn from every conversation that we have.”

And those conversations are many as she and her team interact with divisions throughout HSN, including finance, human resources, and public relations.

“IR is a very interesting role that you don’t fully understand until you get your feet wet,” observes Danette Dickinson, the company’s director of investor relations since 2012.

At IHS, Okun Bomba’s goal is for all employees to be capable of understanding the company’s quarterly results regardless of their financial aptitude. To that end, employees receive a high level quarterly communication about results that’s addressed to them. The communication includes video of the CEO, CFO, or Okun Bomba discussing the results.

She acknowledges that internal communication efforts have evolved as the company became larger: “We were getting a lot of feedback from staff at many levels within the company and in different geographic regions that they didn’t have a good understanding of this information.”

IHS has 8,000 employees in 31 countries. To facilitate better communication, the company developed an internal network of site leaders who champion the effort in their offices. Okun Bomba believes in “developing tools for communicating in a simple, understandable manner that helps every employee answer the question, ‘Why does it matter to me?’”

Internal Insights

IROs are well-positioned to provide additional analysis and information to colleagues that puts their work into the larger context of how companies are valued. Prior to Donohue coming to Impax, the company used an outside agency for IR. Now he serves as an IR department of one.

“An outside agency’s knowledge about the company, and the industry overall, can be limited,” he says. “When I review reports or media, I might be able to provide additional insights about Impax and other companies from a competitive standpoint.

“We have access to sell-side reports from analysts who cover multiple companies as well as access to FactSet data,” Donohue continues. “You add value by making folks in the company aware of the resources you have access to; you want people within the different lines of business to understand how IR can help them.”

“As an IRO, you have a unique role of regularly talking with the analyst community,” Triano points out. “If you can demonstrate a unique area of expertise, that’s value that can elevate you in the eyes of the C-suite and others.”

HSN’s Dickinson notes that “generally in IR, we get input from constituencies that no one else gets.” Kissell adds that colleagues know that IR will share feedback and other information as is appropriate.

“You want to become the go-to person who has meaningful answers to analysts’ questions,” she says “If you demonstrate competencies and show how they can be reapplied to drive growth for your business, you will be valued as an asset.”

For instance, Okun Bomba suggests that corporate responsibility is one area where IROs can develop expertise by understanding sustainability metrics and non-finance performance metrics. “It’s important for IROs to pay attention to this area,” she says. “It’s one where they can become knowledgeable as they work with investors who have more of an environmental, social, and governance focus.”

Added Advancement

Okun Bomba acknowledges that “expanding your influence and impact on the company broadly is difficult if you don’t have support at the C-level.”

“IR has to earn that right and demonstrate what it brings to the table,” Triano points out. Kissell agrees that IROs can’t view added influence within their companies as an entitlement; “it has to be earned.”

From Donohue’s perspective, IROs need to act like business partners: “Once you show the value of IR and provide important intelligence to people that they find useful, you get more requests for information, which can really elevate what you do both internally and externally.

“It has helped me advance in my role,” he says. “I’ve seen a real appreciation for doing things above and beyond.” 

Apryl Motley is a freelance writer based in Columbia, Maryland; amotley27@aol.com.



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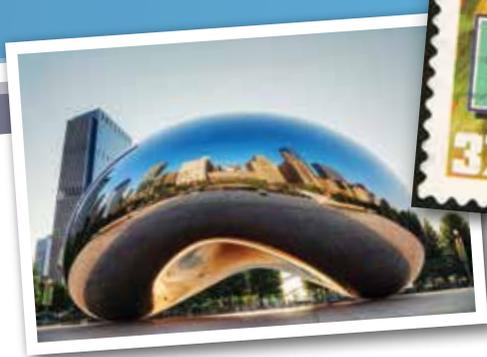




By Matt Bruschi

NIRI IN MOTION

The NIRI 2015 Annual Conference - the largest global IR event - will set your IR program and career in motion.



Looking to increase your influence, strategize with top IROs, and advance your career? Then join us to be an important part of the largest global gathering of IR professionals in Chicago June 14-17, 2015. For the first time ever, the NIRI 2015 Annual Conference will convene at the city's largest hotel, the beautiful Hyatt Regency Chicago, at the epicenter of the Windy City.

