

# IRupdate

JANUARY 2012

the voice of the investor relations profession

National  
Investor  
Relations  
Institute  
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## MAXIMIZING YOUR FINANCIAL BRAND



**4** Constants in an  
Ever-Changing World

**10** Moving Up to  
Number One

**14** Expanding Your Stock's  
Global Ownership





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**President/CEO & Publisher**  
Jeffrey D. Morgan

**Vice President, Communication  
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Matt Brusch

**Editor-in-Chief**  
Al Rickard  
[arickard@associationvision.com](mailto:arickard@associationvision.com)

**Advertising Sales**  
Mike Hyatt  
Coordinator, Professional Development  
703-562-7684  
[mhyatt@niri.org](mailto:mhyatt@niri.org)

**Art Direction**  
Thor Design Studio  
[colby@thor-studio.com](mailto:colby@thor-studio.com)

**Contributing Editor**  
Linda Daily

**Production Assistant**  
Angela Mumeka  
[amumeka@niri.org](mailto:amumeka@niri.org)

**Contributing Staff**  
Tammy Dang  
Robin Kite  
Michael C. McGough

#### Letters to the Editor

IR Update welcomes letters to the editor. Please send your questions, suggestions and feedback to [arickard@associationvision.com](mailto:arickard@associationvision.com).

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Founded in 1969, the National Investor Relations Institute ([www.niri.org](http://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 3,500 members representing 2,000 publicly held companies and \$5.4 trillion in stock market capitalization.

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#### For Change of Address, Contact:

NIRI-IR Update  
225 Reinekers Lane, Suite 560  
Alexandria, VA 22314-2875  
phone: (703) 562-7700  
fax: (703) 562-7701  
[amumeka@niri.org](mailto:amumeka@niri.org)  
[www.niri.org](http://www.niri.org)



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# Constants in an Ever-Changing World

Shortly after I started my first job, my brother gave me a gift – a poster picturing a rock climber with a dramatic landscape beneath. We had spent much time together doing the same. Below the picture is a quote ending “. . . persistence and determination alone are omnipotent.” Now framed and hanging in my office, it has been a constant source of motivation and inspiration.

However, in addition to “persistence and determination,” some professional guidance and support also go a long way. Which brings me to the constant in my career – NIRI. Through multiple jobs, industries, and changing IR responsibilities, NIRI has been that constant source of guidance and support. NIRI’s education, knowledge, and community have substantially advanced my IR career. I am truly indebted to this association and you, the members who make it what it is.

With this in mind, I am honored to accept the opportunity to serve our association as 2012 Chairman of the NIRI Board of Directors. As the world’s largest professional investor relations association, NIRI is looked to as the standard-setter for the profession. This role is ever more important in a world of constant change, providing IR practitioners more responsibilities and, I believe, more opportunities.

The investor relations function continues to evolve, now including corporate and financial disclosure, shareholder base management, strategic communications, corporate governance, and regulatory compliance, to start a list we all know is much longer. Management teams and boards have come to understand and value the strategic nature of IR. The IRO has grown in stature to become more than just the head of a communications function, but a trusted, strategic business executive. Who else knows the company, the business, the industry, the capital markets, and the economy so well?

NIRI, with a clear focus on its core competencies of information, practice, advocacy, and community, is your single best resource to assist in managing your expanded functional responsibilities and accelerating your career. I encourage you to become more involved with NIRI and get the most out of your membership.

What is in store for NIRI in the coming year? Together, we have already answered that. Over the past 18 months individual members, chapter leadership, the board, and staff have participated in a comprehensive organizational review, looking at all that NIRI does well and where we can, and will, seek to improve. The result is the **OneNIRI 2012-2015 Strategic Plan**. Over the coming year, NIRI will begin implementing this member-driven vision. This will be a continuing process of expanding on NIRI’s strengths, trying new ideas, learning from mistakes, and enabling the NIRI family to, quoting from the plan, “build an even more inclusive, networked, global organization throughout NIRI to lead the investor relations practice and investor relations professionals.”

As we start another year sure to be full of change, you can rely on NIRI to be your constant source of support and community. Please contact me, or any of the board members, with your thoughts, suggestions, questions, or comments.



