

IRupdate

DECEMBER 2016

the voice of the investor relations profession

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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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Reflecting...

In my final column as NIRI Board chair, I want to share some reflections from the past year. When I became chair, I wanted to give back to an organization that has meant so much to me since the start of my IR career. Throughout my tenure as chair, I focused on NIRI's proud tradition that "those have been there – help others get there," and I'm pleased that so many of you have stepped forward to do so.

One of our major milestones in 2016 was the successful launch of the NIRI Investor Relations Charter program. I want to thank the 95 IR professionals who bravely took the exam this year and earned their certification, as well as the scores of NIRI subject matter experts who volunteered hundreds of hours to develop this important credential.

As you know, we are immersed in our search for a new CEO and are making progress. We have conducted an open, robust, and thoughtful process that has included inquiries from and/or contacts to almost 300 potential candidates. We have cast a wide net for candidates and have reached out to proven association executives as well as leaders in corporate America and the capital markets, including revered IR professionals recommended by NIRI members. I am confident that we will select a phenomenal leader who will deliver the next level of value creation for our membership.

In early December, I will participate in the NIRI Senior Roundtable Annual Meeting in Scottsdale, Arizona. I want to thank Margo Happer and her colleagues on the Senior Roundtable Steering Committee for assembling an outstanding lineup of speakers and topics this year, and for working to attract more members to join this illustrious group. Margo, you are outstanding and I greatly value our partnership!

I also want to express my gratitude to the Board members who are completing their service this year: Ruth Cotter, Anne Guimard, and Dennie Kimbrough. Your leadership, expertise, and support – as well as friendship – have been greatly appreciated!

Finally, I am excited that Valerie Haertel, IRC, of BNY Mellon will succeed me as chair. Valerie has been an active and thoughtful director, and she served as a dynamic leader of the Board's Advocacy Committee this year. I know that Valerie, the Board, and NIRI staff will work diligently to bring more value to NIRI members and our profession in 2017.

Thank you for your support for NIRI!



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EMPLOYEES: A CRITICAL IR AUD

Who are the biggest investors in your company? In terms of time and talent, it's employees. Make sure they are part of your IR strategy.

By Alexandra Walsh

Employees are always vital to a company's success, and that includes building stock value. Keeping employees in the loop about investor relations and what it means to them and the company can lead to even greater returns.

In this article, four IROs describe the components of their employee outreach programs and the return on investment from their efforts

Employees as Brand Ambassadors

A lot has happened at Spire Inc. since Scott Dudley joined the company four years ago as its first IRO, just as a new CEO came

on board and launched a growth strategy.

The company has undergone significant change, including three gas utility acquisitions between 2013-2016 and a name change in April 2016 from The Laclede Group to Spire to better reflect the company it had become, and to begin bringing its utilities under one umbrella brand.

The growth and transformation of Spire has required much greater communications with the Street, with other external stakeholders, and with employees. The need to be more visible with stakeholders led Spire to expand its IR program as well as its communications and marketing capabilities and team.

The company wanted to ensure that through these changes there was good com-



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munication to employees about execution of the strategy, performance against strategic goals, and the tie-in with the incentive compensation program.

“As our company was transformed by growth and geographic expansion, we knew it was important to be very visible and transparent with the financial community in general, and our stockholders specifically, including employees,” says Dudley. “This has continued to be important with our rebranding. We needed to make sure employees understood how the new name communicates our mission, which is founded on a strong commitment to better serving our customers and supporting our communities. The company’s new focus impacts how employees need to approach their job. In essence, employees had to become our brand ambassadors now more than ever.”

With the success in executing its growth strategy, Spire’s financial results were improving. As earnings were going up, employees became much more interested in how the company was doing, given the linkage to the bonus program. “It’s a different mindset now than four years ago,” Dudley explains. “All employees have a stake in meeting our goals for the year, and earnings are the key trigger to pay out. Before I arrived, our earnings announcement was simply a press release but evolved to scripted conference calls and webcasts

with a full Q&A prepared in advance, and then to a call and webcast with a supporting slide presentation.”

Dudley notes that with the launch of quarterly earnings calls right after he arrived, the company began to host an employee update meeting on the day of the earnings call. On stage, Dudley would moderate Q&A and a conversation with the CEO, CFO and other c-suite executives about earnings, reaction from the Street, and other news coming down the pike.

