

IRupdate

MARCH 2013

the voice of the investor relations profession

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EXTREME IR

Think your IR job is tough?

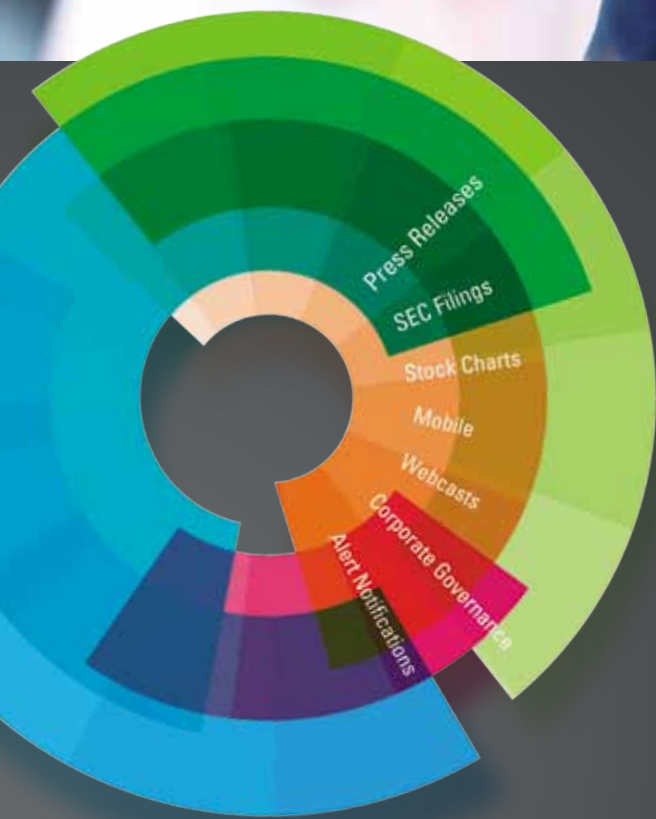
Try working at a financial services company where regulations are magnified and potential investors still bear the deep scars of the Great Recession.

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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.

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NIRI to Conduct Certification Feasibility Study

Should IR professionals have the option to become certified? A certification program is designed to test the knowledge, skills, and abilities required to perform a particular job. Upon passing an exam, certification represents a declaration of an individual's professional competence.

Individuals enter the investor relations profession via many career paths, including finance, communications, Wall Street, and so forth. IR professionals around the world have for years discussed the need for a meaningful certification – one ensuring that the diverse individuals in our profession understand baseline job-function concepts. These professionals have looked to NIRI to develop such a program.

Research Project Moves Forward

Based on the results of our exhaustive OneNIRI strategic planning process, and our recent member needs assessment, the NIRI Board has determined that it is appropriate to conduct an IR certification feasibility analysis. So NIRI is moving forward with an extensive, job-analysis research project comparing and contrasting professional practices among IR professionals with an eye toward developing a certification exam. This IR job analysis would define the framework and composition of an exam, as well as fuel NIRI's ongoing Standards of Practice development. To my knowledge an analysis such as this has never been conducted in our community before; an analysis that would ultimately result in the most accurate, meaningful, and independently accredited IR certification program.

Completed Surveys a Must

This is where your help is so critical to the process.

We will reach out to you – our members -- to complete an extensive survey of how the investor relations function is accomplished in your company. In some cases, this analysis might take more than an hour to complete. Your time is valuable, so I would expect it might take you several sittings to complete this thorough evaluation. **I am asking you to please fully complete this evaluation, as only fully completed surveys can be accepted.**

Your completed job analysis will help to build a true picture of the competencies necessary for successful investor relations. Ultimately, this information will be the basis for a decision to launch a NIRI-supported IR certification program.

On behalf of the NIRI Board,
please accept our thanks, in
advance, for your participation.




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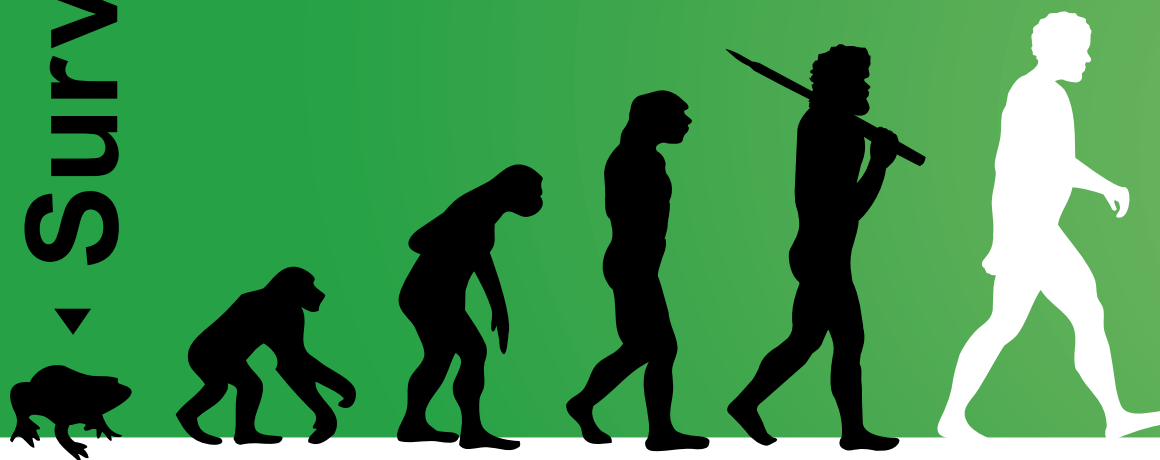
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EXTREME

Think your IR job is tough? Try working at a financial services company where regulations are magnified and potential investors still bear the deep scars of the Great Recession.

By John Brinkley



Equities are a hard sell for anybody these days, for several reasons. But investor relations professionals for financial services firms may have it tougher than anyone else.

