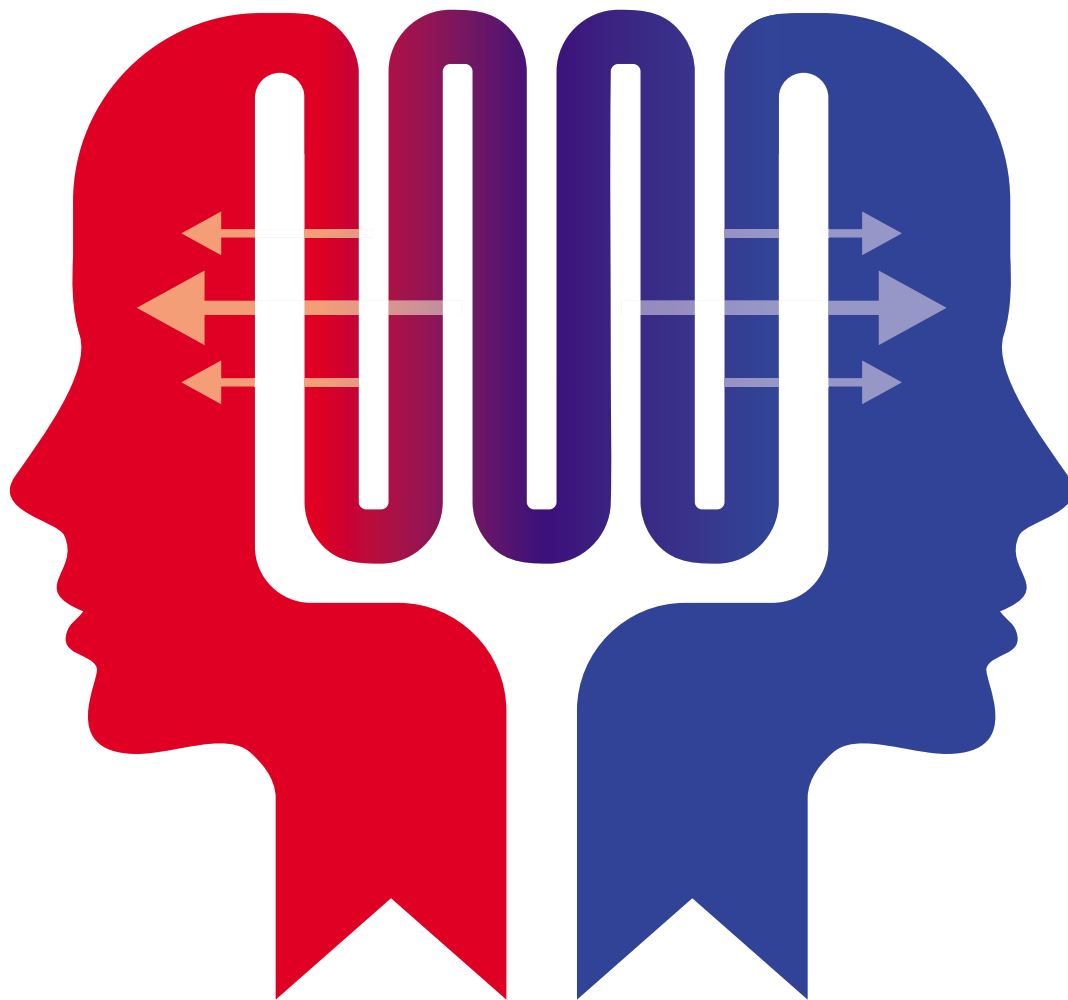


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## WHEN BUY-SIDERS BECOME IROS

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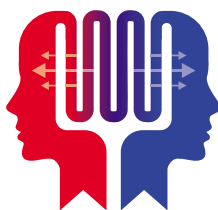
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# Advancing the Profession

In 2002, when I started my IR corporate career at Atlanta-based AFC Enterprises after 10 years of working in the capital markets, I had no idea the impact NIRI would have on my career and my life. Many of you reading this column already know this, as you have played an integral role in my career development.

