

# IRupdate

MAY 2015

the voice of the investor relations profession

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## ON THE ROAD **AGAIN**

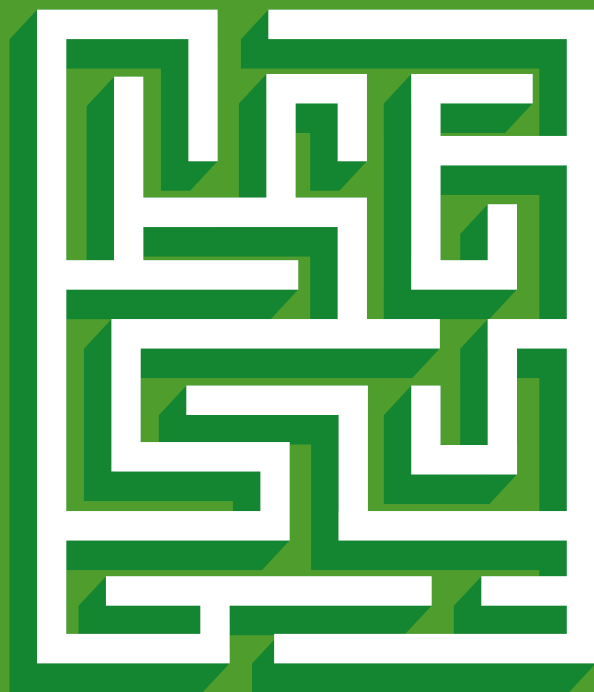
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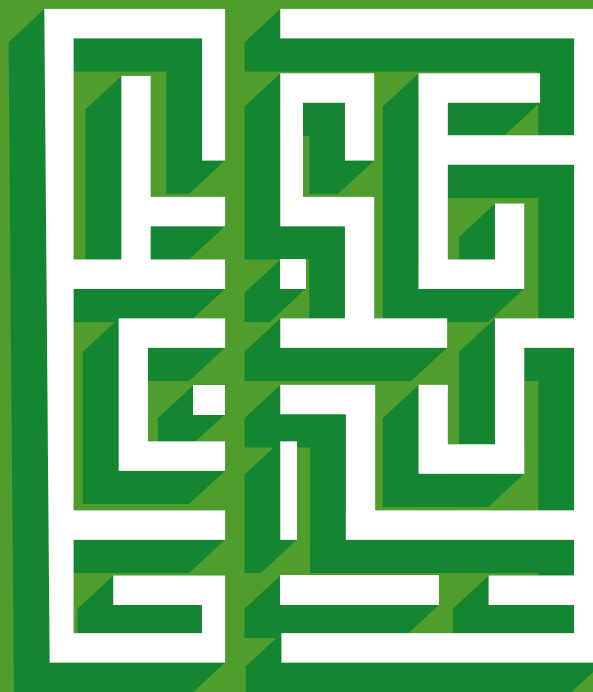
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Founded in 1969, the National Investor Relations Institute (www.niri.org) is the professional association of corporate officers and investor relations consultants responsible for communication among corporate management, shareholders, securities analysts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

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## On the Road Again

Corporate access teams can help maximize the time and impact of your management team on road shows. Here's how.

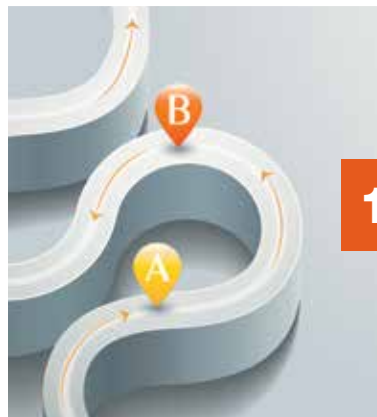
**By Margo Vanover Porter**



## Learning the "How" of Leadership

The former vice president of human resources at Edwards Lifesciences offers insights on how to create a leadership culture that works.

**By Al Rickard, CAE**



## The IR Plan: A Foundation for Success

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# Are You Registered for Chicago?

I've worked in and around associations for my entire career and, in all cases, I have been closely involved with the creation of innovative programming at annual conferences. There's a special cadence to the exercise and a feeling that as we inch closer to the big event, we are about to experience something unique.

After attending the Annual Conference Committee planning meeting in New York City and the *IR Magazine* Awards, where I had the opportunity to chat with scores of IR professionals, my genuine sense is that we're in for something very special in Chicago. Our "world's largest IR education event" on June 14-17, 2015 at the Hyatt Regency Chicago, is truly a must-attend event.

It is a Herculean effort to put together a conference that appeals to all IR professionals and I personally thank each committee member for all the hard work and time they've invested in this year's event. Each day, we hear about a new speaker or a new exciting topic that's being added to the agenda, so I strongly encourage you to periodically check the conference website at [www.niri.org/conference](http://www.niri.org/conference) to see what's being planned for you. And, if you haven't yet registered, please do so today to assure your place at the conference and a room at the Hyatt Regency Chicago.

In each issue of *IR Update*, we hope to provide you with practice information, real-world examples, and case studies that will help you advance in the profession. And, this month certainly lives up to our goals. We hope you agree. Be sure to read "The IR Plan: A Foundation for Success" (page 16), in which we talk to four successful IR professionals who have implemented IR plans at companies that had not previously had them, and uncover why they wouldn't now consider running an IR program without one.

We also spoke with Rob Reindl, the former vice president of human resources at Edwards Lifesciences, and author of a recent book, "the HOW of leadership," about how to create an effective leadership culture. The article, "Learning the 'How' of Leadership" (page 12), should be particularly helpful for our community of investor relations professionals who must often "lead from the middle." Finally, we introduce "On the Road Again" (page 6), the first of a two-part series on how to best leverage corporate access teams to your benefit.