In the aftermath of the 2008 financial crisis and the global recession that followed, Wall Street bankers and traders have been vilified for allegedly reckless behavior and subordinating investors' interests to their own lust for profits. Consequently, most of the publicly traded financial services firms that survived the crisis saw their stock prices sink like a stone and they're still waiting for them to come back up.

Making matters worse is that Wall Street was the whipping boy for many political candidates this past year – including Senator Elizabeth Warren (D-MA), who based her campaign on populist anger at the financial services industry.

There is also the fact that the crisis led to another layer of financial rules and regulations being added to an already voluminous list of them.

That leaves a lot of Wall Street IROs without a very compelling story to tell.

Shaky Ground

“Since Bear, there have been a lot of ups and downs. More downs than ups,” says Jason McGruder, head of investor relations for the global brokerage firm BGC Partners, referring to the disintegration of the investment bank Bear Stearns in March 2008. Since then, BGC’s stock has lost about three quarters of its value.

“Any time there’s any sort of scare in the markets, the level of nervousness and skittishness goes up about investing in financial services firms,” he says. “Investors have a tendency to throw the baby out with the bath water.”

That was particularly the case, McGruder notes, with retail investors, who comprise about 30 percent of BGC’s clients.

“Whenever these crises happen, 99 percent of the calls are from retail investors. Institutional investors tend to understand what’s going on and need less hand-holding,” he points out.

“From the onset of the financial crisis, institutions were furiously liquidating and then only selectively repositioning holdings,” says Jonathan Mairs, managing director at Knight Capital Group. “Given the uncertainty over the sector, there understandably weren’t a lot of takers for financial stocks.”

Institutional investors may not be as quick as retail investors to panic and bail out, but they tend to be thorough in their due diligence.

J.T. Farley, vice president for investor relations at Investment Technology Group (ITG), says that whenever big, market-moving events occur, “You get a slew of new calls (from institutional investors) wanting to go through your balance sheet – how much debt you have, how much working capital you need, what sort of credit lines you have,

basically looking at any sort of risks that could impact you as a firm and actually cause you to not be able to function.”

That’s not to say financial services IR was easy before the crisis. All industries labor under some measure of regulation, but few compare to Wall Street in terms of the volume of regulation, the complexity of it, and the number of regulators responsible for it. And it seems that every time something goes wrong in the capital markets, new laws and regulations are imposed and yet another regulatory agency is created.

Voluminous Regulation

In 2010, Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act, which established the Consumer Financial Protection Bureau and the Financial Stability Oversight Council. Later that year, global banking regulators agreed on a package of post-crisis reforms – Basel III. Among other things, Basel III requires banks to triple the amount of cash reserves they must hold against losses.

The increased oversight of the industry “gives you one extra thing you have to pay attention to and be knowledgeable of, and be able to answer questions about,” says Philip Talamo, the New York-based director of investor relations for the Swiss investment bank UBS. “And being a global bank, it’s even worse.

“If I were at J.P. Morgan all I would worry about would be the Fed, the SEC, and the U.S. Congress. But since I work for a truly global bank, I have to worry about all those entities because we have a big business in the United States and I have to worry about the Swiss regulator, because they are the be-all and end-all. And I have to worry about the FSA (Financial Services Authority) because we have big United Kingdom operations.”

The financial crisis “spawned all this focus on regulation and all these changing

rules. It’s just something else you have to learn and stay up to speed on. It makes the job harder, no question,” Talamo says.

A Special Challenge

Yet another challenge unique to financial services IR is that Wall Street firms don’t produce anything tangible that IROs can show investors.

“If you work for Nike, you could talk about sneakers. If you work for Tiffany, you could talk about diamonds. If you work for a bank, you talk about lending people money or managing people’s money,” notes Talamo, who was an IRO at Lucent Technologies before going to work for UBS. “At Lucent, you had to be knowledgeable about the widget the company made, whereas at UBS we don’t make widgets. We make money and provide advice, so that’s a major difference.”

The particular obstacles that confront financial services IROs come on top of those that confront virtually all investor relations professionals these days, such as flagging interest in the stock market among retail investors. The NASDAQ lost about 75 percent of its value in the tech crash of 2000. Almost five years after the financial crisis of 2008, the Dow Jones Industrial Average has only managed to crawl back to where it was just before it happened.

Seeking a Safe Harbor

This series of events has a lot of investors saying enough is enough. As Mark Twain put it, “The cat, having sat upon a hot stove lid, will not sit upon a hot stove lid again. But, he won’t sit upon a cold stove lid, either.” In other words, investors are looking for ostensibly safer places to put their money than in stocks.

“People are putting money into ETFs (exchange traded funds), but they’re not really putting money into U.S. domestic equities and that’s in part because there’s so much uncertainty and there’s so much

risk or perceived risk as well as heightened volatility. All those items combine to keep investors on the sideline or make investments into fixed income,” says Nicole McIntosh-Russell, vice president for investor relations at Waddell & Reed.

There is also the fact that baby boomers began turning 65 in 2011. Investors in or near retirement tend to favor fixed income over equities because they think it’s safer. And no one is predicting another equities bull market anytime soon. For a few firms, that’s a good thing.

Apollo Global Management is a New York-based alternative investment firm that thrives during recessions and post-recessionary periods. “We do well in all markets, but we do exceptionally well in more difficult market environments because of our contrarian approach. If you pick a 5-year, 10-year, 20-year period, and look back, you’ll see that equities haven’t delivered any kind of attractive returns,” says Gary Stein, Apollo’s head of investor relations and corporate communications.

Apollo’s niche in the capital markets is to offer non-equity investments that can help pension funds meet their liabilities.

“In our case that means private equity, it means credit, and it means real estate,” he notes. However, he said it’s been difficult to get potential investors to understand how Apollo is different from other financial services firms.

“Being lumped in with other financial services firms may not be appropriate. The challenge we face is helping people understand our company,” Stein says. “We believe there’s a significant disconnect between how we’re valued and how we should be valued.”