It is with you in mind, along with the rest of the NIRI membership, that I proudly accepted the role as chair of the NIRI Board of Directors. I am honored to be in a position to give back to this organization, which has played such an important role in advancing the professional competence and stature of so many IROs and, more broadly, in developing the profession of investor relations itself.

I have always found NIRI to be a place where those who have been there help others get there. Every NIRI chapter has so much expertise just waiting to be tapped, so many incredible individuals with ideas for improving your IR practices, and so many resources to help take you to the next level.

NIRI has always been there for me as I went from AFC to Maidenform to HSN, Inc., where I have overseen investor relations for seven years. Along the way, NIRI offered a platform to help ensure I was on the right path and help me be as effective as I could possibly be as I drove the Wall Street effort for these companies.

Today, in a world that is changing at an incredible pace, sharing ideas and learnings in an environment of transparency is more important than ever. I believe my experience living overseas gives me a unique perspective on NIRI's global presence, and I hope to inspire additional collaboration among NIRI members around the world.

This is an important time for NIRI as we continue to execute on our OneNIRI strategy, which includes our first-ever Investor Relations Charter certification exam that will be administered in March 2016. NIRI is taking a major step forward with this strategic initiative.

I'd like to thank outgoing Board Chair Mark Donohue and fellow board members Bob Burton, Deb Pawlowski, and Chuck Triano for their many years of extraordinary contributions.

As chair, I look forward to working with the NIRI Board, staff, and our many volunteers to meet the education, information, networking, and advocacy needs of all NIRI members.

Now, let's get to work.



**Felise Glantz Kissell**

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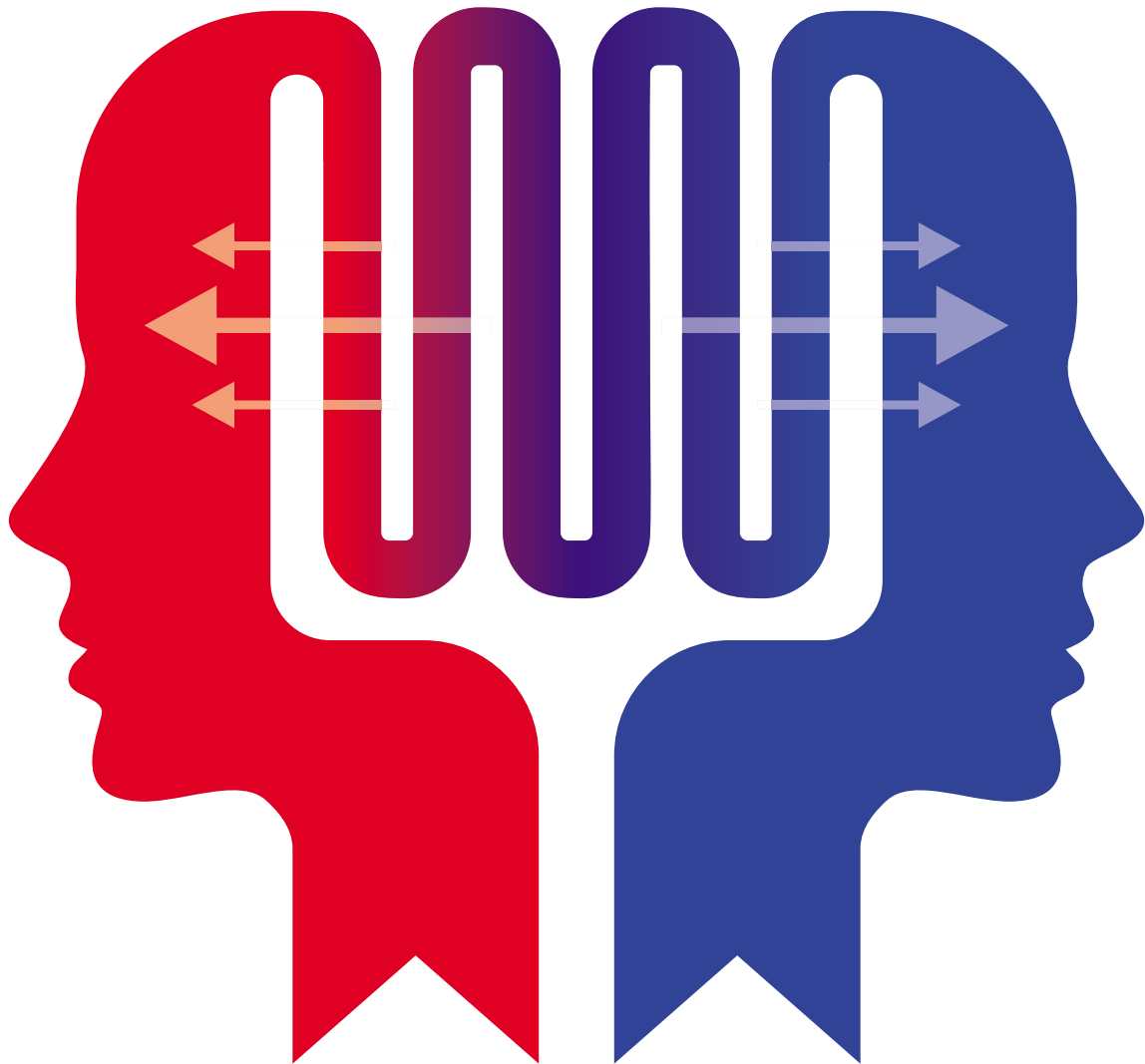
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# WHEN BUY-SIDERS BECOME IROS