Please feel free at any time to reach out to me or any of the Niri staff with questions or comments.



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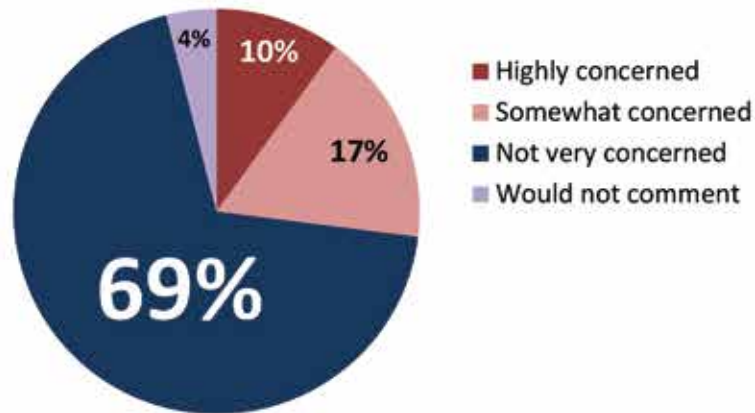
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# Companies are not concerned about being targeted by activists:

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

(156 CEOs and CFOs; December 2014)



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# ***ON THE ROAD AGAIN***

Corporate access teams can help maximize the time and impact of your management team on road shows. Here's how.

By Margo Vanover Porter



ROs seek the services of corporate access teams for their company's non-deal roadshows (NDRs) for many reasons. Besides the obvious – free meeting planning services – corporate access teams can provide professional advice to IROs who are willing to listen.

"We pinpoint the city. We pinpoint the institution. We pinpoint the investor," explains

Mark Pellegrino, head of corporate access, UBS Investment Bank. "Our philosophy of corporate access is to help the company maximize its return on time (ROT). You only get so much time from your management each year, so you absolutely have to leverage and manage that time. If we're doing our jobs right, we can help you do that."

Another advantage: Because of its sales and distribution system, a broker might be in a better position to anticipate forward interest in your company's stock.

"Lots of stocks have done really, really well," Pellegrino says. "If you're looking at your stock and you're up 100 percent over the last few years, you have a risk that the top shareholders are going to sell your stock and lock in their gains. As an IR person, you might start to shift your thinking to 'Hey, I know who my top 10 shareholders are. I see them all the time, but who is the next investor that can come in and buy those shares? Who thinks my stock still has room to run?'"

Pellegrino, who believes it's hard for IROs to answer that question using readily available IR tools, is currently working with an IRO who posed this scenario: "OK, we're going to New York and Boston to see our shareholders, but which Tier 2 city matters most to me? Is it Toronto? Chicago? Kansas City? Houston?"

"That's where a corporate access team – a good corporate access team – will pro-

vide the insights and differentiation to help IROs manage their time," he insists.

Julie Neumann, director, corporate access, Cowen & Company, offers another reason why IROs ask a sell-side firm to handle their non-deal roadshows, versus doing it on their own: They want feedback.

"Corporate access desks collect feedback from the investors," she explains. Some of the questions she might ask investors include: Did you get the information you were hoping for? Was it clear? Were your concerns addressed? Were your questions answered clearly?

"The answers help us to go back and tell corporates, 'The message you are delivering needs to be refined or expressed in a different way' or 'You need to spend more time on a certain topic.' For example, investors may have been looking for more information about margin growth, but the CEO thought investors wanted to hear about innovation and market share. We help align the focus points that the investors need to make a purchase."

Of course, to maximize the services of a corporate access team, IROs should take a collaborative approach to the partnership, insist service providers.

"Sometimes a company will come to us and say, 'We would love to give you a trip. Here are the 10 investors we want to see. Set them up,'" says Amy Junker, head of global corporate access and associate director of research, Robert W. Baird & Co.

"We certainly can do that," she continues, "but more often than not when that occurs, we'll have perspective about whether that list is the right list or if there's someone you may not be thinking of when you run a screen or look at the top holders. We like to take a collaborative approach to give the management team the most efficient and productive day possible."





## Where Next?

A sell-side firm should be able to address the question of where your company should go and why, says Bob Meyers, managing director of global corporate access, RBC Capital Markets. “If the firm can’t offer recommendations and advice, they might not be the best partners. IROs collect data from a number of sources, and our goal is to be additive to that process.”

With the exception of New York and Boston, which are pretty much a given, the cities plugged into your non-deal roadshow’s schedule typically vary based on the market cap of your company, reports Junker. “For really large-cap companies, there will be a broader set of cities, including a tour through the Midwest that includes Minneapolis, Chicago, Milwaukee, and Kansas City.”

She also makes a point of asking IROs if it makes sense to go to Texas. “Would Invesco want a meeting?” In her opinion, if you don’t get that anchor meeting in certain territories, it may be wise to go elsewhere.

For some small-cap companies, Junker might suggest throwing into the mix a visit to the Pacific Northwest that includes Seattle, Portland, and Salt Lake City. “People don’t think about Salt Lake City, and there are a couple of micro-cap funds there. I tell IR managers of small-cap firms to think about the three really good accounts in Salt Lake City that are very good holders.”

Armando Lopez, director of Americas corporate access, Citi, indicates that while “everybody wants to go to New York and Boston,” the west coast’s investor base holds special appeal for tech companies. He adds that Citi’s New York office offers the option of a virtual road show for clients who are unable to travel to a wider range of cities.

## Who Should Pack Their Bags?

For roadshows, it should come as no surprise that investors prefer C-level

speakers. So what happens if your CEO will only allocate time to a couple of roadshows each year?

“Take your CEO to New York and Boston, but as the IR person, get to the second-tier regions that your management may not have time for,” Pellegrino replies. “If you’re not going to get your management there, it is increasingly the role of the IROs to increase their direct outreach to investors.”