Even though they’re operating in a dramatically different climate than existed five years ago, financial IROs say their presentations to potential investors haven’t changed much. One thing most seem to agree on is

that there is no point in talking to investors about U.S. equities writ large.

“We’ve been in a declining environment for three and one half years now, so when someone looks and the headline statistic they get is consolidated U.S. equity volume, they’re not going to look favorably at a company like Knight,” even though it is the largest market-maker in U.S. equities, says Mairs of Knight Capital Group. “We don’t

“Any time there’s any sort of scare in the markets, the level of nervousness and skittishness goes up about investing in financial services firms.”

– Jason McGruder, head of investor relations, BGC Partners

encourage people to look at that consolidated U.S. equities volume number. We take it a couple of layers down and we show them – here are the markets in which we compete, here’s the competitive set for each, and here are the market share dynamics that are taking place right now.”

Gary Stein of Apollo Global Management says the market consistently undervalued his company’s stock, so he had become “more vocal” about its proper valuation.

“We’re not doing more or less meetings,” he explains. “The pace of our activity hasn’t really changed, but I think we’re more vocal about pointing out the valuation disconnect that we see.”

What You Need to Know

Asked what advice he would offer to a new IRO in financial services, Phil Talamo of UBS asks, “Has he taken the job yet?”


The first thing a new IRO should do is “go to the Fed site,” he advises. “Go to whoever your regulator is and read as much as you can on these regulatory issues. If it’s something that makes sense to you and you can understand it easily, then you’re probably in the right industry. But if it’s something that drives you to tears and you don’t understand it for whatever reason, you might want to rethink the industry you’re looking at.”

J.T. Farley of ITG adds that “you need to know your balance sheet inside and out and you need to understand your products from the perspective of a customer.”

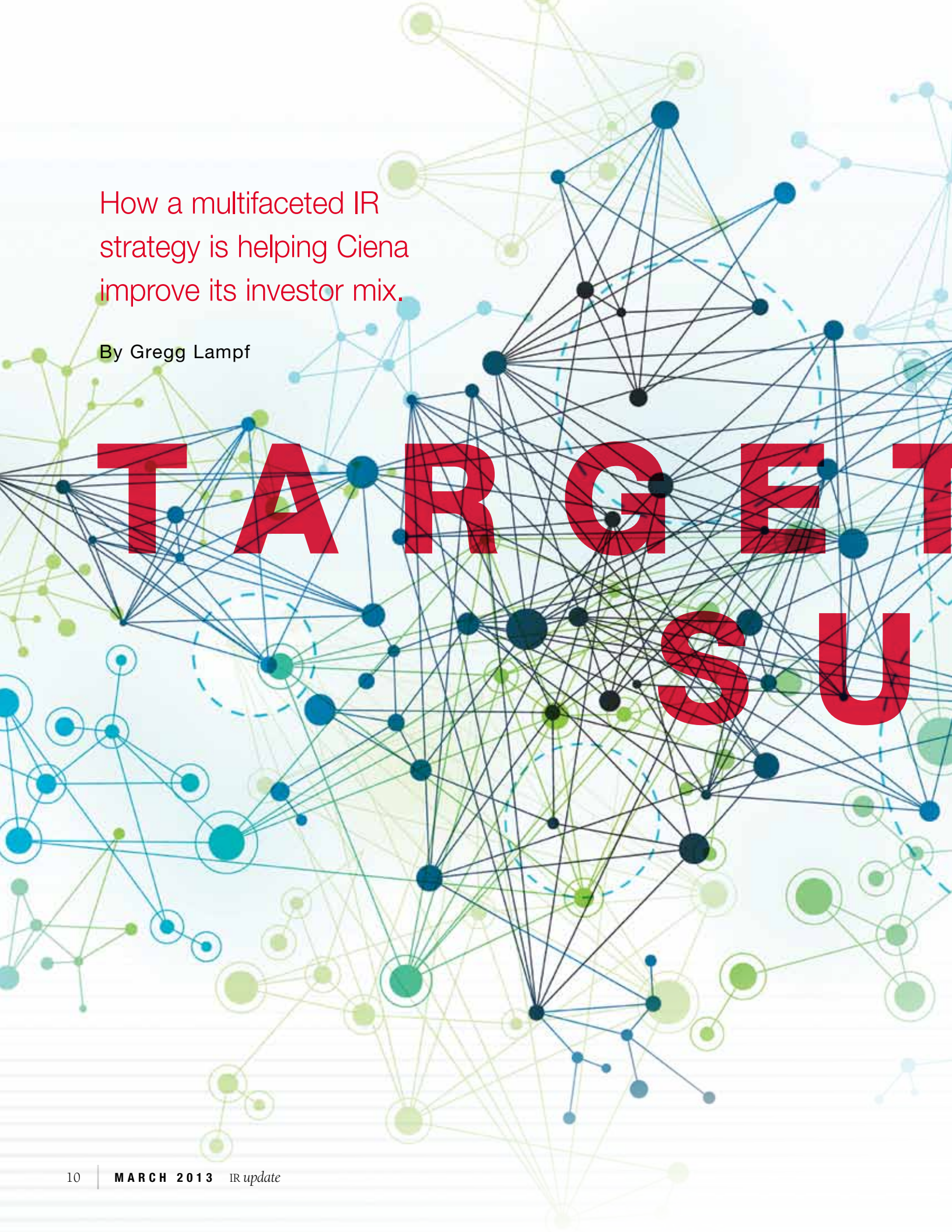
“It’s not unusual for people to come in armed with information about your firm gleaned from their trading desk, who are end users of your product,”

Farley says. “So, you can get very granular questions about incremental software upgrades or productivity or all sorts of other things.” Because of this, he notes that is important for IROs of financial services firms to know their products.

One more quality that financial services IROs ought to have is a thick skin.