IROs who once worked on the buy side share their insights  
on how analysts and portfolio managers think.

By Margo Vanover Porter





**I**ROs who once worked on the buy side know how analysts and portfolio managers think, says Neal Goldner, vice president, investor relations, at Avis Budget Group. “IROs understand the thought process of portfolio managers and how they construct portfolios. Having done the job, all that becomes second nature.”

Goldner, who spent almost 12 years on the buy side, recalls that his first portfolio manager (PM) was index agnostic. “He was small-cap value oriented,” he says. “We looked for value, focusing on ratios that other PMs don’t look at. When value was in vogue we tended to outperform. When it was a growth market, we didn’t change our stripes.”

That philosophy underwent a dramatic reversal when Goldner changed firms. “I worked for other portfolio managers who were very focused on their benchmarks,” he says. “Whatever their index -- small cap, mid cap, or large cap -- they wouldn’t stray much from it. It’s important to know how different portfolio managers think.”

Buy siders turned IROs may have a certain advantage, admits Simon Burton, vice president, investor relations, Kellogg Company. “Hopefully, you understand what’s important to buy siders -- or at least understand where they are going with the questioning. You understand different kinds of investors and what they are trying to achieve. It’s a matter of experience in the role. You can translate some of what you would do as a buy sider. Even if the investor calling you has a very different style, hopefully you have a pretty decent understanding of what they’re after.”

Twice a buy sider, Burton started his career as an analyst at Bank of America Capital Management following consumer staples and covering Kellogg. He liked what he saw at Kellogg and joined the company’s IR team until he was lured to England to be a portfolio manager at Norges Bank Investment Management. After four years, he came back

to Kellogg because he missed his colleagues and, of course, the IR profession.

## The View From 40,000 Feet

Even IROs with a Street-smart background find it hard to predict what will drive a buyer to invest in a company’s stock.

“You can answer it from 40,000 feet, but digging deeper into it is difficult,” Burton says. “Some like discounted cash flow valuations. Some look at what news is coming out. It can be very different.”

He adds that some buy-side firms intentionally hire people with different investment procedures and beliefs to capture more diverse portfolios.

To understand how and why they purchase a particular stock, Goldner recommends you first figure out how your buy-side investors get paid. “In our world today, you’ve got long-only asset managers in big mutual fund shops who are very conscious of their index,” he says. “Their risk of owning a stock that is out of index and being wrong is pretty significant and disproportionate to the value of owning an out-of-index stock and being right. The economics of a long-only portfolio manager is such that if you consistently outperform by a little bit over many years, you get paid quite a bit, but if you underperform a little bit for a short time, you could lose your job.”

For example, he says, in most long-only firms, a PM has outperformed the market if he or she is down 9 percent when the rest of the market is down 10 percent. Contrast that to hedge funds, he says, where they only get paid for positive, or absolute performance, not relative performance.