Another option, he says, is to expand the bench of executives capable of speaking to institutional investors.

Lopez reports that some corporate executives are reluctant to travel due to their tight schedules. In these cases, investors are able to do a video call or a conference call. “As long as CEOs set strategy, investors want to hear them, although there are some really fabulous IROs who know the company, are close to the CEO, and can talk about strategy,” he says. “Once investors find that out, they are usually perfectly fine to meet with IROs.”

Junker agrees. “In New York, where the C-level may already make several trips a year, some of the most interesting roadshows can be with an IRO and a business unit head, somebody who can dig deep into a piece of the business,” she says. “People in New York tend to like to go deep into the companies because they have so much access.”

## Tactical Tips

Although it may sound like a cliché, Meyers swears that no two U.S. non-deal road shows are alike.

“However, there are many similar tactical items that can help determine the success or failure of a road show,” he explains. “Our view is that we need to be flexible and accommodating to the specific personality of the company we are working with. There should always be a two-way dialogue and companies should expect their sell-side partner to provide reasonable insights. These may range from addressing

why and where to go to why and what has changed at particular institutions.”

Armed with the following advice, IROs can help ensure their U.S. roadshows meet with success:

### Never underestimate the power of

**face-to-face.** Some IROs assume their companies realize enough investor outreach through conferences. Neumann disagrees. “Conferences do not replace the value of a one-on-one in somebody’s office,” she insists. “Everyone, investors included, appreciate that management’s time is a scarce and a limited commodity and that allocating time for NDRs is challenging, but face-to-face meetings allow for in-depth conversation that can be a necessary catalyst for an investor to make a new investment or to continue holding a current position.”

**Follow up.** A month or two after your meeting, follow up with the investors with whom you have met. “See if they need anything else,” Lopez suggests. “It’s a dialogue. You’re building a relationship with the investors. You want to get to know them and get to know their investment issues and concerns.”

**Be collaborative.** “Sometimes we see IR professionals who send us this list and are not willing to listen to the value we may be able to provide,” Junker observes. “I understand why they want to be involved in the process. I get it, but we’re not looking to shove meetings down anybody’s throat.”

She cites the example of an IRO who wants to protect C-level time and says, “We don’t want to start until 9 a.m. and we want to be done by 4 p.m. and we don’t want more than three investors in the group lunch.”

“That just limits options,” Junker explains. “If you’re going to be in a city, let’s try to maximize the visit. We’re not looking to run people from 7 a.m. until





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## “OUR VIEW IS THAT WE NEED TO BE FLEXIBLE AND ACCOMMODATING TO THE SPECIFIC PERSONALITY OF THE COMPANY WE ARE WORKING WITH.”

— **Bob Meyers**, managing director of global corporate access, RBC Capital Markets

9 p.m., but the West Coast, for example, starts at 7 a.m., which is 10 a.m. eastern.”

### **Find an appropriate balance between non-deal roadshows and conferences.**

If an IRO asks Pellegrino, “How can I stop seeing the same investors?” he offers a ready response. “You need a very balanced approach between non-deal road shows and conferences. So, don’t do too many conferences.” He might also ask the IRO, “When is the last time you went to Houston?” If he or she says, “Oh, it’s been 18 months,” he replies: “On one hand, you say you’re seeing the same people over and over again, but maybe that is because you continue to visit the same places.”

He encourages IROs to think about quality over quantity. “Don’t ignore a certain region because you only get a handful of meetings. They might be the right meetings.”

### **Don’t automatically exclude hedge funds.**

Although not as frequently as in the past, some IROs still balk at the inclusion of hedge funds. “There are different types of hedge funds, and some make very good shareholders and are important to the health of the stock,” Neumann says. “You have to understand the hedge fund’s strategy and why it wants the meeting before saying no.”

Lopez agrees. “Some long-only funds have hedge funds within them, and some hedge funds take a much longer-term approach,” he says. “The capital from hedge funds continues to grow at a significant pace. It’s important when you’re marketing to meet with multiple types of investors.”

### **Work with sell-side firms that add value.**

According to Junker, some IROs believe they need to evenly apportion road shows out to every sell-side firm with which they work. She suggests trying another approach, which is to consider the value the firm is providing from a research, corporate access, or sales perspective. “If you believe a firm is adding increased value relative to others, why wouldn’t you work with them more?” she asks.

Lopez seconds that theory. He believes some companies scientifically spread their business to several service providers because they want to keep everybody happy, while other companies prefer to give more business to a specific person, saying, ‘She always understands me. She understands my story. She knows exactly what investors like.’

**Make a trade for the Big Apple.** “As a broker, people prefer to take you around to the big money centers because that’s where our biggest clients are: New York, Boston, San Francisco, London,” Pellegrino emphasizes. “IROs should never give the New York roadshow away for free. They shouldn’t just call someone up and say, ‘You get us in New York.’ Good corporate access teams will work for you by getting investor feedback, figuring out how to spend the time, doing shareholder targeting, or getting trading color. Get something back.”

**Don’t ask sell-side firms to share your day.** “We understand IROs only have so much time to allocate, but sharing a day in a particular city can be confusing,”

reports Meyers. “It’s much better to let firms own a segment.”

Junker couldn’t agree more. “We really avoid that because we all call on the same accounts. It is very messy and confusing. We’ve had instances of companies saying, ‘Hey, can you set up a day for us in New York?’ and found out they asked two other firms the same thing. I don’t know if they’re trying to compete or what. It just confuses the clients.”

### **Build trust by being consistent and realistic.**

In the post 2008-2009 time period, Pellegrino noticed a drop in the volume of roadshows. He assumes that IROs thought, “If I don’t have anything good to say, I don’t want to go on the road.” He pokes holes in that strategy.