“If you work for a bank, you talk about lending people money or managing people’s money, but people can argue with you that you’re really not helping society as much as you could be. And that’s something that you have to deal with. You have to have a thick skin,” Talamo says. “People say, ‘You work for a bank?’ And I find myself saying, ‘Yeah, I work for a bank, but I’m not a banker, I’m not a trader.’ And that’s kind of annoying.” 

John Brinkley is a freelance writer based in Washington, DC; johnb505@gmail.com.



How a multifaceted IR
strategy is helping Ciena
improve its investor mix.

By Gregg Lampf

TARGET



IR CHALLENGES

ONE OF OUR GOALS AS INVESTOR RELATIONS

professionals is to establish an ownership base that understands our company and industry such that we create shareholder alignment, relative stability, and a fair valuation over time.

With market volatility a constant, a key to accomplishing this goal is to execute a multifaceted IR strategy that considers the current environment as well as what lies ahead, arming the investment community with the appropriate context as developments occur.

Generally, companies tend to focus their investor relations strategies on institutions, which represent a majority of shareholders in many companies. However, arguably, in recent years the coveted long-term holders are faced with increasing near-term pressure that

can compel them to employ tactics formerly only in the domain of higher turnover firms.

And with tools like dark pools and high frequency trading, the latter of which can represent 60 percent or more of a company's daily volume, much of a company's trading may not be tied directly to its fundamentals or company developments at all. We cannot always blunt these realities, but by understanding them and equipping the investment community with appropriate context, we can set proper expectations and do our part to optimize beta and thereby work toward reduced stock volatility.

In September 2010, I joined Ciena, a telecommunications equipment vendor. Most analysts believe that this industry is entering



a strong business cycle in which many telecommunications companies around the world will be upgrading their networks to more efficiently handle growing and more complex traffic patterns.

Historically these “upgrade cycles” have been within well-defined periods characterized by relatively short-lived, robust revenue and profit cycles. In short, the perception has been that Ciena is a highly cyclical company. A look at Ciena’s stock performance over the years demonstrates it has traded as such.

Consequently, with expectations in the investment community shaped by history, Ciena has often attracted aggressive growth and momentum firms with their characteristically high turnover rates, driving up the company’s volatility.

When I joined Ciena, we had an institutional profile that implied many shareholders were expecting a “conventional,” shorter-term cycle. However, there were reasons to believe this cycle would not be short term but rather more strategic, and executed over multiple years versus several quarters.

A New Mission

The mission was straightforward: Cultivate growth-at-a-reasonable price (GARP) and value-oriented firms that shared our view of a multiyear cycle and had the mandates to support it in their portfolios. We recognized it would not be easy, as it required a persistent effort to educate and convince investors to look past conventional wisdom and the easy-to-understand boom/bust investment thesis.

As our efforts began, just 20 percent of Ciena’s shares were held by GARP and value firms with the vast majority comprising aggressive growth, momentum, and growth players. Moreover, just north of 30 percent of shares were held by unacceptably high turnover funds. We employed several strategies to get the message across to investors.

Leverage your knowledge assets.

Early in the process I thought about how to engage differently with the investment community in order to break through its long-established views. Almost immediately, I identified and began leveraging the extensive knowledge that exists beyond senior management. This allowed us to introduce other internal subject matter experts (SMEs) to the investment community and be counted as one of a smaller group of public companies that interacts more dynamically with the investment community.

At the same time, our SMEs received a greater appreciation for the information this community has and gained access to information that would help them. I like to think it has been a win/win. Following appropriate legal and investor relations training, we scheduled individual and small-group conference calls designed to educate the investment community on Ciena’s solutions and opportunities, as well as provide an objective view on market trends and dynamics. The response was very strong so we added quarterly, half-day headquarter visits, which provided exposure to senior executives *and* operators.

More recently, we implemented a series of “chalk talk” webinars that we hold on a quarterly basis. All of these elements have complemented the traditional road-show and investor conference engagements. In particular, I am pleased that Ciena has been credited with providing a fair balance between “third party education” and an appropriate level of marketing.

Collaborate with the sell side. Investor relations cannot operate effectively by itself. While the IRO works with management to set the objectives and execute the plan, partnering can be a powerful key to success. Combining our company-driven outreach efforts such as those above, we work collaboratively with our sell-side analysts. While we understand their incentives to drive volume, we are clear on the types of funds we feel are

best matched for our stock. By establishing our goals up front we have largely experienced a fair distribution of institutions on our sell-side-generated itineraries.

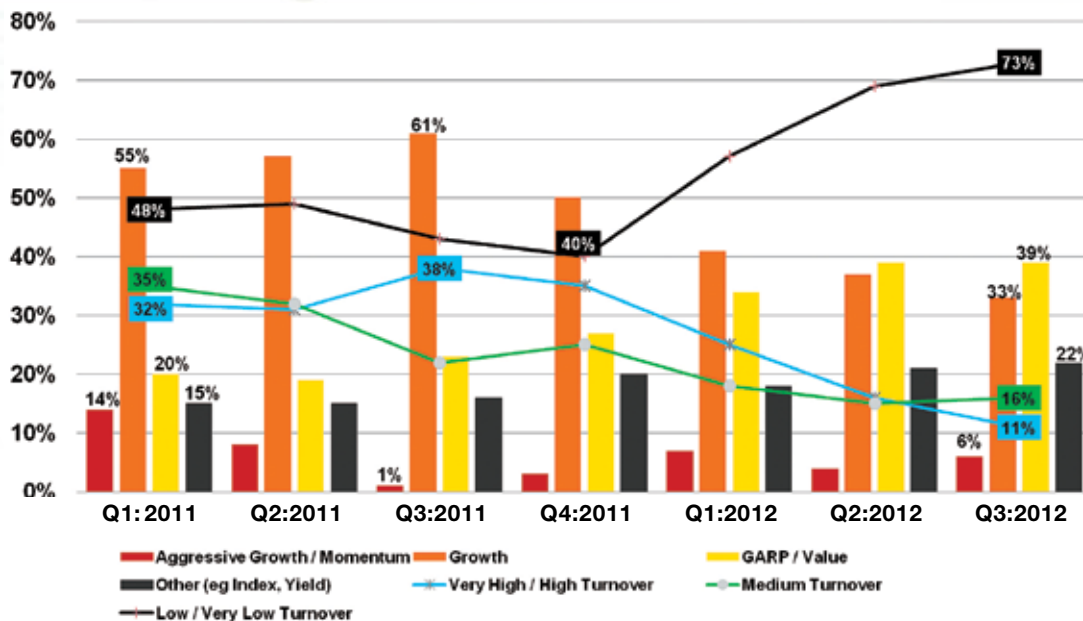
Employ effective targeting. Striking a balance between helping the buy side understand the details of near-term performance while explaining management’s longer-term strategic objectives is critical to attracting a proper mix of shareholders. By focusing our messaging on the long term, we make it clear that we are interested in shareholders focused on realizing the full potential of the company as opposed to quick, short-term trades.