**Derek K. Cole**

Chairman, NIRI

Vice President, Investor Relations and

Corporate Communications, ARCA biopharma

derek.cole@arcabiopharma.com

(720) 940-2163

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By Alexandra Walsh

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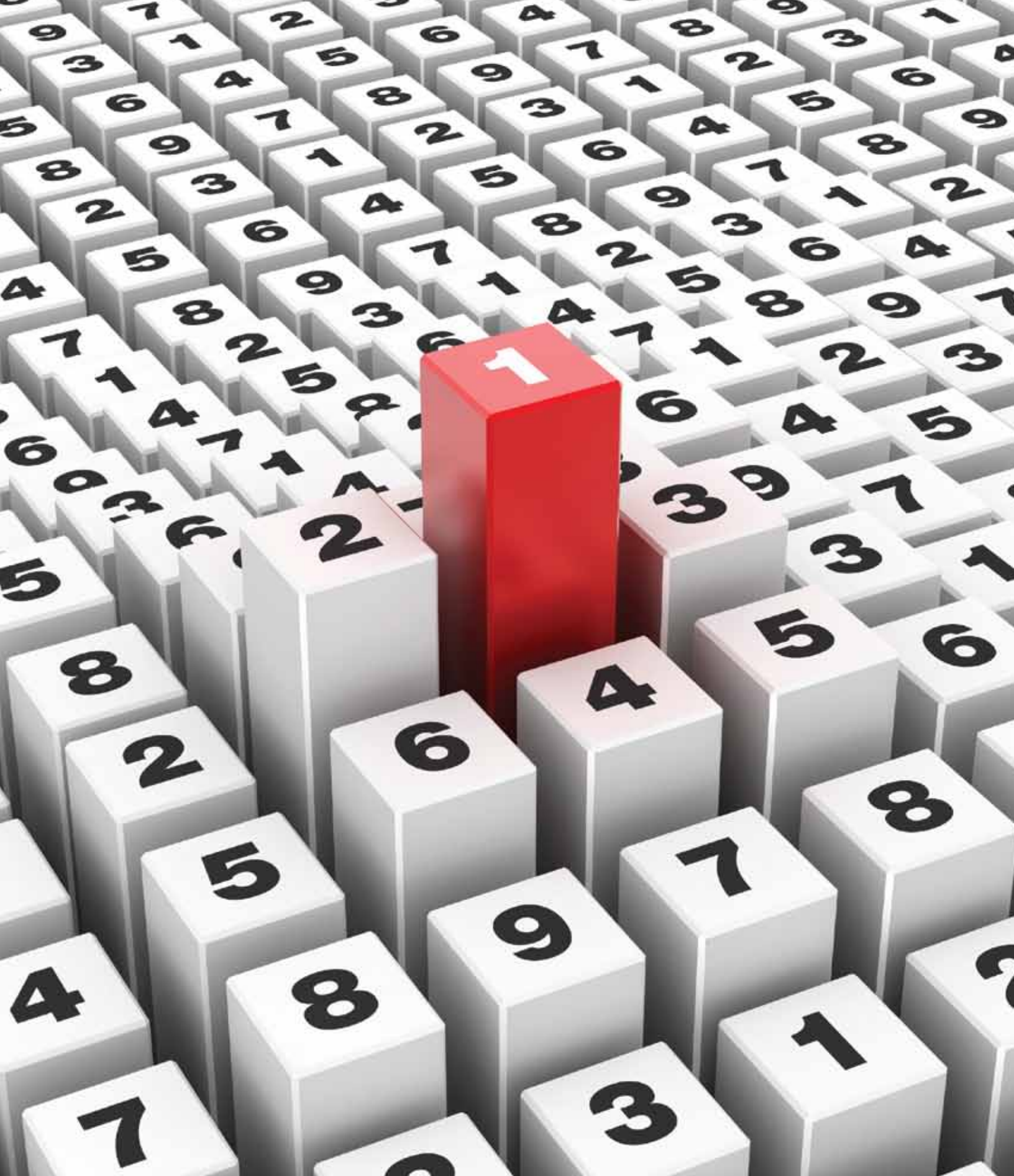
# Maximizing YOUR FINANCIAL BRAND

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Building, nurturing, and protecting  
your financial brand is just as important  
as branding the products and services  
a company produces.











**ALMOST EVERY COMPANY** has a dominant brand tied to the products or services it produces. Consumers

and potential investors see this as the public face of the company.

But does a company also have a financial brand? And if so, what does it take to create, nurture, and sustain it?

As viewed by Jay Gould, senior vice president and director of investor relations for Huntington Bancshares, a financial brand is built around the company's performance. Then there's the investor relations brand that reflects the company's investor communications reputation in such areas as transparency, responsiveness, clarity, and honesty. "Your company's disclosure and IR reputation brand falls squarely on the shoulders of the IRO," says Gould. "So in a sense, the IRO is the financial brand."

It's not difficult to buy in to the concept of a financial brand for Meg Nollen, senior vice president, investor relations, and global program management officer for H.J. Heinz Company. She approaches her job with the belief that IR is a very targeted sales and marketing program. Nollen views financial branding as a combination of IR and public relations, or how you represent yourself to the financial public.

"Every company, consumer or otherwise, has a financial brand if they choose to embrace it and that's where the intangible premium comes in," she says, explaining the intangible premium as "getting a top quartile valuation, relative to your peers, driven by management credibility and company strategy, not just financial performance."

## Investing Resources

Just as a company invests time and money creating and nurturing a consumer

brand, resources must also be committed to building the financial brand. Those resources typically fall within three categories – research, travel/investor outreach, and the caliber of the IR team.

"Everything our IR team does – from outreach to financial media resources to building our financial brand – starts with research and contributes to our understanding of what our ownership base wants," says Jeff Smith, director of investor relations at FedEx Corporation.

Smith explains that his company's research studies are not one-time events but are repeated on a periodic basis so the firm can track benchmarks over time. The benchmarking helps craft the messaging for the FedEx financial brand. "If you spend the proper time and resources at the beginning with research, you're able to set up messages that last longer," Smith believes.

"Don't wait for them to call you. You have to get on the road," says Matthew Stroud, vice president of investor relations for Darden Restaurants. "The more people you meet and build relationships with, the more influence you can have and it takes time, but that's how you build the financial brand or an IR program."

Stroud tries to visit all 32 of his sell-side analysts at least once a year as well as all the major financial markets so investors can see the faces of the company. He adds that they're always proactive about getting out and seeing investors – in good or bad times.

At some companies, the IRO is a rotational position for financial managers or a stepping stone for newer employees who have their sights set on a management position. At other companies, the IRO is considered the bedrock of the financial brand and its best resource.

Caterpillar is one of those companies where the IRO position is highly valued, and its director of investor relations,

Michael DeWalt, is its chief financial spokesperson. DeWalt says he grew up in the company along with the current group of senior executives.

"I've worked all around the company for 30 years, including two international assignments, and have an extensive financial background," he notes. DeWalt's legacy enhances the financial brand because he knows the company, is able to speak for the company, and has the confidence of its leaders. "That comes through when we talk to investors," says DeWalt. "They know and understand that the knowledge and background in IR is deep, and as a result, investors have confidence in our IR group and our financial brand."

## Making the Case

In reality, many IROs aren't considered an institutional treasure and might have to justify to their company's C-suite that the financial brand is just as important as the consumer brand and requires resources to build it. The primary tool to making the case is the provision of information – both internally and externally.

"At Caterpillar, understanding that the financial brand is critical is ingrained in the leadership and one of the things that helps is that I'm the principal conveyer of financial results internally," explains DeWalt. "I review our monthly financial results with the company's leadership team, which not only keeps me highly in tune with our numbers, it provides a two-way street for communication. I'm reviewing the financials with our leadership team, and I'm able to talk to them about how our financial results will be viewed by investors."

Externally, a strong financial brand and a proactive IR program can help increase the value of the company's stock through a consistent flow of information, says Stroud. "Wall Street hates uncertainty, so the more



information you can provide to help the financial community understand the company better and build more liquidity for the stock should lead to a stronger, more accurate valuation of the company because of better information flow.”