“You don’t want to signal to investors that you only go on the road when things are great,” he says. “You want a consistent investor relations strategy, good news or bad. It’s okay to say, ‘Things are tough. We’re not quite sure what will happen with currency. We’re not quite sure what will happen with oil. But, we have a plan in place, and this is what it is.’ Half of the reason these meetings exist is information download. The other half is building trust and a relationship with an investor.” **IRU**

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**Margo Vanover Porter** is a freelance writer based in Locust Grove, Virginia; [m.v.porter@comcast.net](mailto:m.v.porter@comcast.net). Watch for Part 2 of this article, focusing on international road shows, in the June-July 2015 issue of IR Update.

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# LEARNING THE “HOW” OF LEADERSHIP



The former vice president of human resources at Edwards Lifesciences offers insights on how to create a leadership culture that works.

By Al Rickard, CAE

**Leadership means something different to everyone.** For some, it means bringing people together to build consensus for a team or organization. For others, it means motivating them to achieve their potential. Still others see it as creating a common mission and forging a path that few people see. Or a combination of these and other leadership principles. There are probably as many approaches to leadership as there are leaders.

Rob Reindl, the former corporate vice president of human resources at Edwards Lifesciences, recently wrote a book, *the HOW of leadership*, that was given to NIRI members who attended the 2014 Senior Roundtable. He also spoke about the book during a session at the event.

Mike Mussallem, chairman and chief executive officer at Edwards Lifesciences, and David Erickson, vice president, investor relations at the same company, are enthusiastic supporters of Reindl's work on leadership during his tenure at Edwards Lifesciences and in his subsequent career as president of Rob Reindl Organizational Consulting.

### Creating a Culture

In the Foreword to the book, Mussallem talked about how the spinoff of Edwards Lifesciences from Baxter International in 2000 "afforded us a blank slate of sorts to reshape our business, recruit stellar talent, and foster a patient-centric culture." He challenged his leadership team to live the expectations they were putting forth to their colleagues.

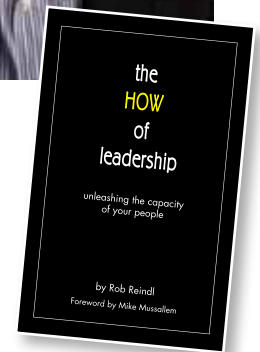
Edwards Lifesciences is the global leader in the science of heart valves, focusing on medical technologies that address patient populations where there are significant unmet clinical needs, such as structural heart disease and critical care monitoring.

This focus on patients is what led company leaders to develop the credo, "Helping patients is our life's work, and life is now." Mussallem explained, "This common goal for everyone at Edwards not only keeps us on the right path, but also keeps us humble, facilitates listening, and promotes mutual respect." These values are a key part of the leadership culture at the company.

"Rob always challenged us to dream big," Mussallem declared, and he believes that Edwards Lifesciences employees are doing just that, thanks to Reindl's work. He credits Reindl for taking the strategic vision for the business and translating it into something tangible and meaningful for employees.

"Edwards' success is known via multiple external metrics, from stock price to margins to rating as a great place to work," Eileen Clegg wrote in her Preface to the book. Clegg is founder of Virtual Insight Press, the book publisher, and a member of the Edwards Lifesciences Leadership Program faculty.

"Rob has some surprising insights about topics ranging from stress prevention to innovation that are visionary and radically different from the usual conversation, while at the same time practical common sense," she added. "Somehow his



philosophy has resonated throughout an organization – not with words, but with actions."

That's the essence of Reindl's book – translating leadership into action. It consists of 36 "Hows" of leadership, each summarized in a way that makes it easy to implement. Illustrations and quotes from wise leaders reinforce the messages.

The practice of leadership is critical for investor relations professionals, who must often "lead from the middle," generating positive results from a diverse group of executives who do not report to them, and successfully influencing external stakeholders such as investors and analysts.

“Rob’s influence and ideas about how an organization and its leaders should behave have helped create a company culture that encourages the exploration of diverse views, but ultimately unites us around a common goal,” says Erickson. “His ideas are not only important must-haves for successful professionals, but are fundamental to building a high-quality investor relations program.”

“We get hired for our technical ability but often there is little focus on leadership,” Reindl told IROs at the Senior Roundtable. “You have to invert the pyramid to become a leader who spends

most of your time on leadership, keep your management skills honed, and let go of some of the detailed technical aspects of your job. People who don’t let go of things can’t rise above the managerial level.”

As he reflected on his own leadership journey in the Introduction to his book, Reindl observed, “It’s one thing to know the WHAT of leadership. That’s the importance of having a vision, mission, strategy, goals, objectives, management process, performance management process, etc. But none of that goes anywhere without great HOW leaders.”

To expand on this in his presentation with IROs, he highlighted several leadership principles that he believes are essential.

## Trust is Everything

“Most important: Be trustworthy,” Reindl advised. “Originally my book was going to only be about trustworthiness. ‘People ask four questions when they decide if they trust someone: Do they know me? Do they care about me? Do they do what they said they would do? And, do they tell the truth?’

“IR people operate in small departments. Whenever someone new started in my

## USE “CREATIVE DEBATE” TO STAMP OUT THE “SILENT SPIRAL”

**ROB REINDL**, the former corporate vice president of human resources at Edwards Lifesciences and author of the book, *the HOW of leadership*, believes that preventing the “silent spiral” – where employees stop speaking up because no one listens to their views – is a critical component in building a strong leadership culture.

In his book, he describes how executives at Edwards Lifesciences coined the term “creative debate” to describe the process they developed to stamp out the silent spiral.

Ironically, the process began as Reindl and company CEO Mike Mussallem were reviewing some impressive employee satisfaction results with 50 of the company’s senior leaders.

