
NIRI ANALYTICS

NIRI IR Profession, Budget and Staffing Research Report





Executive Summary

- After a slight dip in 2014, total IR budgets for 2016 have increased slightly across all market caps.
- In 2016 the largest single percentage (33%) reported their total budget to be between \$500,000 and \$1,000,000.
- The percentage of IROs with Securities Analyst experience has risen 333 percent over the last 16 years, the percentage reporting Corporate Administration has decreased 90 percent.
- 57 percent of IROs report to the Chief Financial Officer (CFO), up 7 percentage points in the last 6 years. Reporting lines vary by both job title and market cap size.
- While average micro-cap IR staff sizes have stayed the same or even decreased slightly in the last 8 years, other market caps have experienced growth (although not at the same rate).
- The average IR staff size in 2016 (excluding administrative and 'other' staff) was 2.1. When including administrative and 'other' employees, the average IR staff size increases slightly to 2.7.
- Most corporate IROs (58%) state they plan to make IR their career profession, a stable percentage since 2008. Of those who are undecided or want their IR role to be transitional, 40 percent hope to advance to the CFO position.



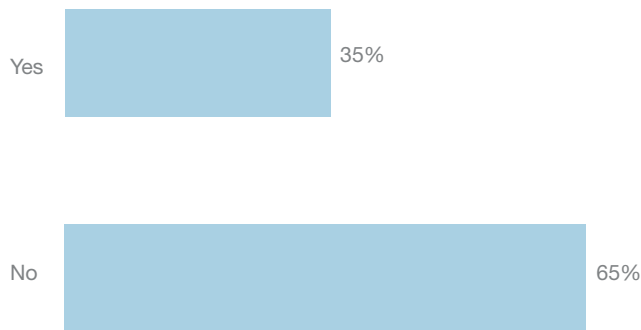
SECTION 1

Respondent Demographics and Survey Methodology

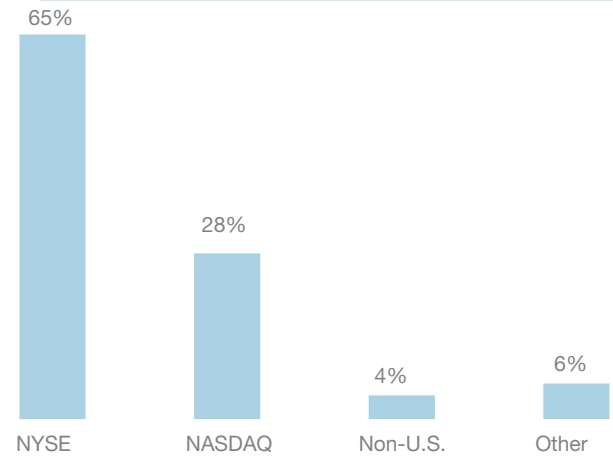




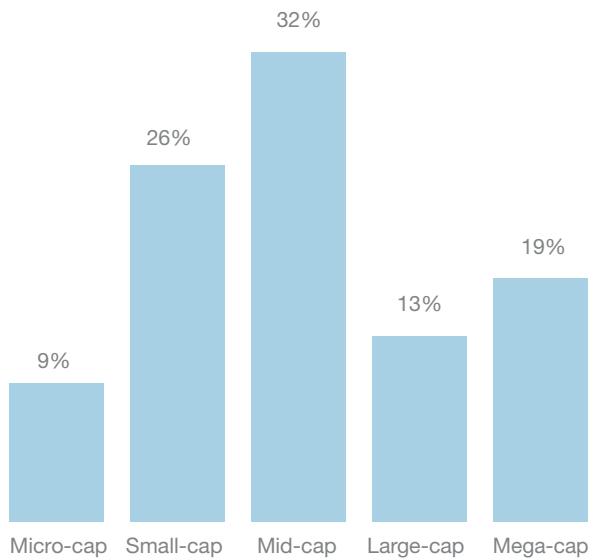
WORK FOR A FORTUNE 500 COMPANY



EXCHANGES/TRADING MARKETS

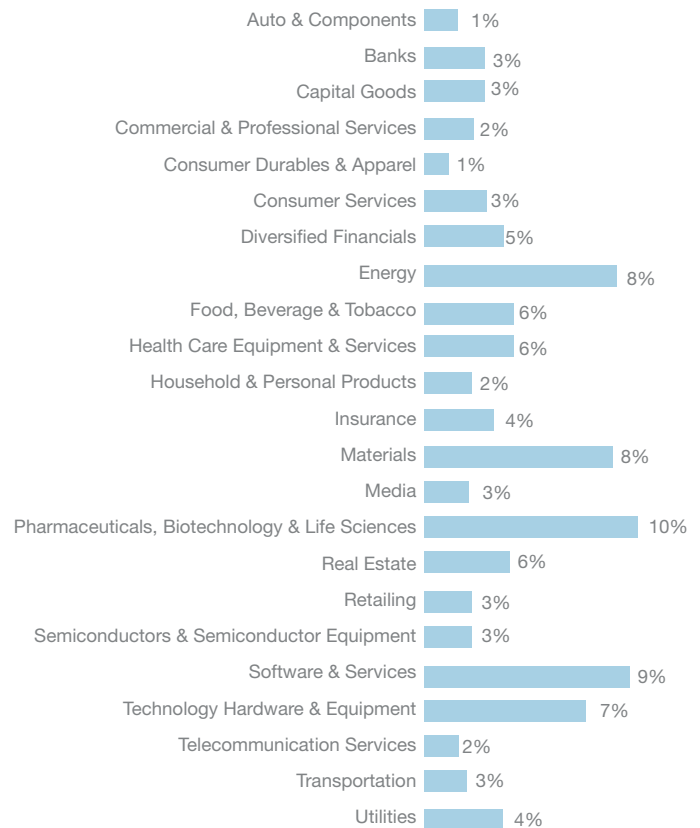


MARKET CAP SIZE



Micro-cap: Less than \$250 million
 Small-cap: \$250 million-less than \$2 billion
 Mid-cap: \$2 billion-less than \$10 billion
 Large-cap: \$10 billion-less than \$25 billion
 Mega-cap: \$25 billion+

COMPANY INDUSTRY





Purpose and Objectives

Today's investor relations executives face increasingly complex professional challenges both internally and externally. The National Investor Relations Institute (NIRI) and Korn Ferry have partnered on this fifth effort to provide current budget, staffing, and profession benchmarking trend data for corporate investor relations professionals (those working within publicly traded companies). Compensation data can be found in a separate report.