## Employing Branding Principles

Do the branding strategies that companies use in the consumer arena carry over to the financial side? More often than not, the answer is “yes.”

“Consumers like things that are easy to understand and don’t contain hidden costs,” says Gould. “In the banking business, this translates to transparency over things like pricing for services.” Gould explains that his company voluntarily gave

late 1990s, the company brought in an IR professional to establish the foundations of a financial brand and we set out five financial goals for the company that are still in place today,” Smith explains. He adds that just as with its consumer branding, FedEx did initial research on what its investor customers wanted and stayed with a message.

Nollen agrees that both financial and consumer branding should employ the principle of consistent messaging. She asserts that you have to understand your product and message and then place your message to attract your target audience. “If your potential buyer is Wall Street, they need the right information, they need to trust it, and they need to believe you can ultimately execute it,” says Nollen.

**The primary tool to making the case is the provision of information – both internally and externally.**

up certain fee revenue to create a smaller set of well-understood products without hidden fees and that the approach to banking has been extremely well-received by customers. “This reputation for fairness feeds our investor relations brand.”

At FedEx, consistency is the key theme with both its consumer brand and IR efforts. “If you follow our consumer brand over the years, it hasn’t changed much – our basic logo has stayed the same and our brand identification people are very cognizant and protective of that,” says Smith.

He goes on to say that a very similar approach is taken with IR efforts. “In the

## Protecting the Brand

Communicate, communicate, communicate. That’s the counsel several IROs offer their peers should they find themselves fighting to insulate and protect their financial brand in the event the consumer brand has been tarnished.

DeWalt knows a thing or two about crisis management. As the economy plunged downwards in 2009, Caterpillar’s sales and production declined dramatically and the iconic American company received a lot of media attention.


“We were confident we’d get through it but investors were worried,” DeWalt admits.

“The IR path we chose was to step up communications and be as transparent as possible.” DeWalt says they were on the road meeting with investors and talking about their finance company, liquidity, cash flow, and the actions they were taking.

He adds that in the end they achieved what they set out to do. They didn’t cut the dividend, retained their mid-A credit rating, had access to debt capital, and remained profitable. “That went a long way to bolstering the credibility of our financial brand during a very rough time.”

“In a crisis, new IROs may feel they don’t have the authority, power base, or voice to be an advocate for their investors when in fact it’s absolutely critical,” says Gould. “That’s exactly the time they need to build brand reputation internally and externally.” He also notes that in a perfect world, a financial brand is built brick-by-brick over time, but when a crisis is thrown at IROs, they can’t afford to be timid and they have to advocate. “I’ve often said that a typical IRO help-wanted ad should always include the comment, ‘No timid soul need apply,’” he declares.

Nollen sums up the financial brand as very real and very separate from the consumer brand. “The consumer brand is the product, and the financial brand is the company – its brands and its people. The company markets X and the IRO markets the company.”

As a result, Nollen believes the sky’s the limit in the IRO position and it’s up to each individual what he or she chooses to do with it. “Are you adding value and challenging the C-suite about things they haven’t thought about?” she asks. “You can be influential and strong in this role forever or it can be a launching pad into so many other things.” 

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**Alexandra Walsh** is vice president of Association Vision, the company that publishes *IR Update*; [awalsh@associationvision.com](mailto:awalsh@associationvision.com).



# MOVING UP TO NUMBER ONE

What a longtime number-two IRO learned on her journey to becoming a number one.

By Christy Linn

Moving into a number-one role seems like the natural career progression for any investor relations professional. But with a tough economy where IR departments are shrinking, more companies are outsourcing to firms, senior level IROs are retiring later, and the sell side and buy side are transitioning into senior level corporate IR roles, it's no wonder why the number-two IR professional has difficulty finding his or her way.

I remember sitting in a breakout session on "Moving to Number 1" at the NIRI Annual Conference a couple years ago. The panel had impressive credentials. The room was full. I sat beside three other longtime, accomplished number-two IROs in the audience, and after an hour of hanging on every word, waiting for the secret to becoming a number one

to be unveiled, we all looked at each other more confused than ever.

We had each taken different paths, but had all the boxes checked. What were we all missing? Was it just timing and a bit luck? Or was it simply positioning and demonstrating the strength and responsibilities of a number two in such a way that we are noticed and considered for number-one positions?

Returning from the conference and reflecting on my career, I realized it was a little of both.

## My Journey as a Number Two

My IR career started post-graduation on the consulting side with a small firm as the first employee – and a number two. We had six full-time clients from various industries, listed domestically and internationally, and were actively marketing to grow our client base. My role was far from traditional, learning and delivering on all aspects of an IR program and transaction communications plans including: going private, a spin-off, and merger-and-acquisition activities all while helping market our services.

Nearly, three years later, I transitioned into an in-house IR role. It was a company in the fast-paced and white-hot homebuilding sector that had a proactive investor relations program. We were covered by 17 equity and fixed income analysts, with investors actively trading our equity and debt instruments. With only two professionals and a support position, there was never a slow day.







As the housing market began its decline, our department became even busier, climaxing with the entry of a notable shareholder activist, and the ultimate delisting and bankruptcy of the company. In this role, I had the opportunity to execute every aspect of our IR program, and support the treasury function, learning new skills and growing as a professional.

With the IR department dissolving and five years of experience as a number two, I found myself actively looking for my next position. My search resulted in a senior number-two role as manager of investor relations at a Fortune 250 global brand. Although I had the technical experience and education, this role became an opportunity to learn large company interpersonal and organizational skills.

It was a culture shock with more people in the corporate support center than the total number of employees at my previous company, and an IR team of seven. My role had transitioned from physically doing every aspect of the IR function to managing the daily execution of our investor relations program, and working with the director to develop the IR strategy, all in a highly structured and process driven environment.

## A Focused Strategy Achieves Goal

Seven years as a number two, living in three different states, and my career path seemed so unclear. First, I thought of transitioning out of IR into another finance, strategy, or communications role. That proved to be difficult without taking a step backward despite five years of cross-functional project work.