These meetings are videotaped and made available via the intranet to employees who could not attend the live event. The meetings include an earnings summary and some of the slides and information presented on the earnings call.

“We used the follow-up ‘talk show’ format as an opportunity to update employees in real time, leveraging the earnings materials we just presented to the financial community,” says Dudley. “This format also provided an opportunity for employees to ask questions of the executive team.”

“It’s a fairly well-integrated process as all the materials have to be created anyway for the earnings announcement and the Q&A document. I just have to make sure that up to the last minute, we’re coordinating the final release and final messages – my normal job – and then handing everything over to the communications department.” Dudley adds that he also uses the documents to write a short news article for the company’s intranet.

Another part of his internal communications routine is the update Dudley provides to the senior leadership team every third Monday of the month. “I come in and do an update on the performance and valuation of our stock relative to peers and the market overall, changes in the investor base, and the latest analyst estimates and opinions – and then I provide a similar report to our Board at their regular meetings,” he says.

Dudley recycles that presentation, as well as the company’s regularly updated investor presentation, to various groups within the company – operations, human resources, sales, and finance.

“I’m creating a lot of material and making information available anyway, I just have to change a few things to make the information more understandable and user-friendly from an employee perspective,” Dudley notes. “Employees have become much more interested in not only our investor story – how we are performing relative to our growth strategy to create value – but also how our stock is doing and the Street’s view of us.”

Dudley suggests that since most IR departments are small – and corporate communications teams are usually much bigger and are the experts on effectively reaching audiences with key messages – IROs should lean on corporate communications, on their tools, and on their processes so that an employee outreach program does not have to be an extra burden on the IR team.

He adds, “We are also just starting a process with human resources to include an IR module within their new frontline leadership training program that is designed to explain all things about the company for employees in managerial roles, especially new hires. The module is a slightly revamped version of our investor deck that also includes a discussion of what it means to be a public company, our message to Wall Street, how the company makes money and creates value as a regulated utility and what rules and regulations apply, especially regarding disclosure.

“With all of this change, execution of our growth strategy, and a new name, we need robust and aligned communications and employees have to be at the center of our efforts. Without this, the company can’t continue to succeed. If anything, we try to err on the side of over-communicating internally. There’s never any harm in that.”

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Creating Additional Value

“I started IR employee outreach about five years ago with somewhat selfish motives,” concedes Gregg Lampf, vice president of investor relations at Ciena Corporation. “On one hand, I was regularly asked by employees why our stock was moving in one direction or another and what people thought of us. It made sense to reach out to different departments and give a presentation at their quarterly meetings. I also benefitted in return by getting access to information I often won’t share with the Street, but that could help me better understand important nuances. This helps me contextually, which can aid my communications with the investment community.”

Lampf adds that those presentations have gained a lot of traction and he now presents twice a year to as many as 15 different departments. “They rank high on internal surveys and department heads feel they are very useful,” he says. “I try to tailor them as much as possible to the department, and provide a perspective that wasn’t previously offered.”

From the standpoint of creating the presentation, Lampf says it’s not that time-consuming after the first one is created. About half of the presentation is slides from the last quarterly earnings call and quarterly institutional ownership report,

and then he tailors the presentation by adding current events and what analysts are asking about with respect to the department’s areas of responsibility.

“It’s more an issue of making the time to get on the road or on a call to deliver the presentation,” Lampf says. “Most often the presentation is delivered in a one-hour call.”

Lampf also finds it very useful to deliver IR presentations at quarterly business reviews and annual sales kick-offs.

“I give my presentation and then have the benefit of going to the sales session. I would not be getting nearly as much information otherwise, and I get to drill down beyond the managers – who always have great information – but I find I can learn additional information when I speak to those closest to the customer and other roles, depending on the department.” Lampf adds, “And the breadth of the relationships you establish are incredibly helpful.”

Lampf points out that he has considered internal blogging and social media as platforms to reach employees with IR messaging. “Bandwidth is an issue, however,” he notes. “I’m intrigued by these platforms and in a perfect world I would participate, but I just don’t have the staff or time myself to take advantage of them right now.”

A tool that Lampf utilizes and that has multiple applications – not just for employee outreach but also to support sales capabilities – is word clouds. A word or tag cloud is a visual representation of text data, usually single words, and the importance of each word is shown with font size or color. It’s useful for quickly perceiving the most prominent terms and can also be used as a website navigation aid, when the terms are hyperlinked to items associated with the tag or word.