This report presents 2016 survey results from corporate investor relations practitioners located within the United States, and trend results that include data from previous survey efforts.

This report also includes:

- Profiles of corporate IR professionals
- IRO reporting lines
- IR budget sizes by market cap
- IR staff sizes (with and without administrative personnel)
- Average number of position titles per department

Methodology

All NIRI corporate members were invited to participate in this electronic survey through direct e-mail invitations from February 12 to April 4, 2016. The survey inquired about scope of responsibilities, IR budget sizes, organizational and reporting structure, and future aspirations for corporate investor relations professionals working within publicly traded companies. The survey

also collected demographic information.

A total of 921 individuals completed the survey, yielding a response rate of 40 percent. A sample of this size has a margin of error of plus or minus 2.5 percent at a 95 percent confidence level. This means that if the survey was repeated 100 times with different samples from the population of IROs, 95 out of 100 samples would yield a result within plus or minus 3.9 percent of each statistic reported in this study. For example, if an answer is offered by 50 percent of respondents, the results would range between a high of 53 percent (rounded) and a low of 47 percent for 95 out of 100 other samples from the same population. In charts and tables, numbers may not total 100 percent due to rounding. Data was post-survey weighted on a number of significant variables to ensure accurate representation of the larger investor relations population.

Over half (52%) of corporate IR respondents hold the job title of Vice President, or above. Another 31 percent reported the job title of Director or Senior Director, and 13 percent hold the title of Manager or Senior Manager of Investor Relations.

In 2016, 58 percent of IR respondents were male, and 55 percent reported having more than 11 years of IR experience. Individuals reporting that they are racial/ethnic minorities make up approximately one-tenth of the corporate IR population.