The second choice was the waiting game. Succession planning is viable as a long-term career plan when the head IRO and the C-suite value IR and your contribution to the company's current IR program and if relocating is not an option. But with this approach comes some risk that an eventual vacancy of the number-one slot may not result in promoting the number two. Additionally, timing can be very uncertain since this approach is dependent on someone else's career rather than taking charge of your own path.

Then there was the third option, focusing only on number-one roles and broadening the search. By considering all sectors, company sizes or structures, and even locations, I opened the door to opportunities that were previously overlooked. My expanded search matched several available positions, and the interviewing process was more productive. It ultimately resulted in landing a number-one position building the IR function for a small-cap, software-as-a-service company that went public a year previously and was located in a new state.

## Insights on Success

Reflecting on my journey from a number-two IRO to number one, here are some lessons learned. I hope these insights help my industry colleagues experience success on their journeys toward professional fulfillment.

- **Highlight your accomplishments and responsibilities.** Many number-two IROs are cautious about taking credit for their contributions. It is a tricky position to communicate on paper as you balance the team environment, and still position yourself as a leader. Often employers and recruiters

are concerned that a number two does not have the experience as the ultimate decision maker, since he or she is not the department head. When describing your role and accomplishments, focus on the projects and tasks where you were the lead decision maker. More importantly, remember that your resume and interviews are your personal marketing and sales tools. So, don't be shy – take credit for a job well done. The goal is to help recruiters and the C-suite feel confident enough to take the risk of hiring a number two into that number-one role.

- **Position yourself as number-one material.** These days companies are doing less with more, and diversifying yourself will set you apart from other candidates. Professionals who seek opportunities to grow are fast becoming a standard expectation. The options are endless and often require little more than initiative and sponsorship from your manager. Taking on new projects, cross-training, rotations, and professional development, or even tackling a function within IR that you have had less exposure handling to date, will expand your reach, demonstrate your leadership, and enhance your marketability.

- **Calibrate your expectations.** The road to a number-one position is different for each of us, and sometimes timing can be a determining factor. Although you may have a wish list for the perfect position, the path may not be the one imagined. The opportunities available at the time of your search may, in fact, be the next stepping stone to that dream number-one role. Whether your next position is another number two or as a number one that is not what you initially planned, it



could be the additional experience necessary to continue your professional growth. By keeping yourself in the moment, you'll project a positive presence and open yourself to the exciting world of possibilities.

## Seizing the Moment

### • Title and compensation

**matter.** In the highly competitive hiring environment, recruiters and employers use a variety of quick questions to narrow the candidate pool, and spare no pleasantries before discussing current or last salary and position. Too high and you are over qualified, too low and you are too "junior." It can be like a game of roulette. Although these two items can be out of our control in the moment, being creative can help you remain a viable candidate.

First, demonstrate career progression in your resume. Add in a bullet about the reporting structure, any promotions, or changes in responsibility during your tenure.

Secondly, do your research on salaries to understand where you currently rank, and what would be an appropriate salary for a first number-one role. There are a variety of free tools online as well as the NIRI salary survey that will help you determine ranges for base, bonus and stock, and provide data by city, state, and country.

### • Defend your resume.

Recruiters and employers often come right out and ask the big

question: Why do you feel you are ready to be a number one? This is either the moment when you may begin defending your resume or your moment to shine. So, turn what can be the most confidence-shaking question of the process into your 30-second Super Bowl commercial. Focus on the two accomplishments you are most proud of that built your confidence to apply for a number-one opportunity.


• **Plan your strategy.** Set clear objectives and stick to them. This is sometimes easier said than done, when you find yourself looking for a new position, unless you are still in your current role. If you find yourself between positions, try to take on project consulting or temporary opportunities while conducting your search. If you elect to make a lateral move into another number-two role, look for ways you can leverage your existing talents and continue to grow professionally. Career progression is crucial to landing that number-one role – whether it is your first number-one opportunity or your dream number-one position.

### • Be honest with yourself and where your greatest opportunities for growth exist.

Knowing is half the battle; the other half is doing something about it. There are an abundance of ways to build both technical and, even more importantly, interpersonal skills. Take advantage of being the number two to learn from the senior level IRO, lead key projects, and seek profes-

sional development opportunities offered within your organization or externally.

• **Build your presence and brand.** Recruiters and employers use the Web as a primary source to find candidates, but also to eliminate applicants. By managing your online footprint it can enhance your candidacy. Two basic Web-management tips are: 1) keep online resumes and professional social media profiles current, and 2) ensure personal social media presence is limited and appropriate. Personal branding professionals are an excellent resource for more detailed suggestions on how to manage your Web presence. Next, involvement in your NIRI chapter is a great way to network with other IROs and service providers. No role is too small and help is always welcome. Lastly, build strong relationships with the Street, who can be great advocates and, along with your service providers, will assist you to smoothly transition into that new role.

As you continue on your IR journey, remain confident and positive about your talents, contributions, and skills. Taking proactive steps to managing your career, expectations, and presence will give you some control of the process, so you can focus on finding the company that is the right cultural fit for you. Moving to number one may just be right around the corner. 

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**Christy Linn** is an investor relations professional with 10 years of experience; [christylinn29@yahoo.com](mailto:christylinn29@yahoo.com)

## PROFESSIONAL GROWTH TIPS FOR NUMBER-TWO EXECS

**1** No task is ever too small or junior – become an expert in all aspects of IR.

**2** Offer to take the lead on projects, especially those that present a challenge and will help you learn a new skill.

**3** Stay current on regulatory changes and market trends.

**4** Know all your vendors and the account reps – the ones you use and the ones you don't.

**5** Look for ways to cross-train with other departments.

**6** Understand your opportunities to grow and seek ways to turn them into strengths.

**7** Build relationships with the sell side and buy side – they can be your best cheerleaders with the C-level.

**8** Network with external and internal recruiters even when they are not actively looking for candidates.

**9** Stay actively involved with professional organizations and contribute in creative ways.

**10** Take charge of your personal brand and Internet presence.





# EXPANDING YOUR STOCK'S GLOBAL OWNERSHIP

Targeting international investors is different than outreach in the United States. However, patience, diligence, and relationship-building can pay off.

By Nicole Noutsios and Erik Bylin



**A** research analyst once told me a story about a trip he took to Scotland with a client.

While making idle conversation, the analyst asked the portfolio manager the longest his firm had held a stock. The answer: 26 years.