Therefore, it is important to plan ahead and develop a diversified target base; one that takes into account the different stages of your company’s business cycles. For example, IROs should target value institutions, which may be more comfortable taking a position earlier in the company’s strategic plan; at the same time it also makes sense to target growth-oriented institutions that are generally more interested as the company approaches an “inflection point.”

On the other side of the equation are the targets themselves that will often start broadly on a fundamental basis, narrow to a sector, and then short-list companies within that sector. This is important to understand because too often we in IR start our targeting from a sector perspective, adding fundamentals later in the process.

Finally, it is important to remember that there is a “sales cycle” associated with this process. It is not unheard of for some institutions to wait several quarters – or longer – before they take a position. And there are some institutions that will act quickly. Before beginning your outreach be sure to investigate the portfolio manager’s behavior. This can be gleaned by an institution’s profile as well as by connecting with peers where the firm has a meaningful position and perhaps discussion(s) with trusted sell siders.

The Evolution of Ciena's Institutional Shareholder Base



Developing your buy-side relationships earlier can help facilitate the portfolio managers' actions when they are ready to make their investment decisions.

Share your progress internally and get into the operational mix. It is also important to communicate your objectives and progress with a wide variety of audiences. Obviously, the first on the list is the senior executive team but IROs should not forget that there can be a number of other interested parties within the company.

During the quarter my department keeps management informed about the investment community's activities including weekly summaries of peer sell-side reports, material changes to consensus, and an appropriate level of trading information gathered via trading desks, surveillance experts, and other means.

After our earnings announcements, we detail the SEC-reported ownership changes, sell-side movements, buy-side sentiment, geographic color, peer news, and more and share it with several internal groups, including supply chain, R&D, and legal. This regular exercise has become

a critical step in informing key constituents about the publicly traded company dynamic. At the same time it is valuable for my team as we gain greater visibility and insight into the company's operations, as well as develop strong relationships with key managers.

An Impressive Start

As of the September 2012 quarter, our value and GARP targets are nearly 40 percent of the total, almost double from where we started, while the very high and high turnover shares are the lowest of all categories, going from 32 percent in March 2011 to 11 percent.

Interestingly, our efforts piqued the interest of our head of sales who believed it could be helpful to 1) educate the sales force about the investment community's perspectives, and 2) share the information with certain current and prospective customers who have a particular interest in a public company's overall profile, which may be greater than you think.

Additionally, the message that a group of high-quality, long-term financial profes-

sionals have analyzed the health of the company and decided to support it longer term through consistent ownership can be quite complementary to the partnership approach with which sales often leads. In the end, by engaging with the sales organization, our IR team has added value to the company.

Ultimately, balance is the key word that IROs should keep in mind: balance between the near-term realities of today's environment and the company's longer-term objectives. As you consider planning your strategy, think about the multitude of ways the investment community receives information.

Leveraging traditional outreach will yield results, but by integrating different approaches and including trusted, trained, and well-informed employees in the process, the IRO demonstrates confidence and can place the company in a stronger light. And don't forget to share your progress with others. You may be surprised by the ideas you get in return and the help you can provide in more unconventional ways. **IRU**

Gregg Lampf is vice president, investor relations, at Ciena; glampf@ciena.com.

NEW ON THE JOB

What challenges do new IROs face when they take their first job and what lessons did they learn? New and experienced IROs share their stories.

By Alexandra Walsh

For the new IRO, there are aspects of those first few days and weeks on the job that are like any other new job. Getting to know your company's business and products, your colleagues, and how to do your job, for example. But for many IROs, those first months can also feel like getting hit by a speeding train.

Getting Up to Speed

After only three months on the job, Kristin Hodges, a new IR professional at Southcross Energy, experienced her first earnings releases, earnings call, and 10-Q filing – all within 36 hours. “I don’t hold 100 percent of the responsibility for all parts but I do have a large responsibility for the details and organization for the earnings release and earnings call,” she says.

Part of what prepared her for this experience was NIRI’s “Fundamentals of Investor Relations” course her company sent her to soon after she started at Southcross.

“I have referred back to the books and materials frequently but one thing I might have done differently is to wait before going to the course,” Hodges reports. She felt she needed to attend immediately after starting her job and before the first earnings cycle closed, but realizes now she might have absorbed more if she had more on-the-job experience under her belt.

Chanda Brashears, on the other hand, says if she could change anything about her first few months as an IR manager at Cinemark, she would have taken the NIRI Fundamentals Course sooner rather than later.



“As quickly as possible you need to learn how to think about things the way an investor or an analyst does, and be able to see things through their eyes. You have to become proactive in your thought process and understand how your words can be interpreted so differently from how you may have intended.”

Although Lee Coker, investor relations director with Coca-Cola, had already been with the company for five years prior to joining IR, he says getting up to speed quickly is always a challenge. “Coca-Cola is a global company with operations in over 200 countries. Just because I had worked in the company did not mean I had a strong grasp of all of our operations around the world. And in order to make sense of our performance, I needed to understand the broader macro environment and historical development for our key markets.”