Why Attend?

IR is a fast-paced profession that requires IROs to quickly adapt to this ever-changing environment to remain competitive. To successfully influence and bring value to the highest-level of public companies, IROs must continually expand their knowledge base. By attending the largest global IR professional development event -- the NIRI Annual Conference -- you will keep your career in motion.



With the theme of “IR in Motion,” the NIRI 2015 Annual Conference will help you to:

- Influence those around you with current topics, leading IR practice, and unparalleled networking opportunities.
- Strategize and share experiences with your peers and industry experts.
- Advance your career through collaborative learning, leading-edge content, and actionable ideas.

“The NIRI Annual Conference Committee of your practitioner peers is focused on making this conference a powerful tool to accelerate the momentum and value of both strategic and tactical facets of our jobs,” said Co-Chair Cynthia Clayton, vice president, investor relations and corporate communications at Alnylam Pharmaceuticals. Co-Chair Shep Dunlap, vice president of investor relations at Motorola Solutions, adds that “the diversity of the Committee ensures the coverage of topics most important to IROs at all stages of their careers.”

Conference Calendar

Your NIRI 2015 Annual Conference experience begins on Sunday afternoon with a series of Conference Workshops, a Global IR Summit Program and Reception, and the Sunday evening Welcome Reception.

Monday’s conference lineup includes an Opening General Session, Topic Breakouts,

“**The conference gets better every year... and I’ve been a member since 1997!**”

Concurrent Sessions, the popular Industry Summit (industry breakouts), and Monday evening Happy Hour.

Tuesday kicks off with a brief recognition ceremony for the new class of NIRI Fellows, an update about the state of NIRI from the new NIRI President and CEO Jim Cudahy, a General Session, Topic Vignettes (similar to TED sessions), Sponsored and Concurrent Sessions, and the Service Showcase Reception.

The Conference wraps up on Wednesday with an additional General Session and Conference Workshops.

Leadership Through Learning

Throughout the conference, you can count on participating in a wide variety of learning environments, including brief “TED” and/or “Ignite” presentation formats, general sessions, structured/panel

sessions, and workshop/case-based interactive sessions.

The conference will arm you with actionable knowledge into core IR competency domains including:

- Business Insight
- Financial Reporting and Analysis
- Capital Markets
- Capital Structure
- Global IR
- Marketing and Outreach
- Messaging
- Regulations
- Corporate Governance
- IR Strategy
- IR Planning, Implementation and Measurement

You will leave confident that you have key takeaways that you can immediately implement to improve your company’s IR program. You will have also developed or expanded your IR peer-resource network, which is so critical in this unique profession.

Expand Your Learning

Your learning can be easily expanded with additional professional development opportunities offered just before and after the “traditional” conference. By arriving one day early on Saturday, June 13, you can participate in NIRI’s well-regarded seminar, Finance 101 for IR and Corporate Communications. You



“Great event! I’m really impressed with the quality of the NIRI organization and the event. You have done so much to drive best-practices within our industry. Thank you!”

will learn the basics of financial markets, corporate finance, financial statements, and valuation. This one-day course will give you the confidence to participate in financial discussions and enable you to engage with investors, analysts, the business media, and the C-suite.

Or, choose to stay a few hours after the Wednesday morning General Session to attend one of the popular conference workshops. These beneficial learning experiences take a deep dive approach into one of several IR knowledge domains. And, since the conference is in Chicago, and these workshops wrap up midday, you will be able to make it home on Wednesday (or stay a bit longer to explore the numerous attractions Chicago offers)!

Service Showcase Exhibit

Conference attendees look to NIRI for world-class education, networking, and product and service discovery. The conference offers the most optimal opportunity to meet and learn in a respectful environment from top providers that help IROs increase the effectiveness and efficiency of their programs.

The highly-rated Service Showcase exhibit is where IR teams can explore services to be competitive in today’s business environment. There will be opportunities throughout the conference

to meet best-in-class vendors, who partner and help keep your program in motion.