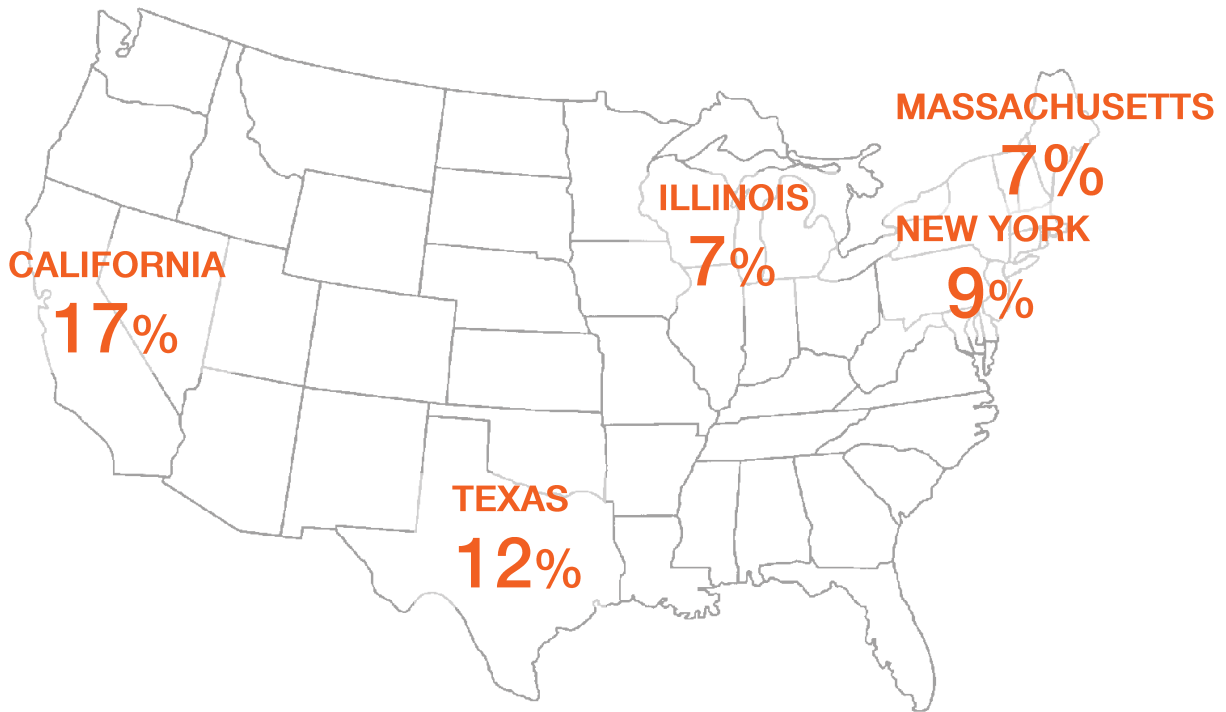
SECTION 2

IR Profession





LOCATION OF EMPLOYED IROS BY U.S. STATE



N=607

IR Profession

Where are IROs located? Over half (52%) of all employed U.S. based IR respondents are located in only five states. These are: California (17%), Texas (12%), New York (9%), Illinois (7%), and Massachusetts (7%). Location is heavily dependent upon company industry. The vast majority of IROs working in financial services are, for example, employed on the East Coast of the country. Seventy-three percent of the IR survey population reports having worked in two or more different industries, and this has remained stable since 2008. The vast majority (95%+) of corporate

IROs do not work remotely/telecommute for any part of their work week.

Almost 90 percent work in their company's corporate headquarters, as opposed to a satellite office.

Two-tenths (20%) of IROs reported having to relocate for their current position. Of those who relocated, 22 percent received a signing bonus for housing, and 95 percent received a relocation bonus or allowance.



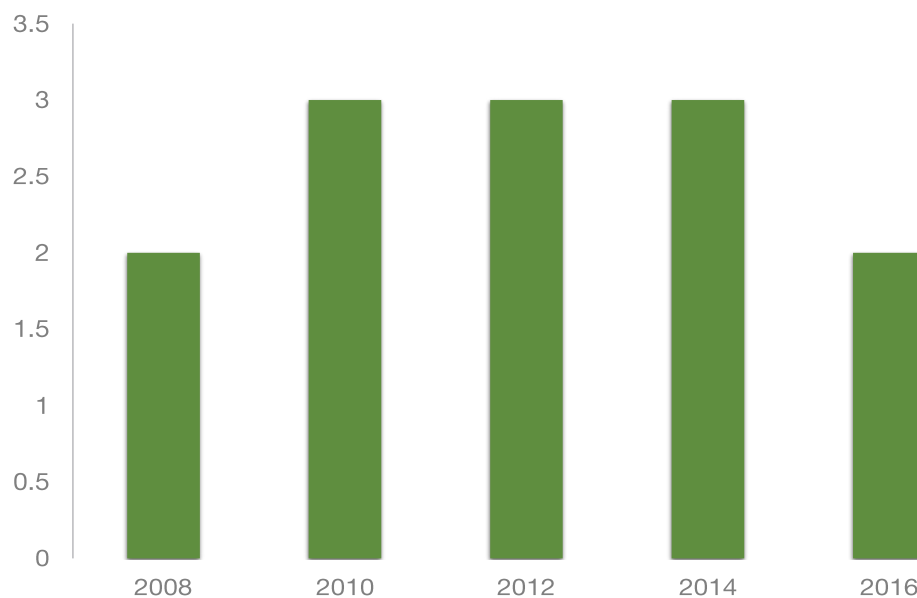
44 percent of respondents indicated they have responsibilities in addition to IR. This data point has seen some fluctuation in the last eight years (in 2008, it was 59%). The chart below indicates that the average number of additional duties reported per respondent has dropped from a high of three during the economic recession, back to 2008 levels of two.