“Hedge funds play an absolute game,” Goldner says. “They need to be up. If the market’s down, they still need to be up to get paid.”

## Breaking Bad News

When you have bad news to share with the buy side, remember three words: trans-

parency, humility, and optimism, recommends Deborah Kelly, a partner with Genesis, Inc., a strategic positioning and communication firm. “Bad news doesn’t age well. You want to be as transparent as you can as quickly as possible and to be the source of all of the information. Understand how the Street will evaluate whatever the news is and anticipate that in your messaging.”

Kelly, who once made stock recommendations while working for a bank in the research department, cautions against releasing negative news in dribs and drabs. For example, you shouldn’t say, “Here’s part of the situation. We’ll provide more information later.”

You also have to show humility, she advises. “If something’s gone wrong and there’s been a screw-up, you have to own it. Be humble. Get all that news out upfront so you can get past it and talk about what you’re going to do about it, which is the next crucial piece. Say, ‘Here’s what happened. Here’s how it affects us, and here’s what we’re going to do about it. We have a plan.’ Investors want to hear that you have it under control. That’s where the optimism comes in. You want to have all those bases covered before you go out with an announcement.”

During a conference call, she believes it’s best to start with the bad news rather than waiting several pages into your script, because it shows respect for your audience. “Get it all out on the table pretty quickly, saying ‘Here’s what happened, here’s why, and here’s what we’re going to do about it.’ Then you can talk about all the great things you’re going to do. Otherwise, I don’t think people listen to anything else you say because they are waiting for what they know is coming,” Kelly said.

## Relationship Strategies

These three former buy siders shared a number of strategies for improving IRO/buy-side relationships.

Research investors. “You have to do your

research on different investors and what kinds of stocks they hold and who would be suitable to your story,” Kelly says. “That starts with figuring out what your story is and what investment characteristics you have, which changes over time. That’s the job of positioning and investor relations. The goal is to pull some of that future value into your present valuation.”

Keep your IR website up to date. The information that the investors want and need -- including presentations, transcripts, financials, and models -- should be current and easy to find on your IR website, according to Goldner.

Clearly tell your story. “Provide as much information as you can so investors can get an accurate picture of what’s happening,” Burton says. “Tell your story accurately and highlight things worth highlighting. Give them a sense of what’s coming, rather than just what’s happened in the past. Tell the story clearly and provide a reasonable investment thesis.”

Be receptive to outreach. When Burton was looking to buy a position in a company, he tended to stay in regular contact. “For the stocks that were part of my portfolio, I would try to keep in touch,” he adds. “I made an effort to see companies face-to-face, partly because if I show up at the office I may get access to two or three managers in a day. If they came to me, I may only get an hour with one person. I can talk in more depth when I visited.”

Goldner agrees that IROs have to stay available. “Some companies go completely quiet for a month or month and a half,” he says. “That’s a lot time. You’re asking the buy side to go elsewhere for information.”

Tap into the sell side’s knowledge. “I rely on the sell side to let me know what’s going on,” Goldner says. “They know what their portfolio manager clients are looking for. They can be an extremely valuable resource if used correctly.”

Don’t get trapped in the weeds. In Goldner’s experience, while some investors

can see the forest through the trees, others can’t seem to get out of the weeds. “While I was at State Street, a CEO at a company we once owned told me: ‘Don’t get paralysis by analysis.’ I was the analyst, yet he warned me. I see that every single day. Too many people are so focused on the analysis and every little data point to make sure their Excel spreadsheet is perfect that they actually lose the ability to take a step back and see what’s happening. Some people really like to get into the weeds. That’s their comfort zone, but they often lose sight of the big picture.”

Avoid cold calls. “They don’t work,” Goldner says. “If an IRO from a company would cold call me, my first thought was desperation. I wouldn’t do it unless you are a microcap company. Then you may have zero coverage so it may be the only way you get out there.” **IRU**

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*Margo Vanover Porter is a freelance writer based in Locust Grove, Virginia; m.v.porter@comcast.net.*

## ADDITIONAL BUY-SIDE INSIGHTS

During the closing general session at the 2015 NIRI Annual Conference, three buy-siders offered a variety of tips for IROs.