Lampf works with his sales organization as they analyze their prospective customers. As part of that analysis the IR team examines the company’s financials and public com-

mentary. On the latter, Lampf says, “Word clouds are easy and intuitive and allow one to quickly look at what management is prioritizing with the Street. You take the transcript of the most recent earnings call and regulatory filings and drop the relevant portions into a free tool, and then take the resulting word cloud, put it on a PowerPoint slide, and hand it over to marketing.”

Lampf says the word cloud is then used as background information and education for the sales team prior to their presentation to potential customers. “Reflecting the applicable priorities of the customer’s management team to the decision makers has been helpful,” he says.

“The classic way to talk about the IR role is outward facing – talking to the Street and taking information in from the Street and that should take most of your time,” Lampf adds. But he also believes that IROs should always think about how to create additional value around IR: “Working with the sales force and using a word cloud is an example of that. It’s also about leveraging the intel and tools you have in IR for other uses. I like getting closer to revenue.”

Connectivity is Vital

Rebecca Gardy, IRO for SecureWorks Corp., leverages every opportunity she can to tell the IR story at the newly minted public company. From presenting on Reg FD and insider trading policy at a wide-range of departmental level meetings to embedding an “IR 101” intro in employee on-boarding or using company-wide meetings to help employees connect the dots between their jobs and the stock price, Gardy believes there are many ways to educate employees about the role of IR.

“Investor relations is becoming a much more essential element of a company’s leadership team,” Gardy observes. “The role does not simply entail reporting out results — we engage in a two-way dialogue.

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The insight we gain in our discussions with both the buy-side and sell-side can inform not just our company's strategic roadmap, but also shape the way we communicate with our employees, many of whom are shareholders."

With her employee outreach efforts, Gardy tries to position IR as a partner. "We are influencing and being influenced by the whole company. The employee presentations help ground everybody in a common goal for the company and afford IROs the opportunity to connect with employees by showing the results of what IR does."

For those IROs who have not undertaken employee outreach, Gardy says beginning can be as easy as asking a department head for 15 minutes on the agenda of their department meeting to explain how the market works and what IR does.

"A 15-to-20-minute presentation that is often followed by a robust Q&A session is a great outcome and hopefully word will spread throughout the company."

Leveraging the Work You've Done

Allstate is not a newcomer to employee outreach programs about the company's investor relations activities. The company has provided earnings-specific communications to its employees since before the company went public in 1993 – the company's

employees are shareholders through its 401(k) investment plan.

Over time, the company has increased the emphasis of its quarterly meetings on financial performance and investor reactions, according to John Griek, director of investor relations for Allstate. He talks to employees in various department meetings, most notably in the quarterly communications meeting of the company's largest employee group, Allstate Personal Lines (APL).

At this town hall meeting, the APL CFO sets the stage by discussing the previous quarter's performance and how it compares to the announced 2016 operating priorities and internal Enterprise SMART Goals (ESGs). "He recaps the quarter and looks forward to what we need to do as a company to finish the rest of the year," Griek says. "I then talk about the Street's reaction to our quarterly results and investors' top concerns."

The APL event is video streamed to the field via Allstate TV and segments are posted to the intranet for viewing after the fact. Griek says about 500 employees attended the last meeting in person, and more than 1,000 employees viewed it live on Allstate TV.

An infographic-style email is sent to all employees from the CEO and CFO shortly after the earnings release is issued. "This is an approach we instituted with our first quarter announcement in May 2016 – it's a quick and easy snapshot of the earnings release, without getting into the weeds, and it's won kudos from employees, including our CFO."

Also on the day of the earnings announcement, an intranet story is posted with links to the full earnings release and the next day's investor webcast. Leaders also receive a one-page high-level summary of results to help them talk with their employees about the company's

progress. Griek adds that employees can post questions and comments on the intranet, which can help identify and address areas that need clarification for internal audiences. An intranet webpage focused on business strategy is updated to highlight the most recent earnings release, along with operating goals, corporate responsibility commitments, annual report/proxy statement, the CEO's annual meeting speech, and so forth.

"All this communication is done in real time – as soon as results go public, employee communication starts," explains Griek.