Learn How to Communicate

Coker’s advice to anyone starting out in IR is, “Anticipate questions in advance, be accurate, be responsive.” And, he adds,

“Remember that your words carry weight and that you speak for the company at all times.”

NIRI board member David Myers, vice president, investor relations, at Express Scripts, recalls the importance of media training 20 years ago when he was a new IR professional.

“I remember that after my first earnings releases and conference call, the local media called with some follow-up questions. Even though I had taken media training, I was so worried about how the article would come out and whether it would be accurate and the quotes attributed to me would sound professional that I waited on my driveway at 4 a.m. to read the article as soon as the newspaper was delivered,” admits Myers.

He says the article was fine but he sympathizes with the nervousness that new IROs inevitably experience when dealing with the media for the first time.

Another NIRI board member, John Chevalier, director of investor relations for Procter & Gamble, points out a different challenge

in communicating with the external world if one's previous experience has been in internally facing positions. "In the internal world, when someone asks for something, you do whatever you can to answer the question. You don't say 'no' or 'we don't share that information.' Learning how to be helpful and build strong relationships with analysts and investors while not giving them everything they want is a critical lesson for a new IR professional to learn," Chevalier notes.

Coker adds, "An early lesson I learned was not to be afraid to say, 'I don't know, let me get back to you.' No one wants to appear unknowledgeable so it's natural to want to answer a question with what you think is correct. However, investors would much prefer a promise to get back to them with the correct answer than receive a potentially incorrect answer to their question. Establishing and maintaining credibility is paramount to adding value in this role."

Connections Truly Matter

For a new IRO, connections – both internal and external – mean everything.

Brashears was a new mom, just back from maternity leave, when she began her first IR job in a department of one in a role that was outsourced. "I had the incredible opportunity of working with our external IR firm to assist in the transition," she says. "It was invaluable having their assistance as I learned the profession and the industry."

Brashears recalls, "My initial challenge was figuring out how to relay the fact to investors that I'm here and available." She said even though her name and contact information were on the website and press releases, the investment community went to those with whom they were familiar, including management.

"Finding that balance of establishing yourself with the buy side and sell side while not being perceived as a gatekeeper is critical for

success," she says. "It's an ongoing process for me, even after a year in the role."

Brashears proactively reached out to both buy-side and sell-side analysts by e-mail and phone and began attending IR conferences and non-deal road shows with her management team. "Meeting people face-to-face and making an impression allowed me the opportunity to establish credibility and get the buy side and sell side comfortable with contacting me," she notes. "I understand there will still be those who will always want to go directly to the management team and I can't take that personally."

Brashears' other challenge was establishing buy-side contacts. "Some of these institutional investment companies have thousands of employees and the challenge was determining the analysts, portfolio managers, and so forth that follow your company." Brashears reports they are now tracking both buy-side and sell-side contacts. It is a work in progress, especially as the data is ever-changing with account rotation and stock interest and ownership.

Despite the challenges and significance of establishing relationships with the right analysts and investors, Brashears' best advice to new IR professionals is to get connected internally.

"You have to have strong rapport with not only your executive management team, but also teams in legal, finance/accounting, external reporting, operations, marketing, information technology, real estate, etcetera," she explains. "These personnel have great insight and perspective on the company, which is helpful in answering investor questions, but they can also keep you apprised of the business strategies and upcoming initiatives that may be useful to work into earnings calls, investor meetings, and presentations."

Coker believes developing strong relationships is critical to being successful in any position within the company, but


especially in IR because you touch so many different aspects of the company and need to know quickly who to contact for information.

"I'm lucky to be part of a great team. In addition to our IRO, there are three other directors in IR, all with varying backgrounds within the company," Coker explains. "My first step was to leverage their knowledge, whether that's regarding the performance of a business unit of the company or how we have historically communicated about an event. Their assistance has proven invaluable."

Hodges concurs that having a knowledgeable, supportive, and accessible management team at your back is everything for the new investor relations professional. "I appreciate that my senior management team has so much experience and is so respected in the industry – they have the wisdom to help us navigate almost any obstacle we could encounter," she says.

"When in question about anything and particularly the IPO process, I relied on our strong legal and management teams to help guide me and review everything. I quickly learned after a few weeks the value of accepting and frequently requesting their advice."

Hodges adds that two other lessons she learned early on were to 1) keep communication documents up-to-date for easy access; and 2) to lay out the entire year relative to SEC filing dates and work backwards to establish key internal deadlines to ease the stress of external reporting deadlines.

"The IR role is fantastic, rewarding yet challenging. You have to be prepared for long hours and have an attitude of willingness, flexibility, and the ability to go with the flow," she explains. 

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

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IR and the JOBS Act

Learn how the Jumpstart our Business Startups Act could potentially affect your company.

By **Tammy K. Dang**

President Barack Obama signed the Jumpstart our Business Startups (JOBS) Act into law in April 2011. The bill was designed to increase American job creation and economic growth by improving access to the public capital markets for start-ups and small businesses.

“This is the first time I’m witnessing as a practitioner the pendulum swinging back in the direction of making it easier for companies to raise capital and comply with our securities regulations,” said Michael Zuppone, partner at Paul Hastings LLP. He, along with Mary Beth Kissane,

Information Disclosure

The JOBS Act allows for pre-deal research published about an IPO candidate, although underwriters have been hesitant to do so over concerns of liability as research reports are inherently forward looking. EGCs can also scale back disclosures on issues such as Say-on-Pay and the ratio of the CEO’s compensation to the median compensation of all other employees. “While this provides relief, it will be interesting to see if, as best practice, companies end up having those conversations and end up disclosing information anyway,” Kissane said. This is the first year ever she

such as hedge funds and private equity funds are looking to take advantage of these new rules and the ability to raise capital. “This is a potential benefit for investor relations – [which] is all about finding the right investors so that you have a sustainable, well-educated shareholder base,” Kissane noted.