But one of the more maverick-type leaders raised his hand during the discussion and said, “I appreciate that you guys are showing these great results. However, the real elephant in the room that people are discussing is that it’s really hard to raise the tough issues with management.”

Reindl then interviewed five of the more outspoken

leaders in the company about this issue, and these five then interviewed the other members of the senior leadership team. They identified those behaviors in the company culture that enabled people to raise the tough issues and those behaviors that got in the way of employees raising the tough issues.

This led to the development of creative debate, which means that whenever two or more people get together to make a decision, debate should be encouraged.

“Out of debate comes more creative ideas,” Reindl wrote. “Creative ideas facilitate innovative solutions.”

He cautions that creative debate “is not your standard ‘debate class’ approach where there is a winner and a loser. Rather, creative debate is a specific style of discussion that enables all ideas to land on the table and then be sorted through objectively.”

To give “permission” to people to play the unpopular role in a debate, Reindl developed the role of “designated divergent” – someone whose job it is to take a contrary point of view.

“We also suggested that people intentionally argue a position different than their actual belief to give them a chance to see firsthand the viewpoints of others,” he said. “We might ask someone to argue the ‘pro’ side of the decision that they are against, and vice versa.

“In creative debate, the goal is not to ‘win;’ but to see all sides of the question by bringing forth everyone’s knowledge and wisdom.”



human resources department – which was also small – I had an hour-long meeting with them. I would tell them that our department is based on a foundation of trustworthiness and that it was really important to me, as a leader, that we were all trustworthy.

“I told people my life’s story – good and bad – and asked them to do the same, or at least just talk about something not on their resume. As a result of this meeting, 80-90 percent of the time we would come away with a common frame of reference and connection. I encourage you to give this a try.”

Reindl also encouraged IROs to “demonstrate behaviors that show you care. Steven Covey, who wrote the book, *Seven Habits of Highly Effective People*, was a big influence on my life. He says that everyone has a ‘personal bank account,’ and every day we choose whether we are going to make deposits or withdrawals in other people’s personal bank accounts.

“Examples of deposits include sincerely listening, showing interest in others, being kind, apologizing, and generally demonstrating caring behaviors. Examples of withdrawals include talking too much, ignoring others, being unkind, being arrogant, or generally demonstrating behaviors that communicate you don’t care about another person. One withdrawal can completely deplete another person’s personal bank account and destroy trust.”

Following through on commitments in our functional areas is really important. Even just one or two people not following through can tarnish your brand.

“It can be as simple as showing up for a meeting on time or doing whatever it takes to deliver on a project or fulfill a role you play on a team,” Reindl said. “It can also mean clarifying expectations so you don’t over-commit.

“How open and honest are we?,” he asked. “Telling the truth is not limited

to being honest. Trust can also be lost by withholding information or not being completely transparent. Trustworthiness is something you earn.”

## Two Ears and One Mouth

“Only 25 percent of people in a company listen effectively,” Reindl declared. “Seek first to understand rather than to be understood. Hit the pause button and find out what other people think first. If a young person comes in to you for advice, make sure you listen to them first.”

He noted that many conflicts can be defused when people seek first to understand. “Seek the why behind it,” he suggested. “It is a great way to influence people to your point of view.”

Reindl added, “Listening is one of the biggest challenges with leaders. There seems to be a direct correlation between years of service and the lack of listening. It seems the more experience we have, the more we stop asking others for their opinion. It can really get in the way of developing creative ideas to solve problems. Leaders go from problem to solution quite quickly. So the key for leaders is to be self-aware of this tendency and spend more time listening.”

## Check Your Ego

“To be a successful leader, you have to have some ego and self-confidence,” Reindl observed. “But there is a line, and when you cross it, you move into arrogance and people just shut down. When you are really successful, it is easy to go over that line. You need to keep yourself humble.”

Just as listening is important, he noted that asking people what they think makes them feel valued and could generate needed solutions to tough problems.

“Never let your ego get out of check,” Reindl warned. “Have confidence in your subject matter expertise, but don’t let your wealth of experience turn to arrogance.”

## No Yes Men


“Leaders sometimes dismiss warnings or advice as being too negative,” Reindl observed. “Then people are trained to just say ‘yes.’ One of the most devastating examples of this was the Challenger space shuttle that crashed in 1986. Later, it was learned that engineers knew more about the danger from the o-rings in the solid rocket booster used to launch the space shuttle than was expressed to decision-makers.”

“If you get put down in a meeting one time because you challenged the boss or group thinking, you learn not to do it again so you will not be embarrassed.”

He sees the problem of people clamming up as a “slippery slope to mediocrity.” Reindl advised, “Leaders need to realize the effect of their ‘position power.’ Being in a leadership position gives you the power to silence others more often than you think, particularly when you do not have any idea that you are doing so. It is critical that leaders are always open to diverse points of view.”