A number of variables affect whether or not an IRO has additional responsibilities including market cap size, working for a Fortune 500 company, and number of years of investor relations experience. For example, as market cap size increases, the presence of and number of additional responsibilities in addition to IR decreases.

Additionally, individuals working in a Fortune 500 are half as likely (-50%) to have additional duties other than IR. Interestingly, an increased number of responsibilities is not positively correlated with increased levels of compensation.

Although the overall percentage and average number of additional responsibilities has varied since 2008, the types and percentages of additional responsibilities IROs are tasked with have remained relatively stable. The most common additional responsibilities remain corporate communications (50%), financial media relations (40%), external communications (37%), internal communications (30%), and financial analysis (21%).

AVERAGE NUMBER OF EXTRA DUTIES PER IRO BY YEAR



N=633



Securities Analyst



Corporate Administration

LARGEST CHANGES IN PROFESSIONAL BACKGROUNDS OF IROS

The three most common professional backgrounds of IROs in 1999 are not the same 16 years later. In 1999 the top three IRO backgrounds were: Corporate Finance (49%), Corporate Communications/PR (24%), and Corporate Marketing/Sales (21%). This year, 28 percent of IROs reported Corporate Finance, 18 percent reported Corporate Communications/PR, and 14 percent reported Securities Analyst as the background in which they gained the most professional experience. While the percentage of IROs with Securities Analyst experience has risen 333 percent over the last 16 years, the percentage reporting

Corporate Administration has decreased 90 percent.

Additionally, since 2007 the percentage of IROs who report having worked as a buy or sell-side analyst at some point during their career has doubled (from 9 to 18 percent). The largest single percentage (32%) have worked as an analyst between 7 and 10 years, while another 20 percent worked as one for 11 years or more. The remainder of current IROs worked for 6 or less years as an analyst (48%).



SECTION 3

IR Budget and Staffing





Micro-cap \$100,000-\$499,999		\$500,000-\$999,999	Mid-cap \$1,000,000-\$2,499,999		Mega-cap \$1,000,000-\$2,499,999	
		<\$100,000				
Small-cap \$500,000-\$999,999		Large-cap \$1,000,000-\$2,499,999		\$2,500,000-\$5,000,000	Mega-cap \$2,500,000-\$5,000,000	
				\$100,000-\$499,999		
\$1,000,000-\$2,499,999		\$1,000,000-\$2,499,999		\$500,000-\$999,999	\$100,000-\$499,999	\$100,000-\$499,999