The research analyst asked if he currently held any stocks that he thought his firm would hold for a similar period into the future. The portfolio manager said there were and started talking about long-term global food supply patterns.

It is this type of anecdote of long holding periods and insightful, long-term perspective that leads many IROs to believe that Europe is a haven for thoughtful, long-term investors.

In addition to the long-term profile of overseas investors, there is a trend toward

globalization of institutional assets with more capital being allocated to U.S. equities from abroad. Targeting overseas funds will enable you to expand your stock's exposure and broaden your shareholder base.

"As overseas firms compete for funds to invest, they are increasingly mandated by their clients to invest capital in foreign markets," says Lance Spacek, global head of corporate access for Deutsche Bank. "This has led to a much deeper pool of overseas investors seeking investment in U.S. equities. This trend reached critical mass in the last five years and accelerated in the last two to three years with investment personnel moving overseas."

Data supplied by Ipreeo further substantiates this trend. According to public filings, the percent of European equity assets in U.S. companies has risen from 12.6 percent to 20.2 percent during just the last five years.

While data for Asia is limited, many believe the relative growth there is even faster.

Justin Vieira, director of corporate analytics at Ipreeo, who studies these global ownership patterns, believes that there are a few trends that have fueled this increased interest in U.S. securities over the last few years, including, "value hunters' attraction to historically low valuations, European and Japanese investors looking outside their native countries for diversification and additional growth, and an increase in investable assets from emerging markets and the gradual loosening of investing regulations."

## Identifying Opportunities

When considering global investor outreach, Europe and Asia are the two principal areas of growth for U.S. companies. Recent research from Ipreeo (see charts, "U.S. Holdings by International Investors")

## U.S. Holdings by International Investors

PUBLIC OWNERSHIP INFORMATION AVAILABLE AS OF 11/15/11

Institution	Equity Assets (\$mm)	Turn-over (%)	Style	City	U.S. Holdings (\$mm)
Norges Bank Investment Management (Norway)	278,370.1	24.7	Value	Oslo	90,798.9
BlackRock Investment Management (U.K.), LTD	253,086.9	22.2	Growth	London	53,734.3
Sumitomo Trust & Banking Co., LTD	47,885.2	87.2	Value	Tokyo	43,562.8
Mitsubishi UFJ Trust & Banking Corporation	33,020.5	34.6	Growth	Tokyo	31,968.9
J.P. Morgan Asset Management (U.K.), LTD	79,841.9	50.7	Growth	London	26,948.4
Fidelity International Limited - FIL Investment Services (U.K.), LTD	74,440.7	46.7	Growth	London	26,303.5
UBS Global Asset Management (Switzerland) AG	58,701.5	32.7	Yield	Zürich	25,568.0
APG Algemene Pensioen Groep N.V.	84,112.0	22.8	Yield	Amsterdam	23,038.3
Mizuho Trust & Banking Company, LTD	23,448.0	11.9	GARP	Tokyo	22,252.2
Blackrock Japan Company, LTD	30,120.3	38.7	Growth	Tokyo	20,770.7
HSBC Global Asset Management (U.K.), LTD	32,614.2	53.1	Growth	London	16,856.5
Baillie Gifford & Company	51,371.2	26.8	Growth	Edinburgh	15,509.1
Pictet Asset Management S.A.	31,195.4	32.3	GARP	Geneva	14,351.0
Mitsubishi UFJ Asset Management Company, LTD	32,275.3	48.4	Growth	Tokyo	14,223.9
AXA Investment Managers (Paris)	36,735.6	37.6	Growth	Paris	12,500.4
Walter Scott & Partners, LTD	20,733.0	18.7	Growth	Edinburgh	12,265.2
Schroder Investment Management, LTD	63,202.7	41.4	GARP	London	12,254.7
DWS Investment GmbH	52,001.5	52.8	Value	Frankfurt	11,159.9
Threadneedle Asset Management, LTD	39,123.7	43.7	Growth	London	10,463.4
Amundi Asset Management	53,834.4	32.9	Value	Paris	10,366.4

SOURCE: IPREEO



and “Historical Global Investment in U.S. Securities”) indicates that key firms in Asia and Europe are investing significant amounts of capital in U.S. public companies.

If you are beginning international outreach, Europe is the most logical place to start, as it is a deep market with many cities worth visiting and is often the easiest logistically for U.S. companies. The top investor outreach destinations in Europe are London, Frankfurt, Switzerland (Geneva and Zurich), and Scotland (Glasgow and Edinburgh). Paris, Oslo, Dublin, and Stockholm constitute a solid second tier where there are substantial assets, but assets can be more concentrated in fewer accounts. In addition to the numerous bank-sponsored conferences hosted in Europe, many companies note that the NASDAQ investor conference in Europe is always well-attended. This conference can be a good launching point for a several-day road show throughout Europe.

When marketing in Asia, Tokyo, Singapore, Beijing, and Hong Kong are good cities in which to start. Korea and Taiwan are also worth considering if you want to broaden your outreach. A pan-Asian road show can be physically demanding, with extensive travel to get to the region followed by flights of three-to-four hours between investment centers.

As a means to lessen this travel burden and start building relationships, many companies choose to attend an investor conference in the region. Many banks, including Deutsche Bank, UBS, Morgan Stanley, and CSLA, hold investor conferences in this region. Companies often send a senior IRO first, to ensure investors are educated on the story prior to allocating management time.

When determining cities to visit, it is important to keep your company’s global presence in mind. Especially in Asia, you will have the most success if you have solid brand recognition and operational pres-

ence in the area. Natalia Kanevsky, who runs Intel’s Asia investor outreach program, explains, “This is not true for all companies, but I noticed that our company gets a lot of interest from Asian investors because we have a global brand, with sales and manufacturing in the region.”

## Challenges to Overcome

Executing a global investor targeting program is a long-term investment. It takes patience and diligent planning to be effective. Repeat trips overseas and follow-up conference calls may be necessary since many international investors require time to take a position in a company’s stock.

“You have to touch these accounts a few times before they will do anything,” says Reuben Gallegos, who runs the European outreach program for Intel. “For instance, in Switzerland and Scotland, we put in extra efforts to this region and got traction.”