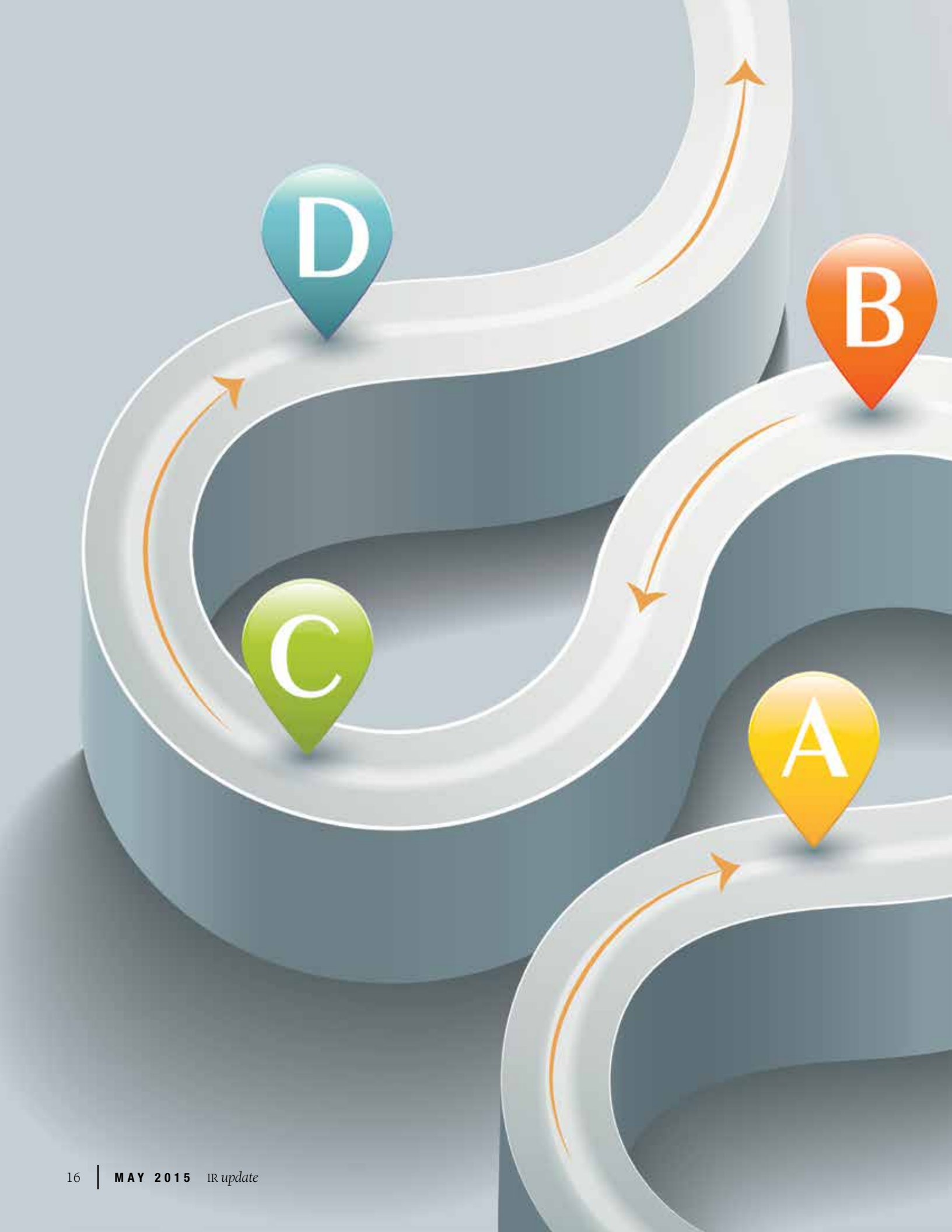
He explained that “creative debate” was employed at Edwards Lifesciences (see sidebar) as a way to encourage people to speak up.

Reindl said that when two or more people at the company are working on something, leaders encourage debate to come up with more innovative solutions. “Innovation was really important to us and is likely really important to you. Practice creative debate,” he recommended.

These and other “hows” of leadership that helped create a positive culture at Edwards Lifesciences are highlighted in Reindl’s book. 

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# The IR Plan: A Foundation for Success

It takes time and effort to develop a cohesive IR plan, but the payoff can be strong.

By Alexandra Walsh

**S**uccessful IR programs are always built on well-considered IR plans. Correct? So then it's safe to assume that all companies with an IR function have an IR plan from which springs brilliant strategies to achieve lofty goals? Maybe not.

The four investor relations professionals interviewed for this article acknowledge that before they came on board, their company did not have an IR plan. They also acknowledge that they would never run an IR program without one. Here's why.

## Why Plan?

Veteran IR consultant Allan Jordan says he always preaches to his clients that an IR plan is a necessary roadmap that puts everyone on the same page and prevents the IR program from becoming ad hoc or reactionary.

Jordan recently developed an IR plan for a client whose staff was entirely based abroad. "The plan allowed the CFO and myself to show the board our strategy, how we would proceed, our outreach schedule, who we were targeting, how we would nurture and build on existing investor relations, and how all this tied together. It also provided the board with a 'here's where we are now' snapshot, our next set of goals, and the roadmap of where we would be going for the next 12 months. It also included what commitment to the IR function we expected from the executives."

Jordan says the added benefit of the plan was that it showed the board that he and the CFO had a strategy and that they had control of the situation.

Theresa Womble, director, Investor Relations for Compass Minerals, developed her first IR plan for her company when a new CEO began. "Your executives' time is



valuable and having a plan allowed me to be very strategic in the opportunities I was creating for our new CEO to acclimate himself with both sell-side and buy-side analysts,” she recounts.

“For us, it was somewhat of an organic process,” explains Gregg Lampf, vice president of investor relations for CIENA Corp. “My CFO and I talked regularly about what was going on in IR and what our goals and tactics were, and he suggested we codify that into the company’s first IR plan.”

Lampf says having a plan has helped him focus his efforts and also helped establish buy-in from company executives. “Circulating the plan helps the C-suite see how important their contribution is to our road shows, headquarter group visits, and investor meetings, and when I ask them to add IR activities to travel they’re conducting for other business purposes.” Lampf adds that the plan is especially useful in making clear goals and tactics that involve the company’s subject matter experts when he requests they involve themselves in IR activities.

“When I started here three years ago, the CFO, who was also fairly new, and I created a strategic IR plan for the company,” says James Grant, vice president, investor relations for Signet Jewelers. “The company was moving the IR function from the United Kingdom to the United States, so the timing was excellent, as we had a clean slate from which to evaluate opportunities to present ourselves to the investment community.”