TOTAL IR BUDGET BY MARKET CAP

Total IR Budget Size

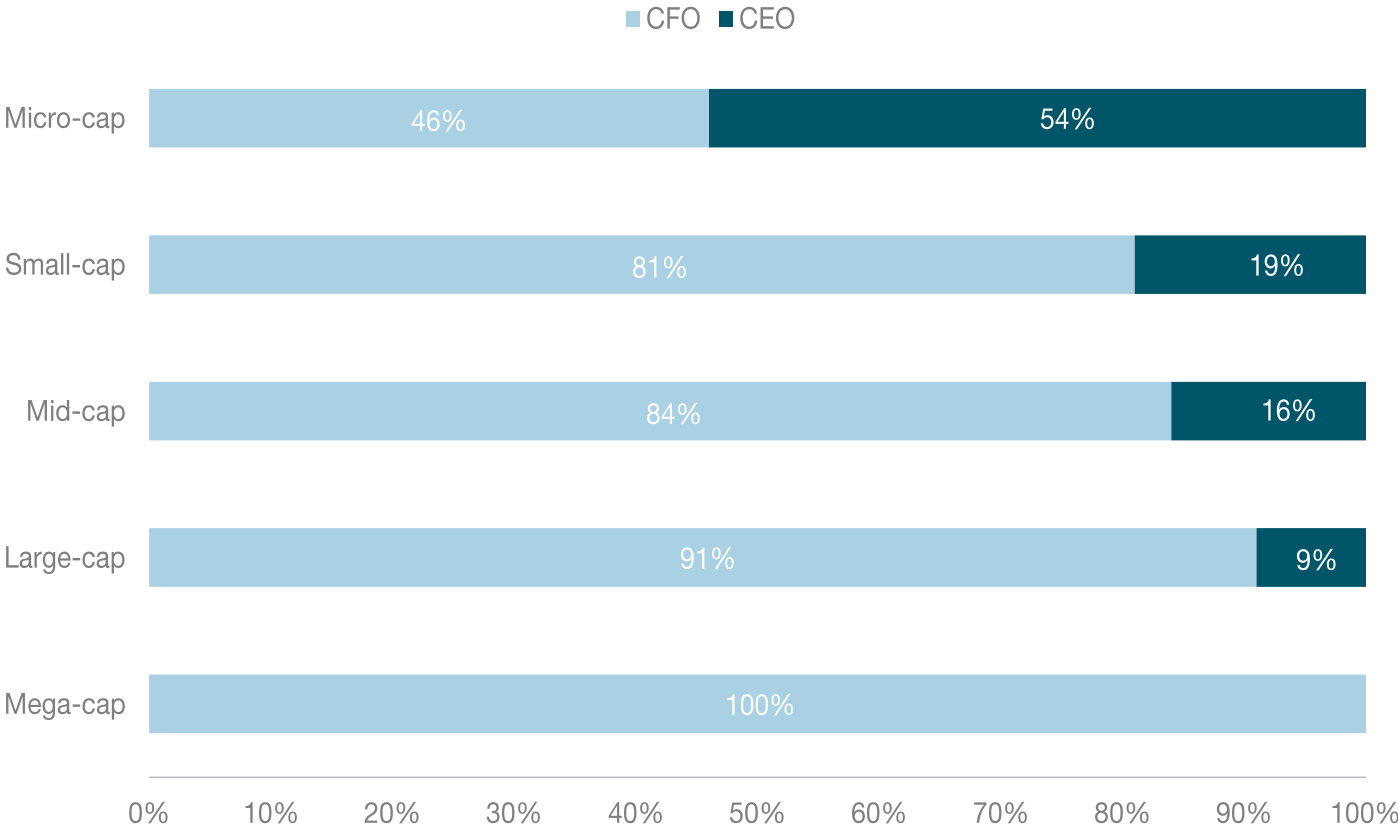
In 2016 the largest single percentage (33%) reported their total IR budget to be between \$500,000 and just under \$1,000,000. Total IR budget of an organization includes annual report costs, stock market listing fees, allocated overhead, salaries and benefits. By company size, the largest percentage of micro-caps (61%) reported a total IR budget range of \$100,000 to \$499,999 for 2016, \$500,000 to \$999,999 for small-caps (44% fell in this range), and \$1,000,000 to \$2,499,999 for mid to mega-caps (40% for mid-caps, 73% for large-caps, and 41% for mega-caps). After a slight dip in 2014, total IR budgets for 2016 have increased slightly across all market caps.



Fifty-seven percent of IR professionals report to the Chief Financial Officer (CFO), up seven percentage points in the last six years, 14 percent report to the CEO/President, and 26 percent to the Senior IRO in the department. Eight percent of respondents report to more than one

position. The ‘Other’ category consists mainly of titles such as ‘Chief Communications Officer,’ ‘Chief Operations Officer,’ ‘Corporate Controller,’ ‘General Counsel,’ and ‘Treasurer.’

IR ORGANIZATIONAL REPORTING LINES BY MARKET CAP



N=750

Reporting lines vary by both job title and market cap size, with more senior level IROs in micro and small-caps reporting directly to the CEO rather than the CFO, or to both positions. As market cap size increases, senior titled

IROs are significantly more likely to report to either the CFO, to both the CEO and CFO, or to another position (such as Treasurer, Chief Strategy Officer, or Chief Communications Officer).