Soon after Allstate's earnings announcement, Griek says key senior leaders send emails to their teams, including a link to the earnings release, but focused on the department's performance and initiatives. Also posted to the intranet is a goals dashboard, essentially a one-page version of the APL CFO's speech, which summarizes the operating priorities, goals, definitions/rationale, and previous quarter's performance.

"One of IR's key responsibilities is not only to be the go-between with the investment community and senior management, but also to communicate effectively with all employee groups," Griek notes. "To do that, we're leveraging a lot of the work we do in getting ready to talk to the Street – it's not a separate stream of work – it helps us get ready for other parts of our job."

Quarterly communication with employees about earnings doesn't have to be as robust as it is at Allstate, says Griek. "It doesn't have to be big and it doesn't have to start with an all-company town hall meeting – small department meetings can be extremely effective, well-received, and appreciated. And if you start small, you can always grow it."

Alexandra Walsh is vice president of Association Vision, the company that produces IR Update; awalsh@associationvision.com.

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NIRI WELCOMES NEW CLASS OF IRC CREDENTIAL HOLDERS

By Matt Bruschi

Thirty-four IR professionals pass the second IRC exam.

This past September, a group of bold IROs went to testing locations across the United States and in several global locations to challenge themselves and sit for the new NIRI Investor Relations Charter™ exam. This was only the second time the exam has been offered, and 34 of the 45 candidates passed (75 percent), earning the new IRC credential.

The goal of the many IR subject matter experts (SMEs) who developed this program over the past five years was to create a challenging exam that would make NIRI's first professional credential meaningful. Test takers are finding that the SMEs accomplished their objective.

Virtually all (96 percent) of the September candidates believed that they would either be “successful” or “very successful” before taking the exam. However, upon finishing the exam, the percentage of candidates who believed they would be “very successful” dropped to zero, 57 percent believed they would be “successful,” 30 percent did not know, and 13 percent said they would be “unsuccessful” or “very unsuccessful.” In fact, nearly three-fourths (74 percent) rated the exam as

“difficult” or “very difficult.”

Similar to the first IRC class in March 2016, the September class skewed slightly male (56 percent). The average years of IR experience dropped, however. September IRC holders had spent slightly more than 11 years in the IR profession compared with a little more than 14 years for the March IRC class.

With two exam cycles complete, there are now four companies with multiple IRC holders. Both NIRI members and non-members make up the mix of IRC applicants who, to date, hail from five continents and Australia, Bermuda, Canada, Czech Republic, Indonesia, South Africa, Taiwan, and the United States.

For 2017, NIRI is adding a third testing window to accommodate candidates unable to sit for the March or September exam cycles. This new third testing window will be June 10-17, 2017, immediately following the 2017 NIRI Annual Conference in Orlando. This will provide exam candidates with an opportunity to brush up on their general IR knowledge through the wealth of educational offerings available at the Annual Conference.

IRC Testimonials

What do the new charter holders have to say about the IRC exam? *IR Update* followed up with several of them to learn about their motivations, views on the credential's potential career impact, its greater meaning for the IR profession, and other thoughts about this new credential. Here's what they had to say:

Lee M. Ahlstrom, IRC

**Senior Vice President, Investor Relations, Strategy, and Planning
Paragon Offshore**

I had a number of motivations for sitting for the IRC exam. As a national board member, I felt it was important to support the certification that NIRI established as part of its ongoing strategy. I wanted to be able to discuss and promote the program, and what better way than to have personal experience? But my greatest motivation was the personal challenge it represented. Having been in IR for almost 15 years, could I pass the exam? I was highly relieved to find that the answer was yes!

My vision is that over time, the IRC qualification will find its way into the recruiting process – that we begin to see job descriptions that say “IRC preferred” or



“IRC required” in most, if not all recruiting efforts for senior-level IR positions.

I certainly encourage eligible IR professionals to sit for the exam. The satisfaction of receiving a passing grade is a validation of the time and effort you’ve put into your career. In terms of preparation, you absolutely must have practical IR experience to be able to pass. It’s not a “book knowledge” exam.

I believe the IRC is a milestone for our profession that has global implications. When you see the IRC designation in someone’s title, there will be no doubt that this person is a knowledgeable, competent IRO; and from a senior management perspective, you know you’ve found someone with whom you can trust your company’s brand.