The ideal way to embark on a European or Asian outreach program is to make more than one trip per year to see investors. Most IR departments plan well in advance to ensure they are effectively using management’s time before taking them abroad. When companies go overseas with management, they often schedule investor meetings in conjunction with a corporate trip to meet with customers and the media or attend to other business functions.

For over a decade, Cisco has had a senior IR executive dedicated solely to international investor relations. Currently Matt Hardwick, senior manager, international investor relations, holds this role for the company and is based in London, but his coverage expands anywhere outside the United States.

Cisco has an active international program that consists of an international IR day, two road shows in Europe and Asia, more than six global investor conferences, and bus tours along with extensive use

of telepresence technology to hold virtual investor briefings.

“Using technology has expanded our reach and negated some of the travel challenges,” Hardwick explains. “For instance, for some key investors we wanted to target in Europe, IR was able to start the education process with investors and go through the quarterly numbers, freeing up management time to talk to the overall company strategy. Another example: during our last road show in Asia we put our feet on the ground in Tokyo and Singapore, but used telepresence to meet investors in Beijing, Hong Kong and Shanghai. We received strong, positive feedback from investors who could see our technology in use and have, over time, become accustomed to this virtual briefing.”

Identifying the best investors for your company’s profile is critical. The same rules of diligence apply in developing international road shows as for domestic ones – in fact, more so, given the potential lack of quality investor intelligence on the investor audience. You need to research who you are meeting and make sure they can invest in your company. For instance, there are investors in Asia that are restricted from buying U.S. stocks.

“When I held my first road shows in Asia, I felt like some of the investors were not interested in investing in U.S. companies or their investment remit did not allow them to, but they were far more interested in our supply chain and gauging end-demand for technology,” Hardwick recalls. “I learned over the years that we need to be very particular about who we meet with and challenge the broker organizing the road show to confirm that each meeting truly represents a potential investor that has a global investment focus. When I market abroad, I almost always use a bank to assist with logistical hassles, but I always give



them a list of investors that I have thoroughly researched.”

## Measuring Your Results

Measuring the effectiveness of your global outreach program can be challenging, because international investors do not have the same reporting requirements as U.S. companies. Many companies that have active international IR programs use surveillance in Europe, but for Asia you need to rely on other sources of measurement. A common method to judge progress in Asia is to contact the target directly, solicit feedback on the meeting, and then ask them if they have picked up shares.

“Our department has regular reviews of our progress, but, with international IR, measuring progress can be tricky,” says Reuben Gallegos, investor relations man-

ager for Intel. “We do use surveillance, but we have a heavy focus on getting direct feedback from investors. After meetings and road shows, either I will call or I would have the firm who managed the outreach find out the investors’ holdings and their general impression of the meeting. If we are not held or under-owned compared to peers, we need to understand why.

“Over time we have experienced solid results with international investors moving into our stock. For instance, we had a number of long-term shareholders in Europe take sizable positions in Intel in 2009 when the stock was depressed. And it gets our attention when investors buy that much stock. We have been tracking our progress and, based on our data, we have 18.9 percent ownership from Europe, up from 8 percent six years ago. And for the

most part, these are long-term shareholders with a value bent.”

There are a number of reasons why companies should expand their investor targeting program overseas, but there are a broad set of challenges to consider. The preparation required is more substantial, the playing field is certainly different, and the trips can be arduous. Once relationships are established, it takes diligence, persistence and even technology to sustain them.

The reward, however, can be considerable for your shareholder base. And, as investors increasingly take a global perspective, the audience will continue to grow even more receptive to investing in U.S. companies. **IRU**

**Nicole Noutsios** and **Erik Bylin** are principals with NMN Advisors; [nicole@nmnadvisors.com](mailto:nicole@nmnadvisors.com) and [erik@nmnadvisors.com](mailto:erik@nmnadvisors.com).

## Historical Global Investment in U.S. Securities

FIGURES REPRESENT BILLIONS OF U.S. DOLLARS. PUBLIC OWNERSHIP INFORMATION AVAILABLE AS OF 11/15/11

	2006	2007	2008	2009	2010	Nov. 2011	Country	Region
London	243.1	279.1	184.0	285.8	371.7	362.4	United Kingdom	Europe
Tokyo	25.7	30.4	25.5	94.9	137.9	172.6	Japan	Asia
Oslo	38.6	62.7	41.3	73.9	100.3	98.8	Norway	Europe
Paris	32.5	46.0	21.7	47.3	51.6	62.0	France	Europe
Zürich	36.2	41.9	25.5	32.3	43.5	44.0	Switzerland	Europe
Edinburgh	15.1	19.1	12.7	24.1	38.8	37.4	United Kingdom	Europe
Stockholm	26.1	26.5	15.8	22.4	32.4	30.3	Sweden	Europe
Frankfurt	31.8	30.9	17.5	24.3	29.0	28.8	Germany	Europe
Amsterdam	22.5	29.3	18.4	26.5	31.3	27.7	Netherlands	Europe
Dublin	21.0	27.9	17.3	20.5	22.6	20.9	Ireland	Europe
Copenhagen	18.0	18.1	11.3	18.6	21.4	20.5	Denmark	Europe
Sydney	1.9	4.3	3.1	5.2	15.6	18.3	Australia	Pacific
Geneva	20.1	23.7	14.3	17.4	19.6	17.7	Switzerland	Europe
The Hague	8.2	8.3	6.6	10.4	10.0	10.2	Netherlands	Europe
Brussels	8.2	9.7	5.1	7.5	8.2	7.5	Belgium	Europe
Beijing	0	0	0.2	5.8	9.7	7.3	China	Asia
Milan	6.3	6.0	3.8	5.7	6.5	5.9	Italy	Europe
Luxembourg	4.3	4.2	2.8	4.3	5.7	5.7	Luxembourg	Europe
Seoul	0	0	1.8	4.1	5.5	5.2	South Korea	Asia
Singapore	1.5	5.5	3.7	6.2	9.0	3.6	Singapore	Asia

SOURCE: IPREO



## New Members Join NIRI Board of Directors

NIRI Board Chair Derek Cole welcomed four new board members at the November 29, 2011 NIRI Annual Meeting for the 2012 – 2015 term.