Spotlight on Crowdfunding

The legalization of crowdfunding has received much attention. Crowdfunding allows anyone with the cash and interest to invest in an EGC. “You literally can have thousands, if not tens of thousands, of very small shareholders, depending on what your minimum investment requirements are in a crowdfunding transaction,” Zuppone said.

According to Kissane, there’s a fear of fraud. However, the crowdfunding provision could be beneficial. “For many smaller-cap issuers, this is going to be tremendous,” Kissane said. “Some of the smaller firms I’ve worked with have found getting a million dollars to be critically important in terms of how they get to the next stage.” This is because finding an angel investor or venture capitalist willing to do the due diligence required when such a small amount is required is difficult.

The limit on Regulation A of the amended Securities Act of 1933 has now been raised from \$5 million to \$50 million of investment capital before being subjected to certain disclosure requirements related to an IPO. The shareholder cap registration threshold has also been raised from 500 to 2000 (not including crowdfunding investors) where private companies can avoid registering as a public company and have a significant shareholder base.

For more information about future webinars, please visit www.niri.org/webinars.

Tammy K. Dang is manager, professional development, NIRI; tdang@niri.org.

“This is the first time I’m witnessing as a practitioner the pendulum swinging back in the direction of making it easier for companies to raise capital and comply with our securities regulations.”

—Michael Zuppone, partner, Paul Hastings LLP

principal at Walek and Associates, and moderator Jeff Morgan, president and CEO of NIRI, participated on a January 2013 NIRI-sponsored webinar entitled, “The JOBS Act.”

Emerging growth companies (EGCs), defined as having less than \$1 billion in total gross revenues in their most recent fiscal year, are now allowed to submit their IPO draft registration statements confidentially as opposed to making them immediately public. The JOBS Act also allows test-the-water oral and written communications between EGCs and potential investors either prior to or following the date of filing a registration statement.

has heard companies consistently getting complicated questions about Say-on-Pay and compensation issues.

Morgan concurred, adding that “I’ve even heard that some investors will not invest in emerging growth companies unless they do more disclosure that is a little more consistent with what other companies do.”

Regulation D of the Securities Exchange Act of 1934 has allowed companies to avoid costly Securities and Exchange Commission registration for certain offerings. Once implemented by the SEC, the exemption allows for solicitation and advertising to the general public. The key aspect of this is verifying who are accredited investors; many intermediaries



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- ▶ Finance 101
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- ▶ Finance 101
 - June 8, Hollywood, FL
- ▶ Think Like an Analyst!
 - June 8, Hollywood, FL
- ▶ 2013 NIRI Annual Conference
 - June 9-12, Hollywood, FL
- ▶ Finance Essentials Intensive
 - June 24-26, New York, NY
- ▶ Finance 101
 - August 12, San Francisco, CA
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 - August 13-14, San Francisco, CA
- ▶ Think Like an Analyst!
 - August 15, San Francisco, CA
- ▶ Fundamentals of Investor Relations
 - September 22-25, Boston, MA
- ▶ Writing Workshop for Investor Relations
 - September 26, Boston, MA



NIRI Career Center Offers Many Resources

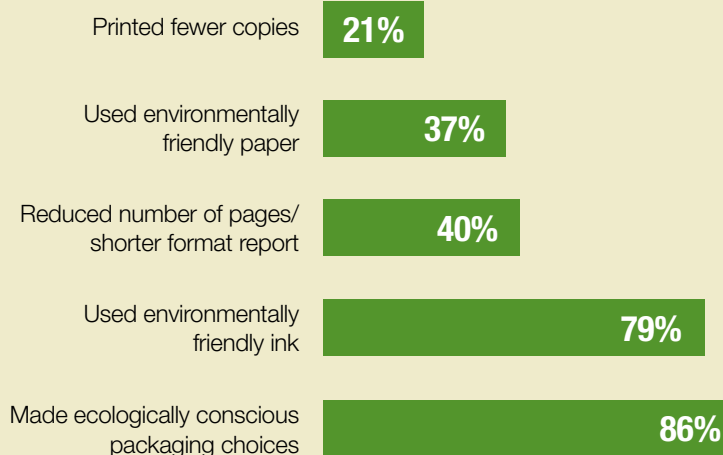
ONE OF NIRI'S MOST frequently visited Web pages, the Career Center is a member-only resource. Members can view a nationwide listing of IR jobs, post a resume, and access the 2012 NIRI-Korn/Ferry Corporate IR Compensation Study. Employers and recruiters can post jobs for a fee. For questions on posting a job,

please contact Dave Meisner at dmeisner@niri.org or (703) 562-7671. Recent job postings include:

- ▶ Vice President, Investor Relations; Research Triangle Park, NC
- ▶ Vice President, Investor Relations; Chicago, IL
- ▶ Vice President, Global Investor Relations; Santa Barbara, CA
- ▶ Head of Investor Relations; Cleveland, OH
- ▶ Assistant Vice President, Investor Relations; Boston, MA
- ▶ Director Investor Relations; Pittsburgh, PA
- ▶ Director, Investor Relations & Corporate Communications; Boston, MA
- ▶ Manager, Investor Relations; Silicon Valley, CA
- ▶ Investor Relations Manager; Phoenix, AZ
- ▶ Investor Relations Manager; Los Angeles, CA
- ▶ Senior Analyst, Investor Relations; New York, NY
- ▶ Investor Relations Analyst; Minneapolis/St. Paul, MN
- ▶ Investor Relations Analyst; Las Vegas, NV

IR RESEARCH AT A GLANCE

Company Actions to Reduce the Environmental Impact of the Annual Report



Note: Participants were allowed to select more than one option. Source: NIRI Annual Report Survey-2012. Compiled by NIRI January, 2013.

On the Move



Brad Wilks has been appointed managing director of North America Midwest Operations for MSLGROUP, responsible for offices in Chicago and Detroit. He was previously managing director and head of the Chicago office of Sard Verbinen & Co. Wilks is also a former chair of NIRI.