2 Rosemary L. Raysor, IRC, CPA
Director, External Reporting
Scrrips Networks Interactive

I believe the IRC will be the gold standard in IR practice. Investor relations is my passion, and I pursued the designation with the mindset that the IRC reflects my commitment to upholding the highest standards in my field.

I expect that as the designation becomes more familiar, senior management teams will request the IRC as preferred or desired in IR job descriptions. Earning the IRC designation can only improve your prospects going forward; having it demonstrates your commitment to being best in class.

The IRC sends a message that, as a profession, investor relations has a clear identity with established standards.

3 Anne-Marie Megela, IRC
Senior Vice President
Four Hills Advisors, LLC

When you earn the IRC, not only do you demonstrate an understanding of the IRC Competency Framework, you also demonstrate dedication to the profession, and a commitment to continuous improvement, investing in yourself. All of these can help in career advancement.

The journey preparing for the exam was as fulfilling and meaningful as earning the IRC. While you may have many years of experience, you may not have had in-depth exposure to every aspect of the profession. In this regard, reviewing the IRC Competency Framework helps to ensure that you are well-rounded.

4 Debra Wasser, IRC
Executive Vice President, Financial
Communications & Capital Markets
Edelman

IR has been a journey and a passion for me, and I felt that achieving this certification would be a great way to culminate my many years of practice, both as an in-house IRO and a consultant, and demonstrate my commitment to the profession. I also believe that the IRC is a great way to ensure integrity and excellence in the field. Anything that we can do to continue to elevate the profession of IR is something I will support.

5 Lori Hillman, IRC
VP, Investor Relations
PennyMac Financial Services, Inc.

I decided to sit for the exam because I was ready to take my career to the next level, and I also wanted to support NIRI’s efforts to fully establish IR as a career path. I spoke with at least four newly credentialed IRC members at the NIRI 2016 Annual Conference and decided then to take the exam.

The timing of the exam worked well for me. I had recently left my position at a Fortune 300 company after our company was acquired. It was a perfect time for me

NEW CLASS OF IRC CREDENTIAL HOLDERS



to concentrate on goals and next steps as I searched for my next career opportunity, and reviewing the *IR Body of Knowledge* book kept my head in the IR game. I strongly believe that taking the IRC exam gave me the confidence to seek a more challenging position, and I'm happy to report that I am now vice president of investor relations for PennyMac.

6 Raj Mehan, IRC
Director, Investor Relations and
Assistant Treasurer
Steelcase Inc.

I believe that as one's tenure increases, it is imperative to test oneself around staying current – that your professional knowledge is where it needs to be. The IRC offered that opportunity, and I was pleased to know that my “body of knowledge” gained through NIRI interactions, and personal experiences were at appropriate levels set by the testing.

The IRC credential adds a definitive layer of credibility to the years of experience gained, and also demonstrates commitment to the IR profession. I've already had a colleague ask me about taking the test, and I encouraged them to do so. I see it as an important step to ensuring the highest level of standards are maintained for people practicing IR.

7 Tom Ward, IRC
Vice President, Investor Relations
Simon Property Group

I sat for the IRC exam because I wanted to demonstrate the knowledge I have gained over nearly 20 years of practicing this profession, to reinforce my commitment to IR, and to enhance my standing within the field. I wanted to make the investment in myself and to ensure that I continue to be a better practitioner every day. I also wanted to be a part of the inaugural year of IRC holders and contribute to the elevation of our profession.

Investor relations officers are a strong, unique group of committed, talented professionals. We are a key ingredient to what makes efficient capital markets. I recommend that all eligible IROs make the commitment to not only elevating yourself, but also elevating our profession.

8 Heide Erickson, IRC
Director of Investor Relations
Capella Education Company

I sat for the exam because earning the IRC certification is an independent validation of my expertise in investor relations beyond my years of experience. It is also

a differentiator, and it demonstrates my commitment to personal development. In addition, it was important to me to support NIRI as a longtime member. I believe the IRC designation demonstrates to employers and the financial community that they are interacting with a skilled investor relations professional.

9 Brook Wootton, IRC
Director, Investor Relations
InfraREIT, Inc.

Clients and employers need to know that they can trust the business expertise and judgment of IR professionals. That trust is the foundation of the relationship between our profession and management teams. The IRC credential gives the profession a way to document the level of qualifications and knowledge a certified IR professional provides on a daily basis. **IRU**

Matt Bruschi is vice president for communications and practice information at NIRI; mbrusch@niri.org. For more information on the IRC certification program, eligibility requirements, and application deadlines, please visit: www.niri.org/certification. The initial application deadline for the next testing window (March 18-25, 2017) is January 4, 2017.