They include:



**Robert M. Burton**, managing director, financial communications, at Lambert, Edwards & Associates in Grand Rapids, Michigan.



**Mark J. Donohue, CPA**, senior director of investor relations and corporate communications, at IMPAX Laboratories in Chalfont, Pennsylvania.



**David B. Myers**, vice president, investor relations, at Express Scripts in St. Louis, Missouri.



**Deborah K. Pawlowski**, president and CEO of Kei Advisors in Buffalo, New York.

## On the Move



**Donna J. Kinzel** has been promoted to vice president, investor relations, at Pepco Holdings. She joined Delmarva

Power, a Pepco Holdings utility, in 1990 and advanced through a number of positions before being named director, investor relations, in August 2004. In addition to investor relations, her responsibilities have included treasury operations, planning, budgeting, and financial analysis.



**Jon Puckett, CPA**, has been appointed vice president of investor relations at Celanese Corporation, a

global chemicals company. Puckett previously worked at Affiliated Computer Services, a subsidiary of Xerox, where he led the investor relations function before being promoted to senior vice president and divisional CFO. Before that, he held management positions at KPMG, Nokia, and PwC.

Please send "On the Move" announcements to *IR Update* Editor-in-Chief Al Rickard at [arickard@associationvision.com](mailto:arickard@associationvision.com).

## Quick Takes

What do you do to relax after a stressful period at work?



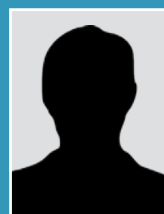
**Derek Cole**, VP, Investor Relations and Corporate Communications, ARCA biopharma

► "Beach . . . Cabo San Lucas . . . nothing else need be said."



**Doug Wilburne, CFA**, Vice President, Investor Relations, Textron

► "Read *IR Update* with a little Crown Royal. Just kidding – I would play my trumpet and then ride on my 2003 Harley V-Rod!"



**Anonymous**

► "Surf the careers section of the NIRI website."

"Quick Takes" is a new column in *IR Update* that features brief comments from IR professionals in response to a question. If you would like to be featured in this column, contact *IR Update* Editor-in-Chief Al Rickard at [arickard@associationvision.com](mailto:arickard@associationvision.com).



## NIRI Has a New Home

NIRI has moved to a new headquarters. The new contact information is shown below. E-mail addresses and the website remain the same.

225 Reinekers Lane, Suite 560  
Alexandria, VA 22314-2875  
P: (703) 562-7700  
F: (703) 562-7701

## A Chapter for Your Life

### Are you involved in a NIRI chapter?

Located in all major U.S. financial centers, with regional chapters and the Virtual chapter representing broader areas, NIRI chapters provide excellent local education and networking opportunities.

Members who are traveling are encouraged to visit other chapters – for a chapter event calendar, go to [www.niri.org/chapters](http://www.niri.org/chapters) and click on “Chapter Event Listing.”

## Professional Development Calendar

For program information and registration, visit [www.niri.org/learn](http://www.niri.org/learn).

### January 2012

- 8-11** Fundamentals of Investor Relations seminar, Santa Monica, CA
- 12** Writing Workshop for IR seminar, Santa Monica, CA
- 13** Creating Powerful Investor Presentations seminar, Santa Monica, CA

### March 2012

- 19-20** Finance Essentials for Banking and Financial Services Industry, New York, NY
- 21** The New Capital Markets seminar, New York, NY

### June 2012

- 2** Writing Workshop for IR seminar, Seattle, WA
- 3-6** NIRI Annual Conference, Seattle, WA
- 25** Crisis Communications and Media Management seminar, New York, NY
- 26** Finance 101 seminar, New York, NY
- 27-28** Finance Essentials for IR seminar, New York, NY



### NIRI CAREER CENTER

“I recently applied for a position on the NIRI career site, interviewed, and was offered the job. I never would have found this opportunity without NIRI.”

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Go to [www.niri.org/action/CareerCenter](http://www.niri.org/action/CareerCenter) for more information or contact David Meisner at [dmeisner@niri.org](mailto:dmeisner@niri.org)

#### Members can...

- Search job listings nationwide
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- Access the NIRI/Korn Ferry IR Compensation Survey

#### Companies with job openings and recruiters can...

- Post job listings for a fee
- Search member resumes





# What Makes a Great IRO?

Greatness lies within all of us. We just need to bring it out.

“Being a great businessperson will help make you a great IRO,” Aaron Hoffman, vice president of investor relations and corporate communications, at Corn Products International, said in a September 2011 NIRI-sponsored webinar entitled “What Makes a Great IRO?”

“To be great, you really need inside-out knowledge of your company, its peers, and the industry in which it operates,” panelist Nicole McIntosh, vice president of investor relations at Waddell & Reed Financial, added. “You want to be an expert and aim to be that go-to person, not only for your investors, but also your management team as well as your board of directors.”

Moderator Jay Gould, senior vice president and director of investor relations at Huntington Bancshares, has met and worked with outstanding IROs from all types of backgrounds. He believes great IROs thrive on the uncertainty and unstructured, master the hard and soft skills, continue learning, create a “corporate culture” that embraces effective investor relations, and of course, have fun.

## Invest in Connections

According to McIntosh, the corporate culture greatly dictates your success. She recommends understanding the limitations of your position and getting buy-in from management. To make sure everyone is on the same page, she discusses her IR plan with the executive team on an annual basis. “Don’t just be a mouthpiece for management,” she advised. “Get connected to people who manage your service products and understand what they are doing.” Be inquisitive.

Hoffman likes to have regular interaction with people in the business by getting out

**Get connected to people who manage your service products and understand what they are doing.**



of the “ivory tower,” visiting plants, going on sales calls, and attending trade shows. He also listens to how management tells the company story. They are the teachers. “I ‘steal liberally’ from these folks to make their story my own,” he said.

When Hoffman interacts with investors, he has to be the voice of management so that his CEO and CFO can run the company. Yet, because companies are not perfect, it’s also imperative to wear the analyst hat. “Bring information back in to management and think like an analyst,” he noted.