Grant adds that he had IR strategic plans in previous positions. “They serve as a sanity check to keep you on strategy and document those agreed-upon strategies.”

Lampf also points out that developing the IR plan helps with the budget process. “Part of the IR plan is understanding your capabilities and what you will be able to execute internally versus what will require an external relationship with retainer.”



## Download Sample IR Plans

Sample IR plans are available in NIRI’s Resource Libraries at: [www.niri.org/findinfo/Sample-Documents.aspx](http://www.niri.org/findinfo/Sample-Documents.aspx).

Jordan adds that the IR plan should be able to play a role in the IRO’s performance review. “A good IR plan should have sufficient and specific goals and objectives against which the IRO’s performance can be gauged. Of course that can’t happen if the IR plan is generic, basic, and without detail, but that’s not an effective plan anyway.”

“If your plan commits you to eight non-deal road shows, that becomes a measurable goal. Or, if we are trying to target a particular set of investors, that also becomes a measurable goal,” says Womble. “But the purpose of the plan is more about communicating relevant messages and getting those messages in front of the right people, which ultimately creates stability in the shareholder base.”

### Essential Elements

Grant says that his IR mission statement is to enable the most effective two-way communication between Signet and the financial community to ensure that the strength of the business model is well understood. The plan to achieve this mission calls for transparency, utilizing various communication channels, servicing existing and new stakeholders, using executive and retailer time fruitfully, and using the right third parties to support IR efforts at a fair price.

“The plan serves as a guidepost to ensure that our management team and board are making IR decisions consistent with our IR mission,” acknowledges Grant.

Womble says the IR plan has to include proactive communications with the street – both sell and buy-side. “It has to create opportunities for face-to-face contact

including travel, opening up your offices to visitors, and to the extent possible, getting investors in front of other managers in addition to your C-suite.”

“The feedback loop is also important to the IR plan – monitoring sell-side messages about your company and addressing issues through your own messaging,” adds Womble.

In addition to external education, Womble also believes strongly in building internal education into the plan. “We’ve been a public company for 12 years and we still educate internally about what that means in terms of providing the relevant information to bolster our value proposition to investors.”

Womble’s IR plan includes giving the senior management team a monthly IR update in which she shares with them how Wall Street is receiving the company’s messaging. “I’m providing pretty specific commentary related to our business and if there’s a disconnect – they know they need to be engaged. We’re also conducting a shareholder perception study to help determine weaknesses in the plan so we can adjust accordingly.”

“The IR plan enables you to evaluate what capabilities your department really needs, internally and externally, to execute the plan’s tactics and meet its goals,” points out Lampf. “Do you need surveillance of one kind or another, or do you need to employ an IR consultant or conduct a perception study?” Lampf says that part of his plan’s strategies called for a marked increase in company-sponsored road shows. “We leveraged our IR consultant to help with targeting and logistics for our own road shows

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## **“Part of an IR plan is looking at your toolset, and one of those tools is media and how you use it as part of the company’s communications.”**

— Allan Jordan, veteran IR consultant

(in addition to sell-side sponsored trips). If I had to do all that on my own, we probably couldn’t do nearly as many of those.”

Jordan believes that developing an effective IR plan should include analysis of current and projected strengths and challenges, objectives with measurable goals, and broad-brush strategies.

And any good plan should have a timeline. “You begin with your hard and fast dates like reporting and meeting schedules and certain analyst-hosted conferences that are must-attends, and then you build out from those elements,” Jordan explains. “So if there are certain things happening in the company, like a major roll-out, you can strategize how IR would best tie into the roll-out and involve the IR community, shareholders and analysts.”

### **The Process**

Jordan says the heavy lifting of putting the plan together happens early on followed by tweaks through a built-in review mechanism in the plan. “The strategy shouldn’t be vastly different from year to year and the mission doesn’t change, but it should evolve based on the company, developments in its business, its attractiveness as an investment and, most of all, the gaps between the investment community’s perceptions and management’s strategies for the business.”

Jordan suggests that regular reviews be built into the plan focusing on messaging and tactics (for example quarterly meetings with the CFO to gauge progress and determine tweaks for the plan) and then

every few years. The plan will benefit from a deep dive to check back that it is still matching corporate culture and mission. The messages and timeline are updated annually and revised during the course of the year as needed.

Lampf puts his plan together with help from his assistant who, he says, implements meaningful parts of the plan. “During the process, I may reach out to peers in PR as an FYI, put in a more focused effort with my CFO and also my CMO, because they do a lot of outreach with us, and then the CFO blesses it and it’s distributed to the CEO and others in the C-suite.” Lampf adds that he also makes sure to involve the legal department along the way.

Womble says she revisits the plan at least quarterly during the year. “You have to think about what’s changed in the business climate for your company that might require a change in the plan.” She adds that if she changes the plan during the year, it will most likely be reflected in the messaging and frequency of travel or in an imperative to make certain business functions more understandable to analysts.

Jordan believes it is essential to coordinate with corporate communications in preparing the plan, and if the company doesn’t have a communications department, it’s important that the IR plan has a communications element.

“Part of an IR plan is looking at your toolset, and one of those tools is media and how you use it as part of the company’s communications,” states Jordan. “They


are influencers, so don’t forget your trade reporters (and industry analysts when appropriate). They’ll be talking and writing about your issues as they happen and analysts and investors will be paying attention to them.”

Jordan believes that not only should the IR plan have buy-in from corporate communications, but there should also be an open door between the two functions. “You have to look at how the IR and communications plans will work together and make sure you are on the same page with your messaging even if there are separate plans.”