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ADVOCATING FOR IR-PR INTEGRATION

NIRI FELLOW NANCY HOBOR IS A TEACHER, MENTOR, ACCOMPLISHED IR PROFESSIONAL, AND VOLUNTEER LEADER. THROUGH IT ALL, SHE CONTINUES TO CHAMPION THE CONCEPT OF ALIGNING IR AND PUBLIC RELATIONS AS AN INTEGRATED FUNCTION WITH A DIRECT REPORTING RELATIONSHIP TO THE CEO.

By Al Rickard

Nancy Hobor, a longtime investor relations professional and advocate for the IR profession, was named a NIRI Fellow at the 2016 NIRI Annual Conference.

Now “retired,” she is active as a lecturer at the Northwestern University Integrated Marketing Communications program in the Medill School of Journalism, where she teaches a graduate-level course about investor relations. In this role, she continues to promote the integration of investor relations and public relations – her favorite cause.

Her professional IR career includes a decade as senior vice president, communications and investor relations at W.W. Grainger, Inc. and, before that, 11 years as vice president, communications and investor relations for Morton International. She also served as director of investor relations for United Airlines, vice president of strategic communications for Baxter

Healthcare Corporation, and vice president of public relations for American Hospital Supply Corporation.

As a volunteer leader, Hobor served on the NIRI Board of Directors, Chicago Finance Exchange, and the New York Stock Exchange Individual Investor Advisory Committee. She chaired the NIRI Center for Strategic Communication Advisory Committee and served on the NIRI Ethics Committee. Hobor has also been active in the NIRI Chicago chapter.

What inspired you to enter the field of investor relations?

Like many others who became investor relations professionals, I didn’t appreciate

the intellectual challenges and rewards of IR until I was offered the position as a promotion. The role allowed me integrate my MBA with my communications experience, introduced me to the world of investing and investors, and increased my appreciation of the full complexity of the field of business.

What I learned from listening to my CEO and CFO – and then having to respond to investors within the constraints of the rules and regulations of the government, the stock exchange, and the accounting profession – kept me on my toes. I began to recognize the real question behind the stated question, position the answer within a larger corporate business strategy, and explain how success would benefit the investor.

What do you like most about the profession?

For me, IR is the position that requires you to be a surrogate for the CEO and others

in senior management. You need to think strategically about the company in order to respond effectively to an investor's query, even if the question is technical, because you need to ensure the investor understands how his or her inquiry fits within where the company is going. It's a very strategic profession, one that deals with shareholders who are, along with customers and employees, critically important for attaining business success.

To be a good IR person requires being a teacher, and to teach well requires constant learning -- of what's going on in the organization, what's going on in the investment community, what's going on in the industry, and what's going on among the regulators, accounting professionals, NGOs, suppliers, competitors and customers.

How did NIRI membership and the NIRI leadership positions you held help your career?

NIRI provides a network of colleagues who help each other, and I have been blessed with many friends among the many NIRI members I've known. That includes those I met on the Chicago chapter board, as a member of the NIRI National Board of Directors and working with the staff of NIRI.

What is the biggest change you have seen in investor relations?

The speed with which the world changes, coupled with the requirement to be available 24/7. The most important variable remains time -- allocating your time and your leadership's time most efficiently. There's not enough time in the day to get all questions answered or to jump on all the opportunities. I've found the only way to survive is to stay focused, make the best decisions at the time based on the information you have, and then move on. There'll be another challenge coming at you, given the speed of today.

What is the most important professional lesson you've learned?

Not to lose your sense of humor when caught up in a maelstrom. Every company will go through crises; it's vital that you remain cool and calm, helping the CEO by sharing what you know so he or she can make the best decision and deliver the response clearly and consistently. When reporters, financial analysts, investors, employees, the government, and NGOs are pounding on the door, the CEO needs his or her team to be approaching problems logically, not making the crisis worse.

You teach a graduate-level course in IR at Northwestern University's Medill School of Journalism. What career advice do you give to students considering entering investor relations?