Having the business confidence and acumen to give constructive feedback and not pander to management is important. Helping investors understand the business fundamentals is critical so that they can properly do their jobs.

## Bring Value

“To be viewed as a member of the executive group, you must bring value,” McIntosh added. “Be clear, concise, and uniform.”

This means giving the same message and core story to everybody. Communication is not about the public relations spin, but

responsiveness through the good and bad times – crucial to building trust. “Credibility is earned over time, but lost in a moment,” she cautioned.

According to McIntosh, investors will figure out very quickly if you are just paraphrasing management or are a part of building the company’s future. Understand the motivation behind the questions that are asked. Be responsive, extremely accessible, and listen to investors as their voices are important in crafting the company message. McIntosh’s CEO, Henry Herrmann, a 50-year veteran of the investment industry, has one nugget of wisdom: “Your investors will forgive almost anything, except neglect.”

According to Hoffman, when things get rough, you’ve got to be that calming force with internal and external constituents. “Having credibility internally and externally is the ultimate metric of being a great IRO,” he said.

For more information about future webinars, please visit [www.niri.org/webinars](http://www.niri.org/webinars).

*Contributed by Tammy K. Dang, manager, professional development, at NIRI; [tdang@niri.org](mailto:tdang@niri.org).*





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- ▶ Finance 101 Seminar
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- ▶ Finance Essentials for Banking and Financial Services Industry
  - March 19-20, New York, NY
- ▶ The New Capital Markets
  - March 21, New York, NY
- ▶ Writing Workshop for Investor Relations
  - June 2, Seattle, WA
- ▶ Crisis Communication and Media Management
  - June 25, New York, NY
- ▶ Finance Essentials for IR
  - June 27-28, New York, NY
- ▶ Fundamentals of Investor Relations
  - September 9 – 12, Boston, MA
- ▶ Regulations 101
  - September 13, Boston, MA
- ▶ Creating Powerful Investor Presentations
  - September 14, Boston, MA



# IR in a Post-Galleon World

An increased need to reach out to governance and proxy staff at investment firms is just one emerging communications trend for IR professionals.

“The real title of this presentation,” said Boris Feldman, “is ‘The Death of IR as We Know It,’ but I didn’t think anyone would come to hear it if I called it that.”

And with those words, the San Francisco chapter kicked off a recent meeting. An attorney for Wilson Sonsini Goodrich & Rosati, Feldman is a well-known securities litigator and acknowledged disclosure expert, having defended more than 170 shareholder class actions and derivative suits for clients such as Genentech, Facebook, and Hewlett-Packard.

While Feldman might have pulled a fast one on the title, he did provide insight into the changes IR practitioners could expect in the wake of the Galleon insider trading scandal. His reflections and examples suggest investor communications needs to be conducted with a new set of constituents.

Why? It all begins with Regulation FD.

“Reg FD has been an unmitigated success,” Feldman said. “It’s performed almost flawlessly.”

Today, we simply don’t see FD violations that are being prosecuted unless they are “laugh-out-loud stupid.” Instead, problems occur in unplanned scenarios – it’s when a CEO is cornered after a conference breakout session, or a sales rep speaks too freely on a call and the IRO scrambles to file an 8K to cover the disclosure.

## Info Flow Forces Change

The Galleon case, however, added a new level of complexity to disclosure, especially with regard to the so-called “mosaic theory,” where a trader or analyst compiles enough information from various sources to

make an investment decision with the kind of confidence an insider tip might provide.

So how do IROs and company executives need to change their behavior?

With tongue only loosely in cheek, Feldman offered, “Don’t talk to hedge funds. And buy-side analysts aren’t much better.”

In a more serious vein, he pointed to a growing set of resources that are supplying information typically associated with the role of an IRO: corporate websites, recorded conference calls, webcasts, and IR pages featuring a variety of information sources. In some ways, today’s publicly disclosed information flow is so good that it forces the IR profession to change. “If your website is good, there’s almost no reason for the average investor to call you.”

## Reaching New Constituents

While Feldman doesn’t see the one-on-one meeting going away, or the end of phone calls to explain a financial or operational detail, he also doesn’t see this kind of communication as defining to IR as it has in the past. He recommends IROs more aggressively pursue discussions with corporate governance and proxy staff at investment firms.

“There’s a huge disconnect between public companies and corporate governance analysts at investment firms,” Feldman said. “You’ve all built relationships with equity analysts, and they understand your company. But corporate investor governance committees usually don’t.”

The Dodd-Frank Act has also created even more reasons why public companies and governance committees at investment firms need to communicate. How investors vote on what

he called “anti-executive statutes” like “Say-on-Pay” are directly influenced by what these committees know about the companies they are voting on, and their view of corporate management. At larger institutions, the proxy review staff and analysts often don’t speak, so the only way proxy review staff is going to find out more about the company and the issues being voted on is if IR professionals reach out to them directly.

Complicating matters, Feldman warned, the increasing reliance on so-called corporate governance watchdog organizations is likely to generate uninformed and rubber-stamp types of voting practices. In his opinion, many of the watchdog firms don’t have a deep enough bench of experienced analysts to cover all public companies in a comprehensive or accurate way.

“And since no one ever got fired for voting a proxy according to these recommendations,” he said, “governance committees aren’t necessarily incentivized to reach out on their own.”

That’s where the role of IR has to be expanded and defined. Among the issues to grapple with are how the IR role differs from standard proxy solicitation or what the internal legal department already does.

But no matter how the job description is ultimately written, the Galleon case and others will force information flow to become more standardized and less reliant on the IRO, if only to mitigate risk, believes Feldman. On the plus side of the equation, however, there is a greater need to develop relationships with respect to proxy voting, and that’s a balance he thinks will define IR in the future.

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Contributed by **Christiane Pelz**, vice president, investor relations, Safeway, and **David Stickney**, vice president, investor relations/corporate communications, American Reprographics Company; [christiane.pelz@safeway.com](mailto:christiane.pelz@safeway.com) and [davidstickney@e-arc.com](mailto:davidstickney@e-arc.com).



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A photograph of the Seattle skyline at night, featuring the Space Needle prominently on the left. The city lights are visible in the background against a dark blue sky.

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