**Be available.** If your company misses an [earnings] expectation, your buy-side analysts may want to sit down and talk to your management to find out what happened, explains Kathy Buck, portfolio manager, Fidelity Investments. “If you have a good relationship with your buy-side analysts, this is a good opportunity for a dialogue,” she says. “Be available and don’t hide.”

**Listen to all sides of the street.** “Sell-side analysts can identify potential investors,” reports Matt Schuldt, portfolio manager at Adage Capital Management, who follows certain sell-side ratings and recommendations.

**Check out social media.** “Understand what is being said on social media,” urges Francois Drouin, analyst, Citadel Investment Group. “If you see the stock moving on a certain day you can often look and see a spike in social media coverage.”

**Understand the motivations of board candidates offered by activists.** Look at potential new board members and try to understand if activists are in for the long term or just looking “to goose the stock price and be out in 12 months,” suggests Buck.

**Get it all out.** If you have bad news, give it all at once, advises Drouin. “If a stock is down 10 percent, I am willing to buy it if I am confident all the bad news is out there. The problem is when bad news drags on quarter after quarter.”

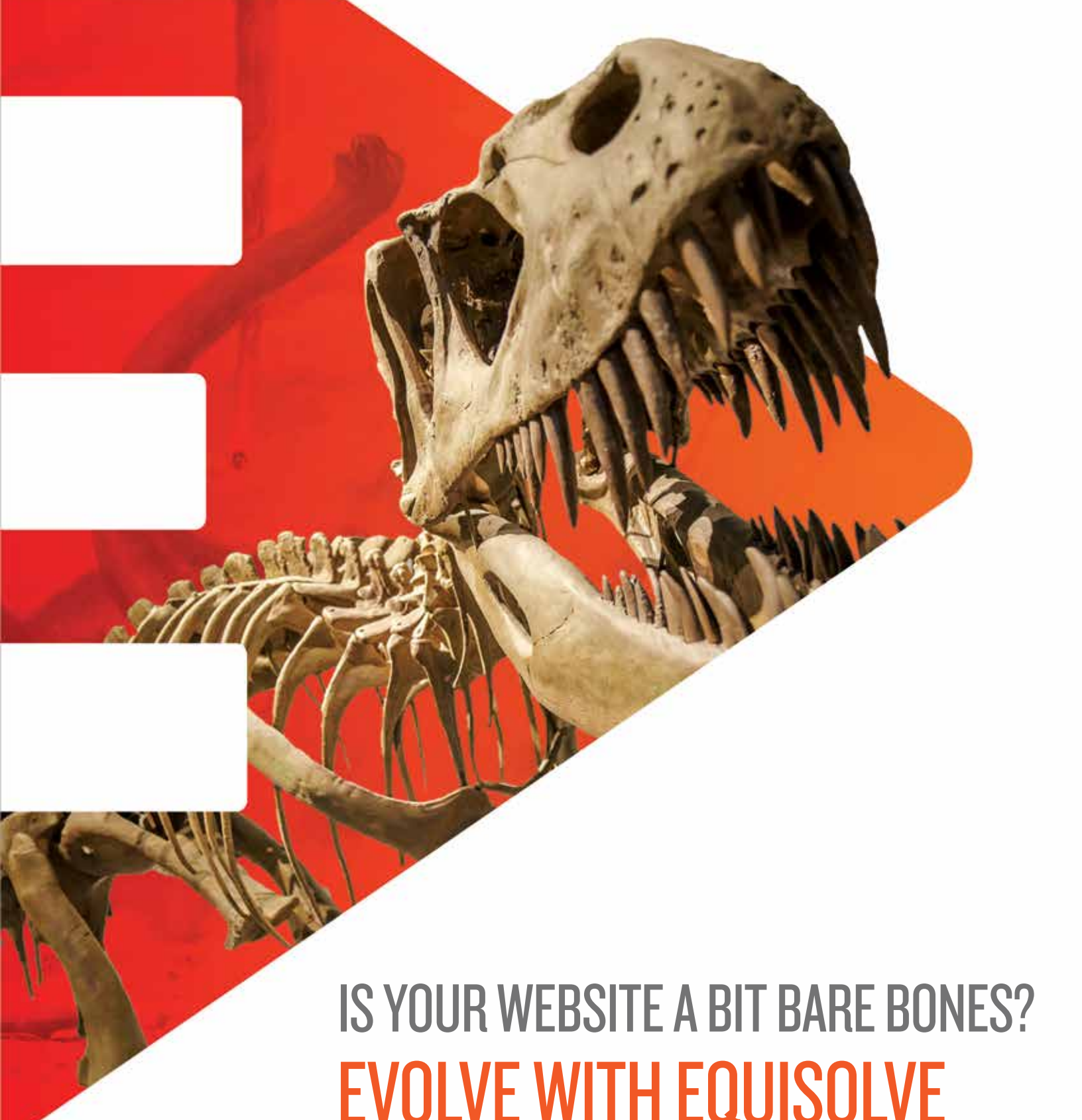
**Don’t deliver good news with bad news.** “I hate it when companies give bad news and good news at the same time,” Drouin says. “These are separate things.”