In my first class, I had Ruth Venning, who went on to become an IR professional and a friend. Another Medill graduate is Aaron Hoffman, who is the vice president of investor relations at Transunion. Beyond the few who have gone into the profession, I've had many former students tell me that this was the most helpful class when starting in the communications profession because it gave them a solid grounding in business acumen, vital no matter what you do.

In IR specifically, it's imperative that you be both an accountant and a communicator. Many communicators are afraid of numbers, and accountants tend to forget that the numbers are there only to help tell a story. What the investor wants to know is the strategic vision, how the company plans to get there, what the financial results might look like when it does with milestones along the way. The key is to keep the investor focused on the strategy rather than the minutia.

How are students and young people entering the IR profession today different than they were 20 years ago?

Social media is a major factor in how the future

professionals will think about the world. The information hasn't changed; the channels have. My students today are amazed at the rules and regulations IR professionals deal with.

What more needs to be done to fully integrate IR and PR at major companies?

When IR is tucked under the CFO and PR is part of marketing, it's challenging to fully integrate IR and PR. Both groups need to understand what's happening. When the CEO brings the two functions together, there's a greater chance of ensuring that messages are aligned and that responses consider the ramifications for all stakeholders.

I recommend the two functions be joined and report directly to the CEO. Doing that elevates both functions. Both the IR and PR groups are responsible for preserving the company's reputation. Being part of the senior executive staff (along with finance, law, human resources, and IT) allows the combined IR/PR function to be integrally involved in executing the strategic plan and supporting the operations -- which increases the value of IR in the investment community.

Finally, reporting to the CEO ensures he or she learns without interference what all the company's stakeholders are thinking. Some IR professionals believe that it's better to report to the CFO because of how important it is to understand what's going on financially. With the right CFO -- someone who is willing to share knowledge -- it's always better for the IR person to report to the CEO so the channel is clear. Many companies are recognizing the power that comes from aligning messages and combining the functions. **IRU**

Al Rickard is president of Association Vision, the company that produces IR Update; arickard@assocvision.com.



NIRI Fellows Nomination Deadline December 31, 2016

DO YOU KNOW SOMEONE WHO DESERVES one of the highest honors in the IR profession?

If so, consider nominating that person to become a NIRI Fellow. The NIRI Fellows Recognition Program honors members who have distinguished themselves through their leadership within NIRI as well as the professional standards to which they have abided and their involvement and contributions to the IR profession throughout their careers.

Those selected as "NIRI Fellows" are

highly engaged individuals whose commitment has led to continued service as subject-matter experts and leaders in education, selection-committee participants, authors, and thought leaders within NIRI and the field of investor relations.

The deadline to nominate people for the 2017 class of NIRI Fellows is December 31, 2016.

To nominate a Fellow, visit www.niri.org/fellows where you can read more about the program and download a nomination form.

IR Research At-A-Glance

TOP FIVE METRICS USED TO MEASURE AN IR PROGRAM'S SUCCESS

1

Quantity of investor outreach (NDRs, meetings, events, conferences, etc.)

2

Shareholder composition/diversity

3

Stock price/purchases/volatility

4

Analyst coverage

5

Perception studies/investor feedback

Source: NIRI Measuring Your IR Program's Success Survey. N=212.

On the Move



Howard Thill was named executive vice president and chief financial officer of Sanchez Energy Corporation. He will

oversee the company's financial reporting, accounting, treasury, tax and communications functions and play a crucial role in developing and implementing corporate development, investor relations and financial strategies. Thill was previously senior vice president of communications and investor relations at Devon Energy. He has also served as vice president of corporate, government and investor relations at Marathon Oil Corp. He began his career with Phillips Petroleum Company as a drilling fluids engineer and subsequently held positions of increasing responsibility in natural gas operations, federal and international tax, international finance, and business development before moving to investor relations.



Lori Hillman, IRC, joined PennyMac Financial Services, Inc. as vice president, investor relations. She has nearly 20 years of experience in IR, most

recently as manager of investor relations and corporate communications at Health Net, Inc. (acquired by Centene Corporation in March 2016). Hillman joined Health Net in 1994, working in human resources before transitioning to investor relations and corporate communications in 1996.

Please send "On the Move" announcements to *IR Update* Editor-in-Chief Al Rickard at arickard@assocvision.com

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- Actions from Insights
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* subject to change

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Navigating in a VUCA World

The NIRI Chicago chapter's annual workshop focused on coping with volatility, uncertainty, complexity, and ambiguity.