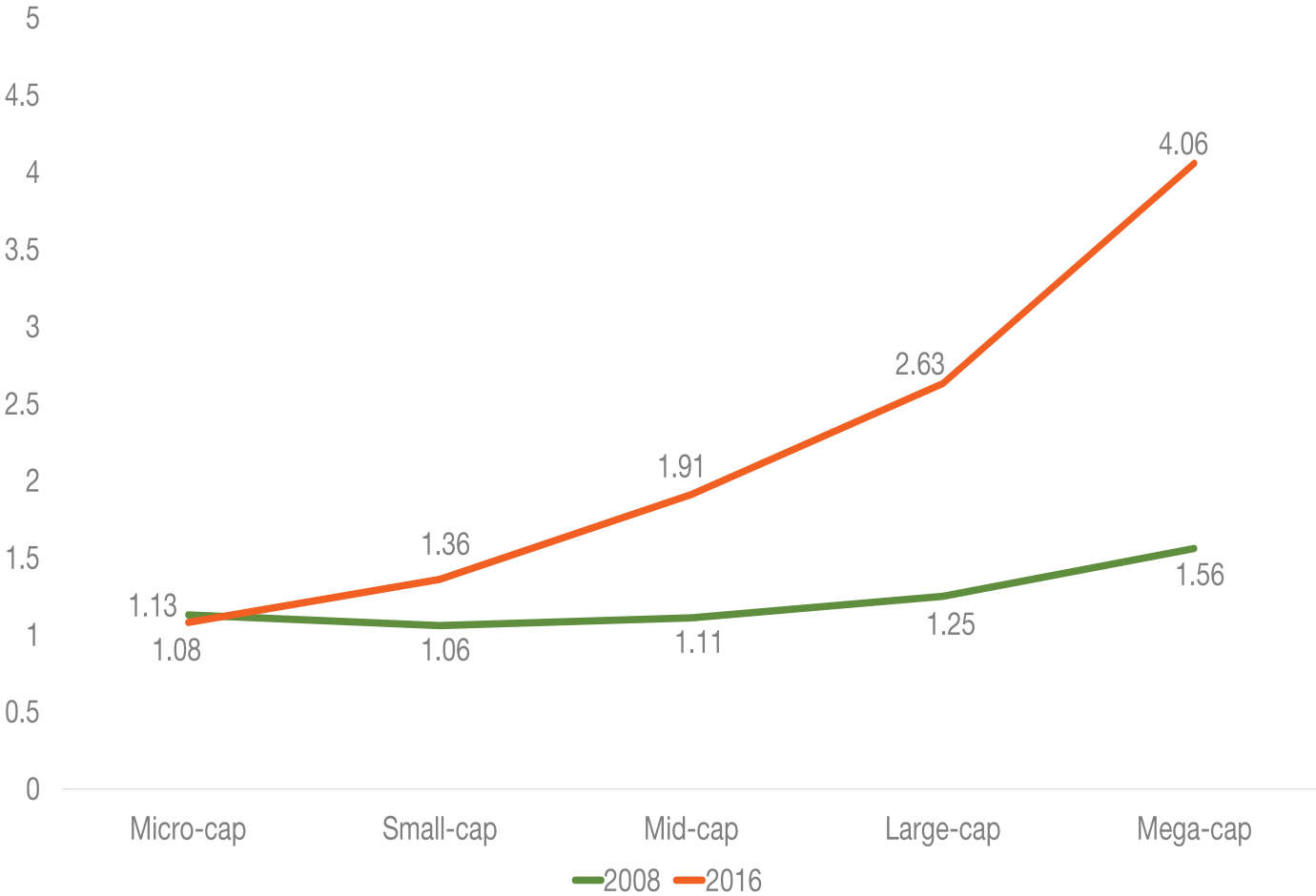
IR Staffing

In 2008 the average IR staff size was 1.15; in 2016, it is 2.11.

While average micro-cap IR staff sizes have stayed the same or even decreased slightly, other market cap IR

departments have experienced growth (although not at the same rate) over the last eight years. While small-cap company IR departments have increased approximately 28 percent, mega-cap company IR staff sizes have increased an astounding 160 percent during the same period of time.