**Keep an open channel of communication.** Analysts who cover you have different styles, Drouin points out. Some might call you every month and others might call every six months. “Mostly, it is us calling you, but if you call us, that is tremendously helpful,” he says. “We enjoy sitting down one-on-one, and we will happily travel.”

**Concentrate on perfecting your story.** Make sure your story is well understood and well disseminated, Buck urges. “You’ll be found if you’re a good story.”

**Avoid doubletalk.** “Nothing we appreciate more than meeting with management and having a good feeling that they are being honest,” Buck says. “It also helps when you get the same message from the IRO, CEO, and CFO. I don’t want to hear bad news from one and good news from the others.”





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# CONTENT MARKETING FOR IROS

A thoughtful content marketing strategy can help cut through the daily trading noise and make genuine connections with long-term investors.

By Rob Berick

**A**mid all the uncertainty in the global financial markets, one thing is certain: this is not your father's stock market.

Regulatory changes have altered the way companies and investors communicate. Technological advances have changed the way investment ideas are surfaced and researched, as well as the rate at which investments are executed and portfolios adjusted. Behavioral shifts within the investor community have helped activists become a viable and recognized investment class. The cumulative effect of these struc-

tural, technological, and behavioral changes has produced an extremely difficult and volatile environment for companies to compete for capital.

Yet, in response to this change, many companies have chosen to take an almost defensive approach to investor communications by treating the function more as an extension of the finance department rather than the hybrid communications-compliance function it was intended to be. So it's no surprise that, according to one respected, buy-side portfolio manager who asked to remain anonymous, "IR continues to get more primitive as the markets keep getting more sophisticated."

The exposure this discrepancy creates for companies can be significant. For example, it can prevent a company from maximizing its value-creation potential. According to a Rivel Research survey, buy-side investors believe effective IR contributes a median premium of 10 percent to a company's valuation, while ineffective IR dampens a company's valuation by a median of 20 percent. Among other things, effective IR is said to provide investors with insight into a company's growth potential and the strategy it will use to achieve this growth.

Most investors today have neither the time nor the patience to unpack a company's value



proposition. Investors want to understand quickly why now is the right time for them to take a position (or increase their position) in a particular company. To do so, they need insight into what happened operationally and what's ahead strategically and financially. Yet far too often companies limit their disclosures to historical results and modest – if not superficial – commentary.

In addition to the lost value-creation opportunity, this incongruity causes far too many companies to play right into the hands of the activist investors they seek to avoid. Think about it: would you allow someone else to define the value of your products and services to customers? I doubt it. And yet that's essentially what companies are doing when they underutilize the communications aspects of investor relations. The absence of a well-developed value-creation strategy and consistent narrative creates a potential opening for activists to exploit unflattering snapshots of a company through sophisticated public relations and media campaigns, as well as opportunistic investment and legal strategies, to advance their own agendas. In many ways, activist campaigns are a war of words. By not making their words count, many companies have lost the fight before it has begun.