A Modern Hotel Venue

The Hyatt Regency Chicago is a full-service luxury hotel located in the heart of downtown Chicago. Following a three-year, \$168 million renovation, the largest Hyatt property in the world will impress conference attendees with its lush new lobby, stylish guestrooms, fresh dining concepts, inventive design, and state-of-the-art meeting spaces.

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The NIRI Conference is focused on thought leadership. Any service and product solicitation outside of the exhibit area is not appropriate. Only sponsor (exhibiting) companies may engage attendees for marketing purposes in the exhibit area. Please do not accept invitations to events from vendors not sponsoring the conference. Please respect our community, and notify NIRI of violations.

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Matt Brusch is vice president, communications and practice information and editorial director at NIRI; mbrusch@niri.org.

Sphera Global HealthCare Fund – Investor Insights for IROs

A Brief Interview with Scientific Analyst Amit Drach, M.D.

By Matt Brusch

Sphera Global HealthCare Fund (www.spherafund.com), is an Israel-based long/short equity fund focused on the global pharmaceutical and biotech industries. The investment manager's objective is to generate consistent and attractive long-term returns exceeding the industry average while maintaining disciplined risk management. With a highly experienced and cohesive multi-disciplinary team, the fund's competitive advantage is evident in three key areas:

- Having a rigorous, fundamental, focused, and comprehensive approach to healthcare research.
- Investment committee co-led by an industry veteran with a track record of building a pharmaceutical company.
- Unique and unbiased investment approach generated, in part, from access to massive flow of R&D, innovation, and top tier human capital in Israel.

Amit Drach, M.D., is a scientific analyst for the fund, and serves as the head of genetic, infectious, orphan, and cardiovascular areas, and covers the related companies. Before joining the firm in 2011, Drach was the business development and pipeline manager at ATI technological incubator. Before that, he held marketing, sales, and business development roles in medical devices companies, mainly in global markets. He holds an M.D. from the Technion Institute, Haifa, Israel.

IRU: What is the size of the fund?

Drach: Approximately \$500 million.

IRU: What is your investment style?

Drach: We are a long/short fund, about 70-80 percent large cap, and pharmaceutical and biotech companies only.

IRU: Where do you get your investment ideas?

Drach: Catalyst events, strategic moves, medical and investor conferences, and internet research.

IRU: What is your ideal holding period for a stock?

Drach: Generally six months to two years.

IRU: What influences you to buy a stock?

Drach: The level of cash on the balance sheet, expected future revenues, pipeline, catalysts, and market conditions.

IRU: Do you target specific sectors, market caps, or geographic locations?

Drach: We focus on drug development companies anywhere in the world, with market caps of \$100 million and above.

IRU: Do you prefer to meet with management?

Drach: Yes, we do want to meet with management. We almost always – 99 percent of the time – meet with or speak with the



CEO and CFO prior to making an investment. Though we are headquartered in Israel, we have an office in New York which can facilitate these meetings.

IRU: Will you meet with IROs?

Drach: Yes, but as previously mentioned, we generally must meet with the C-suite prior to an investment.

IRU: How do you recommend that companies reach out to you?

Drach: Write a short summary with an attached presentation.

IRU: Are your proxy voting decisions made internally or outsourced?

Drach: Internally.

IRU: What are some common characteristics of great IR programs?

Drach: Understanding the market and approaching the right people at the right time. **IRU**

Matt Brusch is vice president, communications and practice information and editorial director at NIRI; mbrusch@niri.org.