AVERAGE IR STAFF SIZE BY MARKET CAP AND YEAR



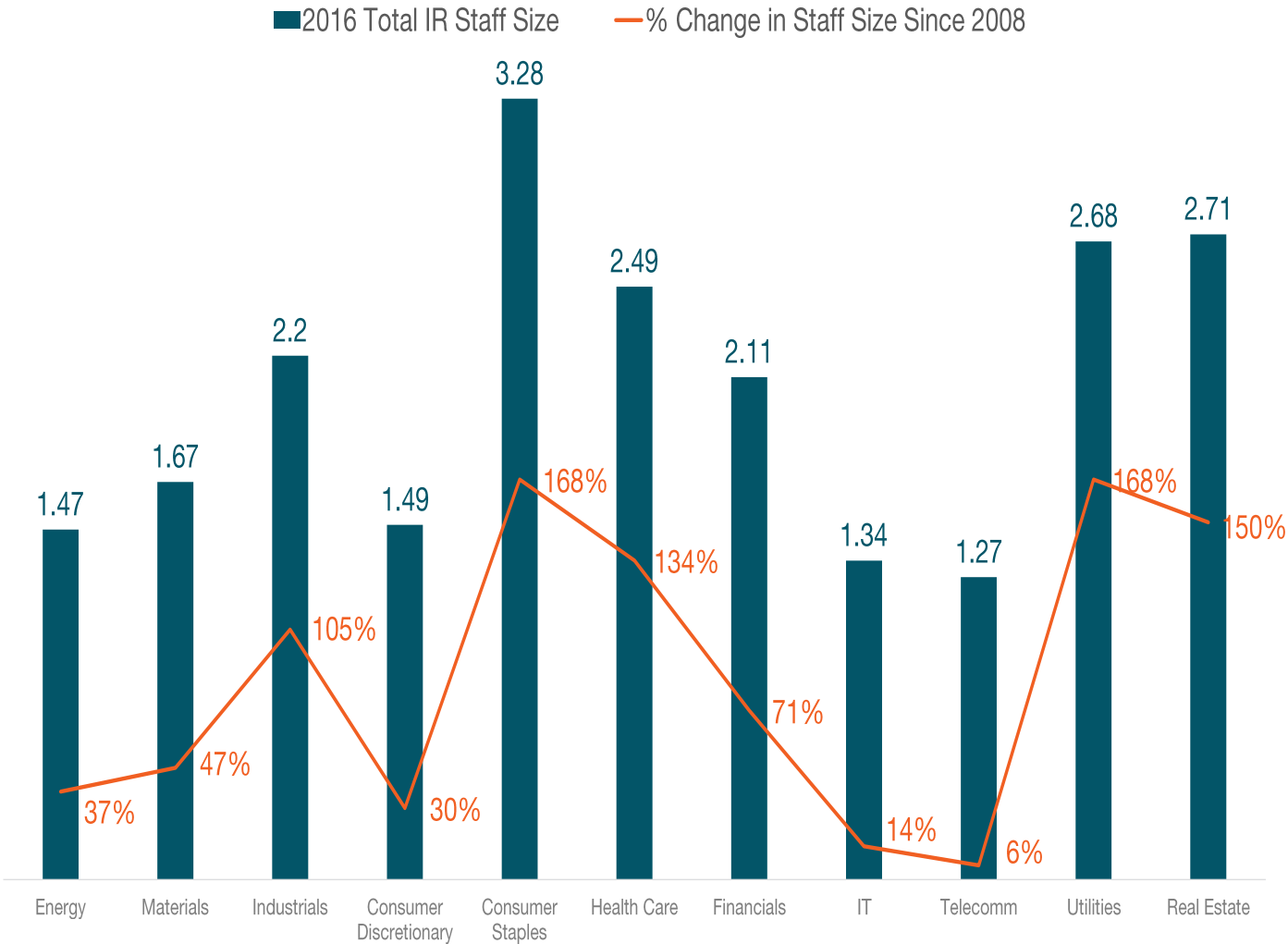
N=650



Additionally, while all sectors have experienced IR staff size growth in the last eight years, growth has not been consistent across industries. Between 2008 and 2016 Consumer Staples, Utilities, Real Estate, Health Care and Industrials all experienced staff size percent increases

of over 100 percent, while the IT and Telecomm sector experienced a 14 and 6 percent increase, respectively.

AVERAGE IR STAFF SIZE AND PERCENT CHANGE BY INDUSTRY



N=600



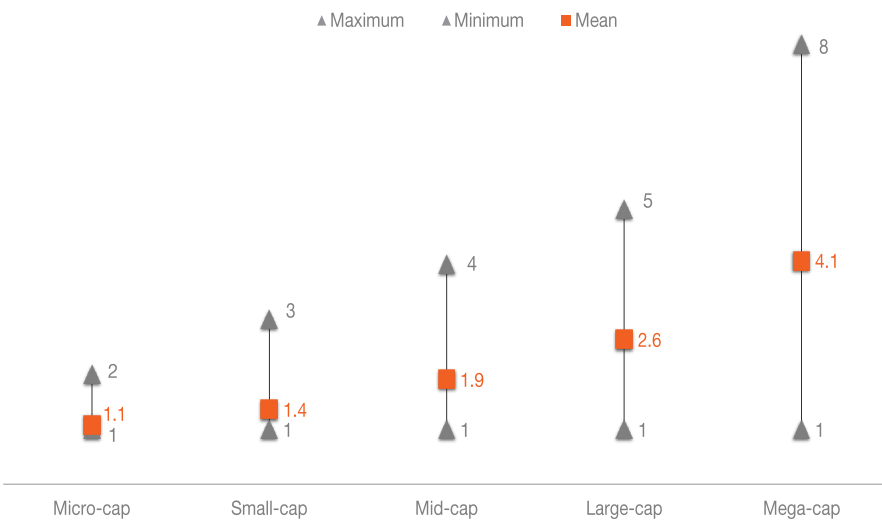
AVERAGE NUMBER OF PERSONS OCCUPYING EACH IR ROLE IN DEPARTMENT BY MARKET CAP

As noted on the previous page, average IR staff size is positively correlated with market cap size. Differences can also be seen in the average number of individuals who occupy each IR job title in a department. While the vast majority of micro and small-caps have one vice president, one director of IR, and one non-IR staff person (such as an office administrator), mid-caps typically also have one IR manager and one IR analyst. In comparison, large and mega-caps have, on average, almost two IR managers, analysts and non-IR administrative persons, respectively, in addition to one vice president and one director of IR.