By Maryellen Thielen

Every day and in almost every way, investor relations officers deal with elements of “VUCA.” As IR practitioners, we must see through volatility, manage uncertainty, deal with complexity and execute plans despite ambiguity.

“Managing through VUCA is the hallmark of any successful IRO,” said Heather Wietzel, IRC, manager of investor relations at Corning, Inc., and chair of NIRI Chicago’s IR annual workshop in September. “Our event focused on the major sources of IR VUCA – company crises, changing corporate governance expectations, the Fed and other market influences, political elections, and the varied and sometimes conflicting demands of our boards, management teams, analysts, and investors.”

The three phases of company crises demand different responses. NIRI Fellow and Northwestern University lecturer Nancy Hobor divides crises into three phases: “pre-crisis,” when your focus should be on prevention and preparation; “crisis,” when you identify issues and focus on containment and solutions; and “post-crisis,” when you can learn from and improve your crisis



IR Workshop keynote speaker R. Keith Bliss, who frequently discusses market trends with the financial media, speaks with a NIRI Chicago chapter member.

response. Panelists provided real-world examples of crises and lessons learned. Top tips: Don’t be tempted to publicly draw conclusions too early – despite immense pressure to do so – and make sure IR is an active part of the response team.

In corporate governance, the balance of power continues to shift from management to the board and investors. Many boards of American companies have become more willing to directly engage with major investors, mirroring the trend in Europe. In turn, investors are more likely to raise questions, attempt to influence governance changes, and pressure the board to do its job well.

Markets are heading for a fall. Keynote speaker R. Keith Bliss, director, sales and marketing for Cuttone & Co., is an advocate of using technical analysis to determine if the market is overbought or oversold. Bliss pointed to three structural factors distorting price discovery today: market fragmentation (55 stock exchanges and counting!), “strangulation by regulation,” and the Federal Reserve’s “extraordinary measures” to maximize employment, stabilize prices, and moderate long-

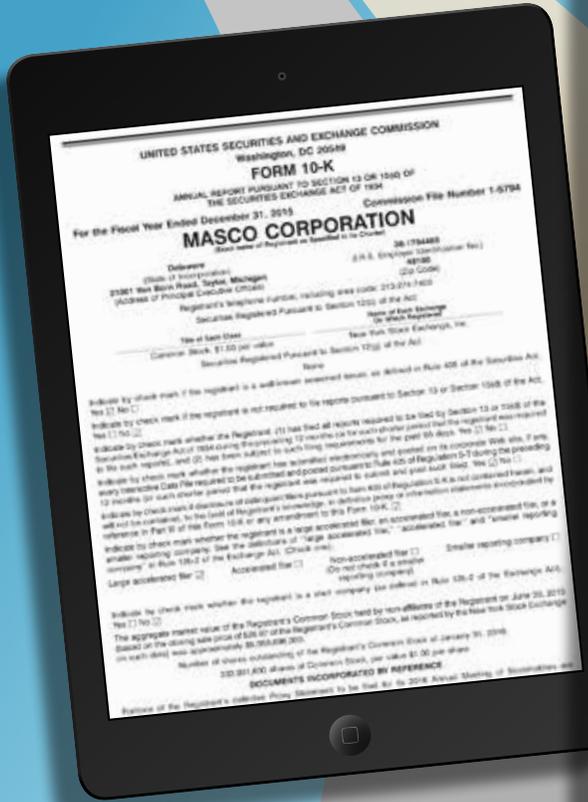
term interest rates. “I don’t know when it will unwind, but you can expect the sell-off to be bumpy.”

Elections, uncertainty, and volatility. From the United Kingdom’s Brexit vote to the U.S. presidential election, nothing is turning out the way the pundits expected. Panelists predicted continued high levels of uncertainty and market volatility after election day.

Balancing demands from the board, management, analysts and investors. Representing all four groups, panelists had strong opinions about the IRO’s importance. Company representatives praised the IRO’s ability to understand communication strategy and frame the message – especially since the sell-side is getting younger and fewer – as well as to understand the shareholder base and provide investor feedback. Not surprisingly, the sell-side continues to value accurate information and access to management. 

Maryellen Thielen is vice president of communications for the NIRI Chicago chapter and senior manager of financial communications for The Allstate Corporation; maryellen.thielen@allstate.com.

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