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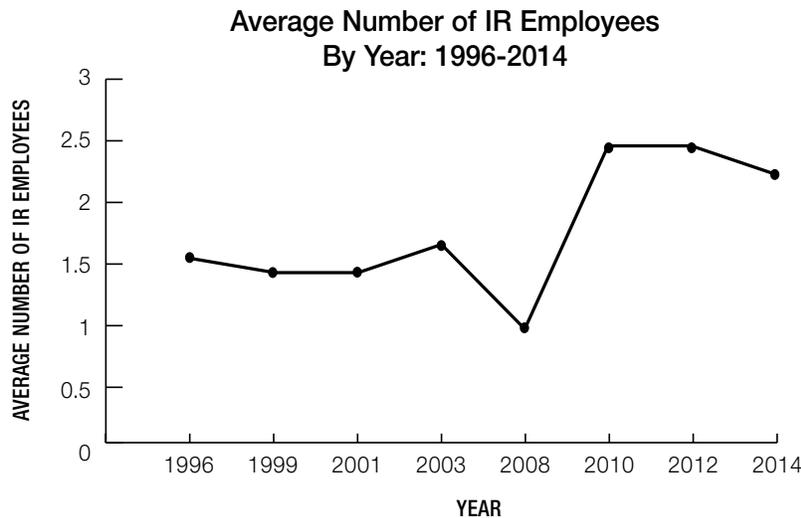
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IR Research At-a-Glance



Note: Means include all IR titles found in a department (e.g., Senior VP, VP, Director, Manager, etc.)

Source: NIRI-Korn/Ferry International Corporate IR Profession and Compensation Study (various years). Number of Respondents =708.

Professional Development Calendar

For program information and registration, visit www.niri.org/calendar.

June 2015

13 Finance 101 for IR and Corporate Communications seminar, Chicago

14-17 2015 NIRI Annual Conference, Chicago

22-23 Finance 101 for IR and Corporate Communications seminar, New York, NY

24-25 Finance Essentials Intensive for IR and Corporate Communications seminar, New York, NY

26 Managing Shareholder Activism seminar, New York, NY

Quick Takes

What is the single best piece of advice you would give to a new IRO?



William Tryon
Director of Investor and Public Relations
Rogers Corporation

▶ “You are the company’s direct line of communication with the investment community. Be sure your message is consistent, keeps to the company’s strategy, and conforms to SEC regulations.”



Darcey Matthews
Vice President of Investor Relations
McDermott International Inc.

▶ “Communicate using a three-legged messaging stool:

- Send messages out to the investment community.
- Bring market trends and intelligence back into your company.
- Educate your company employees about how what they do impacts the stock and the story we tell every day.”



Marty Palka
Chief Intelligence Analyst
Cisco Systems

▶ “Educate investors about your sustainable, competitive advantages; listen, learn, share, and have fun!”



Dennie Kimbrough
IR Manager
Microsoft

▶ “One of my first bosses told me it is always important to give back to the IR community and share your experience. I always remember that. There is always something people can learn from you. That’s why I got involved in NIRI.”

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Maximizing the Use of Guidance and KPIs

IROs and analysts weighed in on how to best use guidance at KPIs at a NIRI Silicon Valley chapter event.

By Michael Sullivan

Silicon Valley Bank Director of Investor Relations Meghan O’Leary recently led a panel exploring the use of guidance and Key Performance Indicators (KPIs).

Joining Meghan to explore the topic were two senior Silicon Valley IROs, along with top analysts from the buy side and sell side. Here is what they had to say about some key questions:

What prompts companies to change guidance and KPIs?

Matt Rhodes, vice president of investor relations and financial planning and analysis, Intuit: We offered a number of new KPIs when we decided to make a big change in how we sell many of our products, moving from a shrink-wrapped software model to an online subscription model. The change initially results in lower sales prices and lower revenue, which can be concerning to investors. But we know it will result in faster revenue growth, lower customer acquisition costs, and the ability to expand sales globally. So, we’ve given investors the performance indicators they need to understand how the strategy will lead to greater rewards over time.

Kate Scolnick, vice president of investor relations, Seagate Technology: In our case, the industry consolidated, moving from about five major suppliers to only two or three. This resulted in a more stable and predictable business. The change has enabled us to communicate our opportunity across a longer time horizon. And, with the new-found stability, we’re able to

communicate the new degree of confidence we have in returning profits to shareholders through buybacks and dividends.

What does the investment community expect?

Julien Gaertner, analyst, Capital Research Global Investors: New growth companies may not have reliable profits, and guiding about revenue may be enough. As the

To truly understand the company, it’s important to have not only top and bottom line guidance, but also a clear description of the KPIs that drive the growth and success of the business.