Only 7 percent of IROs are in rotational positions, a three percentage point decrease since 2012. For those in a rotational Head of IR position, the most frequent length of time is three years or longer. And for rotational staff-level IR positions, the most frequent length of time is between two and three years.



NUMBER OF IR EMPLOYEES (EXCLUDING ADMINISTRATIVE STAFF) BY MARKET CAP

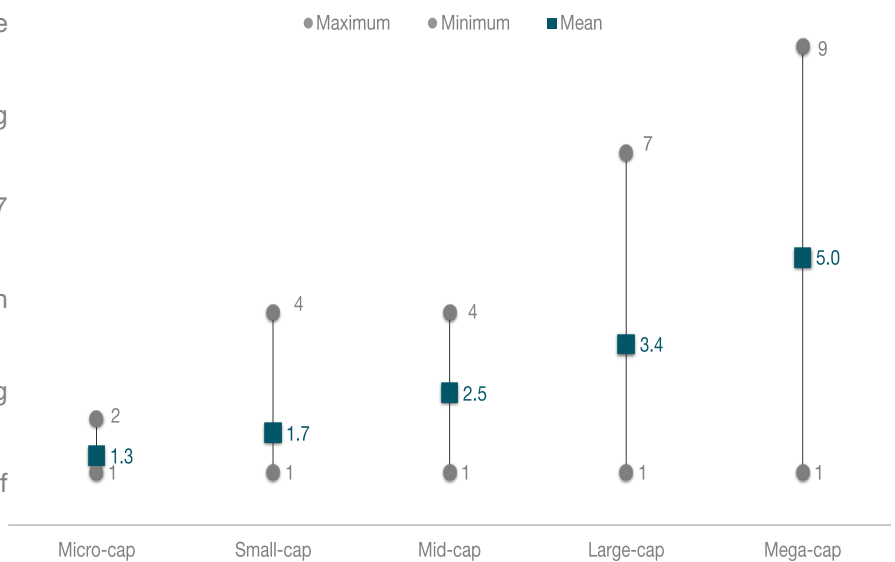


N=700

Across all market caps, the average number of IR employees (excluding administrative and 'other' staff) was 2.1 (Standard Deviation (SD)=1.35). The graph displays the mean number of investor relations employees by market cap, including the minimum and maximum number of IR employees reported by cap size.

NUMBER OF IR EMPLOYEES (INCLUDING ADMINISTRATIVE STAFF) BY MARKET CAP

Across all market caps, the average number of IR employees (including administrative and 'other' staff) was 2.7 (SD=1.76). The graph displays the mean number of all staff by market cap, including the minimum and maximum number of employees reported by cap size.



N=700



SECTION 4

Future Aspirations of IROs





Future Aspirations of IROs

Almost 60 percent of current corporate IROs plan to make IR their career profession, approximately one-quarter are undecided, and 16 percent look at their IR role as transitional. These data points remain largely unchanged since 2008. Those who previously worked as a buy- or sell-side analyst are less likely to see themselves as a career IR officer (52%

consider the role transitional, or are uncertain, compared with 38% of those who have not previously worked as an analyst). However the strongest correlation exists when years of IR experience are taken into account. Understandably, the longer an IRO remains in the field, the more likely they are to state that IR will be their lifelong career. Significant increases in this opinion happen at the five year mark for the corporate population (a jump from 26% to 40%).

PERCENT STATING THEY WILL BE A CAREER IR OFFICER BY YEARS OF IR EXPERIENCE



N=500

Most (39%) of those who report that IR is a transitional role aspire to become a CFO at some point in their career. Another 38 percent are interested in being Vice President of Finance, 24 percent would like to be Chief Strategy Officer (CSO), and 14 percent would like to be Chief Communications Officer (CCO). Only 7 percent aspire to be CEO/President. Participants were allowed to select more than one future job title.



Future Aspirations of Current IROs

CCO

14 percent would like to be Chief Communications Officer

VP Finance

38 percent would like to be VP of Finance, VP of Financial Planning and Analysis, or Treasurer





NIRI is dedicated to advancing the practice
of investor relations and the professional
competency and stature of its members.

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