Michael Steele was promoted to vice president, investor relations, at OfficeMax. He joined the company in 2007 as director, investor relations, and was promoted in 2010 to senior director, investor relations, before this latest promotion in January 2013.



Brandon R. Elliott, CFA, has been named executive vice president of corporate development and strategy at Northern Oil and Gas. His prior experience includes two years running CONSOL Energy's investor relations department and significant investment experience, including 10 years as a portfolio manager and research analyst at Friess Associates LLC.



Bernard J. Kilkelly has joined Tower Group as managing vice president, investor relations. He has more than 25 years of experience in investor relations and corporate communications. Kilkelly was previously vice president, investor relations for Delphi Financial Group since 2001 and before that was vice president of investor relations and corporate communications for Enhance Financial Services Group. Kilkelly is a director and past president of the NIRI New York chapter.

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

Quick Takes

What rule do you set to separate your work life from your personal life?



Greg Secord

Vice President, Investor Relations
Open Text Corporation

► “I always dedicate time on Sunday to play guitar with my amps at “11” – drowning out all my work devices and creating general unruliness in the neighborhood. I keep my sanity by dedicating time to maintain my creative side. I keep my neighbors happy by apologizing profusely and providing free wine. . .true story.”



John E. Shave

VP-Business Development & Corporate Communications
Safeguard Scientifics

► “I try to remind myself to work hard and play hard. Today, technology makes it nearly impossible to separate the work and personal facets of our lives. Both your work life and personal life require 110 percent of your time, so whether I’m home or at work, I try to give it everything I have. But when possible, do take the opportunity to recharge your batteries.”



Marj Charlier

Vice President, Investor Relations
RealNetworks

► “The rule that has worked the best for me is to work from home as much as possible. It sounds counter-intuitive, but working remotely is more efficient and more flexible, making it easier to control work hours and to make the most of my work day. It also removes commute time, which gives me more time for both work and home.”

“Quick Takes” 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.

Professional Development Calendar

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

March 2013

- 12** Lessons from Institutional Investor Award Winners webinar
- 18** Finance 101 seminar, New York, NY
- 19-20** Finance Essentials for IR seminar, New York, NY
- 26** *IR Magazine* Awards webinar

April 2013

- 9** Dealing With Fixed Income Shareholders webinar
- 23** Engaging the SEC webinar

May 2013

- 7** Analysts Part I: The Future of the Sell Side webinar
- 14** Analysts Part II: The Buy Side View on Global Equity Markets webinar
- 21** Global Money Flows webinar

June 2013

- 8** Finance 101, Hollywood, FL
- 8** Think Like an Analyst! Seminar, Hollywood, FL
- 9-12** 2013 NIRI Annual Conference, Hollywood, FL
- 24-26** Finance Essentials Intensive seminar, New York, NY

July 2013

- 9** 2013 Proxy Season: Lessons Learned webinar
- 23** The Deal Road Show webinar

August 2013

- 6** Communicating a Company Crisis Internally and Externally webinar
- 12** Finance 101 seminar, San Francisco, CA

Ways to Jump-Start Your Job Search

Finding a new job isn't easy, but approaching your search strategically using proven techniques can lead to success.

By Theresa Molloy

While unemployment is lower today than in the depths of the Great Recession, employers continue to take a cautious approach to hiring. The investor relations community is not immune to the impact of today's economic challenges. Downsizing, outsourcing the IR function, and the dearth of IPOs has left many professionals competing for scarce roles. Further, sell-side analysts, victims of their industry's downsizing, are now competing for IR jobs.

How can a talented IR officer launch a successful job search in this competitive environment? The NIRI New York chapter recently hosted a workshop by Gail Fletcher, founder of TargetWorks and a member of the Five O'Clock Club Guild of Career Coaches, to help members learn creative and proven methods to land their next position.

Fletcher hosted a "boot-camp" using the Five O'Clock Club's philosophy of job search as a strategic and tactical science based on ongoing research. Her rigorous course work employed a metrics-based, intelligent approach to career development. Personalized outreach included individual assessments and one-on-one calls between sessions, which helped crystallize the participant's competitive positioning in the job market.

The rules of engagement for our small group were straightforward: We agreed to be supportive, collaborative, and confidential.

Take Charge of the Journey

The U.S. Department of Labor esti-

mates that it takes eight to 10 months (or longer) to find a new job. A successful search requires a strategic plan and, above all, a positive attitude. Here are tips from Fletcher's workshop that can help IROs effectively manage their career paths.

Assess yourself. Create "seven stories" to describe your accomplishments and strongest skills. This assessment helps you focus on aspects of your personal and professional history to shape your value proposition to potential employers. Have you been successful at cultivating junior IR talent on your team? If so, your leadership skills are as important to highlight as your key accomplishments.

Identify your targets. As an IRO, targeting new investors requires a strategic assessment of appropriate institutions. Fletcher suggested applying the same principles to the job search using the Five O'Clock Club's definition of "target:" not a list of companies, but a *title or function* + a *geographic location* + an *industry or sector*. She explained that, "in today's environment, it's crucial to cast the net wide and get creative about leveraging your unique talents." For example, if you are an IRO

with a law degree, identify targets that will view your legal skills as beneficial to their wider enterprise.

Leverage social media. There is no doubt that social media is critical to a successful job search. LinkedIn connections are capital that should be earned and spent wisely, a tool that can extend a person's network exponentially and simplify the search process. Be sure to keep your profile current with emphasis on strategic acumen as well as quantitative results. For consultants, with your employer's permission, name the engagement and successful results. Highlighting a project that resulted in an innovative IR practice will also give your employer valuable coverage.

Fletcher's approach to professional development is to "visualize your career as a road map where you are conscientiously and proactively navigating from one stage of your career to the next using all the tools available to you, especially the art of investing in relationships on an ongoing basis throughout your career to realize significant returns later."

Theresa Molloy is vice president, professional development, NIRI New York chapter; tmolloy@niri.org.





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