## It's Time to Rethink IR

As noted in the article, “The Psychological Power of Storytelling” (*Psychology Today*, January 16, 2011), stakeholders are not “... moved to action by ‘data dumps,’ dense PowerPoint slides or spreadsheets packed with figures.” The article went on to say, “No matter how compelling your facts are, if your audience isn't invested in what you're saying, all the information will be lost on them.” Keep in mind that this all presupposes that you had the audience's attention in the first place, which is rarely the case.

To combat similar market disruptions and obstacles in consumer markets, companies are increasingly finding success through the implementation of sophisticated content marketing strategies. Content marketing, according to the Content Marketing Institute website, is “a strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain a clearly-defined audience — and, ultimately, to drive profitable customer action.”

The Content Marketing Institute further explains that, at its core, content marketing enables companies to “attract and retain customers by consistently creating and curating relevant and valuable content with

the intention of changing or enhancing consumer behavior. It is an ongoing process that is best integrated into your overall marketing strategy, and it focuses on owning media, not renting it.”

The purpose isn't to sell a product or service. It's about delivering information that educates the buyer and engages that person throughout the entire purchasing process.

So why not adapt the principles of content marketing to address the challenges in the financial markets? We already know investors will reward those companies that consistently provide the level of insight needed to support the buy/hold decision. At the very least, a thoughtful content marketing component to the IR program would enable a company to:

- More deeply understand the diverse needs and interests of a truly segmented investor audience, including millennials.
- Simplify the complexity of their enterprises and neutralize potential value deflators.
- Create an authentic and differentiated “investment brand” that cuts through the daily noise of stock traders and enables the company to make genuine connections with long-term investors.
- Diversify its channels to market to include robust “owned” media platforms





(e.g., those within a company’s control, such as websites, blogs, or email) and, perhaps, select “shared” media platforms (such as Facebook, YouTube, and Twitter).

Content marketing in the context of IR could take any number of forms. For example, a company with an atypical business model (such as a master limited partnership, reciprocal structure, etc.) could create different white papers to demystify the nuances of the company’s business model. A company with an ambitious growth agenda could utilize infographics to

educate investors on near- and/or long-term market trends. Case studies could be transformed into compelling, behind-the-scenes video vignettes. Below the surface, companies could incorporate basic digital inbound marketing strategies to drive web traffic and capture important insight into investor interest. Complementing your ongoing IR efforts with the consistent cadence of content marketing will increase your ability to influence the Street’s awareness, consideration, preference, and purchase process.

One company leveraging content marketing strategies in this manner is General Electric. Through its “GE Reports” website and communications platform, the company is bringing to life its vast global enterprise in a way that no spreadsheet or financial analysis ever could. Furthermore, regularly updated content such as the “Future of Transportation” helps maintain the company’s position as an industry thought leader.

Another example is Aflac, which provides investors with an updated, in-depth view of its operations and long-term growth strategy through its “Financial Analyst Briefing Book” and related materials. By creating investor content with an educator’s point of view, the company simplifies the complexity of its

organization while illuminating its key competitive advantages.

And while it is tempting to dismiss these companies as relevant examples given their significant size and resources, the principles of effective content marketing do not come with a market-cap requirement or a minimum seven-figure budget.

## Traditional IR Is No Longer Enough

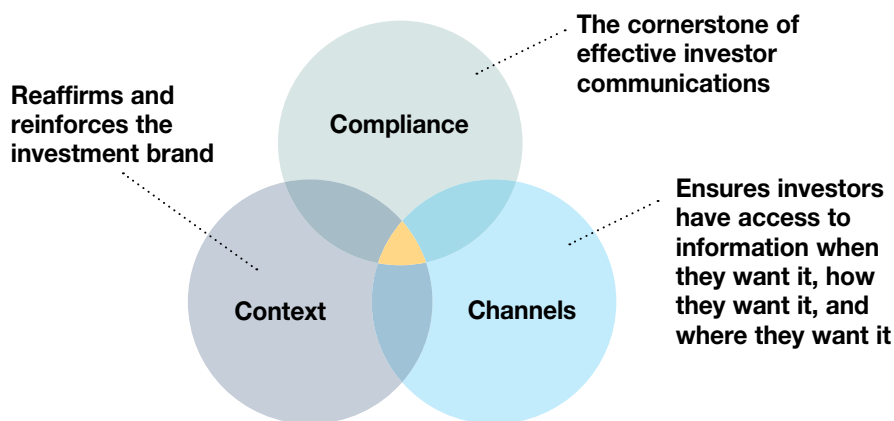
Of course, the IR function is not broken. As a compliance and financial reporting tool, IR is as good as – if not better than – it ever has been. This is critically important, since no sustainable IR program can be built without this foundation.