### **Words of Advice**

“When it comes to deciding your strategies – even whether to accept an invitation – remember not everything that comes through the door has the same value or any value at all,” says Jordan. “Plans help to make sure we don’t get distracted by all the ‘noise’ that comes at us. Companies need to sit down and examine the audience and weigh the relevance and value of each opportunity, and a plan helps you to determine if the invitation meets your goals or not.”

Lampf suggests approaching developing the IR plan as a terrific opportunity to focus your efforts. “Especially if you’re new to the job or the company is new to the concept of an IR plan, developing it gives you some time, without being scrutinized, to reach out to your peers and ask for their opinions, think out of the box, figure out what you’re going to do, and embrace it.”

At the end of the day, says Womble, “You must have a plan so you’re not randomly responding to requests and pulled in directions that might not be the most valuable for your IR function or your company.” 

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



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# NIRI Announces 2015 Fellows

**THE NIRI FELLOWS RECOGNITION PROGRAM** is an honorary recognition program that distinguishes living NIRI members who epitomize leadership, integrity, involvement, and contributions of investor relations professionals. These individuals have made significant contributions to the advancement of the profession and NIRI throughout their careers. The 2015 class of NIRI Fellows includes:

- **Deborah Kelly**, partner, Genesis Inc.
- **Sam Levenson**, Chief Executive Officer, Arbor Advisory Group
- **Keith Mabee**, group president – corporate communications and investor relations, Falls Communications
- **Doug Wilburne**, CFA, vice president, investor relations, Textron Inc.

For a list of all NIRI Fellows and more program information, visit [www.niri.org/fellows](http://www.niri.org/fellows).



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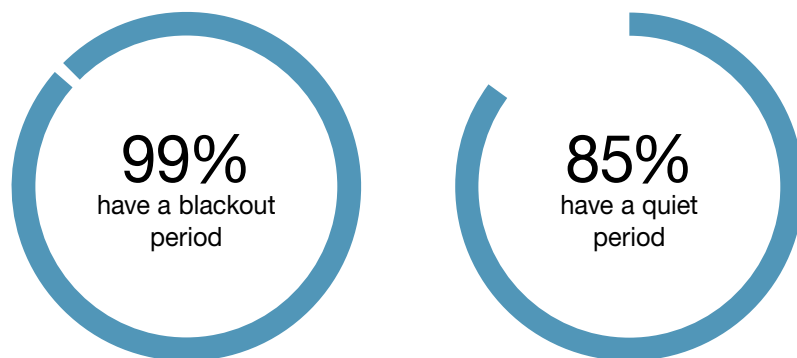


Doug Wilburne

## IR Research At-a-Glance

### Public Company Blackout and Quiet Periods

NIRI surveyed members to learn what percentage of companies have a trading blackout period and what percentage of companies have a quiet period. "Trading blackouts" are defined as a specific period of time when the company's officers, executives and certain employees are prohibited from trading in the company's stock, except for specific exceptions. "Quiet periods" are defined as a specific period of time during which officers of a company will not talk about the company's financials, typically prior to issuing company quarterly earnings press releases.



Source: NIRI Trading Blackouts and Quiet Periods Survey - 2015.

## Professional Development Calendar

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

### May 2015

**12** Quiet Period Practices webinar

### June 2015

**13** Finance 101 for IR and Corporate Communications seminar, Chicago

**13** Keys to Successful Investor Presentations seminar, Chicago

**14-17** 2015 NIRI Annual Conference, Chicago

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

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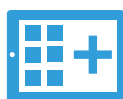
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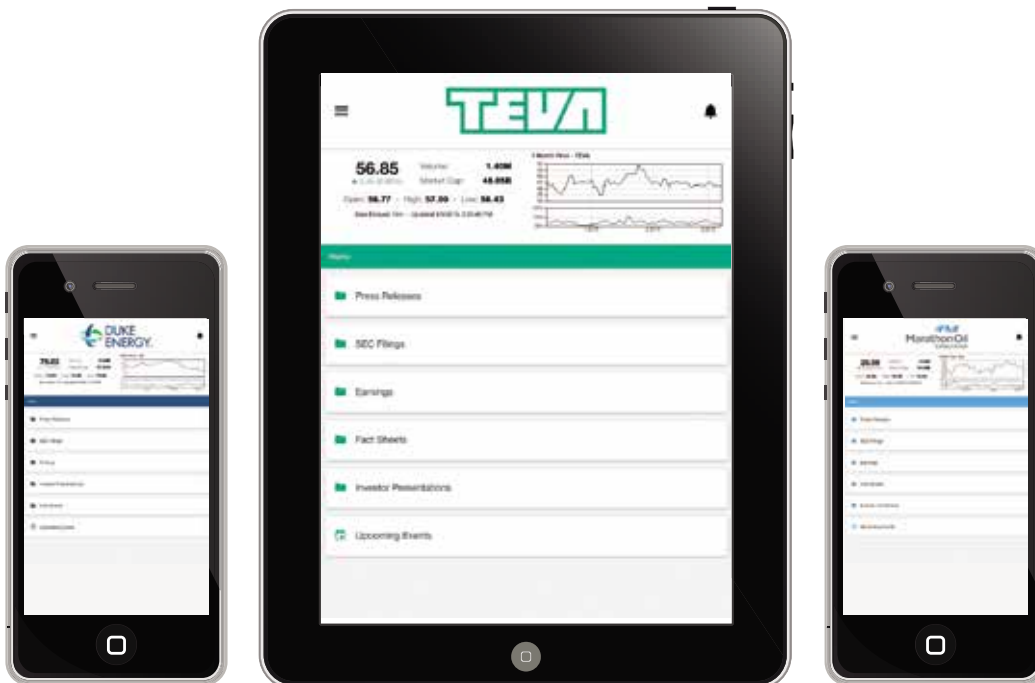


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