– Brent Thill, Managing Director, UBS

company becomes more mature, it should be able to include earnings-per-share guidance. In a mature industry, a profitable company should also be able to provide metrics about capital returns to shareholders.

Brent Thill, managing director, UBS: To truly understand the company, it’s important to have not only top and bottom line guidance, but also a clear description of the KPIs that drive the growth and success of the business. I can’t imagine not having such a framework for my companies.

How did you choose which KPIs to communicate?

Matt Rhodes: We went through a careful process before embarking on the changes. We talked to the Board and also other companies, analysts, and former analysts of the company.

We have principles that help us to decide which KPIs to share with our investors. One is that we want to offer transparency. Another is that we want our external description of the business to mirror how we view and manage the business internally.

How much is too much?

Brent Thill: The bottom line is, if something is changing in the business, we want to know about it ahead of time. But it doesn’t make sense to provide a lot of information about a metric before it’s material to the financials of the company.

Julien Gaertner: There needs to be a correlation between the KPIs you choose and business performance. Many companies talk about data growth in the industry, for example,

but we often find no correlation between data growth and revenue. Avoid what looks good but has no corresponding financial impact on the earnings of the company. Investors cover a lot of companies, and it’s very easy to confuse people by introducing irrelevant metrics.

Can you provide any parting advice?

Julien Gaertner: There are many types of investors. In setting guidance and communicating KPIs, you can help the right investors self-select the right companies in which to invest. As Warren Buffett once said, “Either hold a rock concert or a ballet. But don’t hold a rock concert and advertise it as a ballet.”

Michael Sullivan is president of the NIRI Silicon Valley chapter and vice president of investor relations at Applied Materials; michael_sullivan@amat.com.

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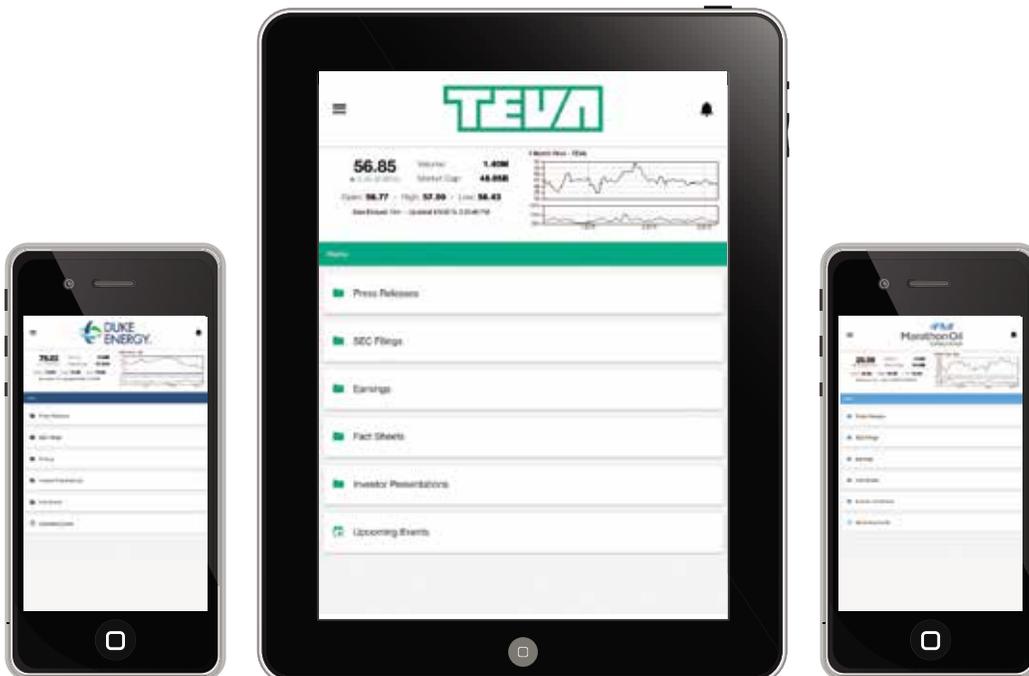
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