But compliance is only one-third of effective IR today; the other two-thirds being context (such as the story behind the results; the intangible assets that create opportunities and fuel growth) and channels. The chart on this page illustrates this interplay.

To engage investors and enhance value effectively through communications, IR also needs to complement and support its compliance mandate with a sophisticated, omnichannel communications strategy, which should include content marketing concepts.

To compete in today’s global markets, companies need a differentiated investment brand that underpins all of the communications and touch points with stakeholders. They also need diversified channels to market to ensure that the brand message is resonating with investors clearly and consistently. Companies cannot rely upon the tactics and tools of the past and expect to be heard above the roar of the global financial markets in the future. Companies that cling to the status quo of IR are leaving money on the table. **IRU**

## The Three Cs of Investor Relations



Sources: Falls Communications

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# HOSTING THE *Not-So-Big* DAY

IROs at some companies have designed unique investor events with smaller, specific audiences in mind.

By Apryl Motley





*According to TheKnot.com's 2014 Real Weddings Survey, the average length of engagement for couples married in 2013 was 14 months, and the average number of guests attending the weddings was 136.*

IROs are similar to these engaged couples in the amount of time spent in planning their investor days and verifying who will actually attend those events.

"It's always a challenge to know who's going to attend," says Jim Buckley, senior vice president of investor relations and corporate communications for Clean Harbors Inc. "If you want to maximize attendance, you want to be in New York City, and you have to send out save-the-dates well in advance, and make confirmation calls."

However, some companies, similar to the 24 percent of couples who had destination weddings in 2013, are beginning to opt for smaller and more intimate events. They have started hosting mini events for targeted groups of investors.

### **The Smaller, the Better**

"I have attended too many investor days where it wasn't clear what the objectives were, and it all comes down to your objectives," says Patrick Flanigan, vice president of investor relations for Celgene. "This will ultimately drive who attends your events."

"For example, we have a growing business in Europe, and we're planning to do an event at our European headquarters." Flanigan describes this as a "high quality" event for which he expects to only have approximately 50 attendees versus the more than 200 that might attend the company's traditional investor day in New York. "This event is directed at our

top, long-term-oriented investors to give them a unique, high-value opportunity to interact with the European management team," he says.

As an integrated global biopharmaceutical company, Celgene has taken advantage of the opportunity to hold mini events within larger medical conferences. "If we have something important to say around trial results, we will try to pull investors together," Flanigan explains. "These are typically 1-to-1.5-hour events designed to put the results into a context that's financially relevant and provide access to management to address any questions that analysts and investors might have."

Clean Harbors' Buckley thinks that "special events still work in some instances," particularly when the goal isn't to maximize attendance. For example, Clean Harbors is building a new incinerator at its Arkansas facility, and Buckley says, "That's the kind of attraction you could promote to a small group that you know is really interested. Of our top 20 shareholders, maybe half would attend, but in this case, the objective isn't to maximize attendance."

Still, the predominant trend is toward companies hosting shorter events that don't require travel and overnight stays. "You can cover an incredible amount of content in half a day," says David Calusdian, executive vice president and partner at Sharon Merrill Associates. "Investors want to get as much information as they can and return to their offices."



Even with the need for brevity, Calusdian acknowledges that additional events like plant tours or product demonstrations can be very helpful. “We’ve had a lot of success with plant tours,” he says, “especially when they tie into the company’s story.”

He notes that IROs who opt to hold plant tours outside of a major money center are weighing the opportunity to present this quality content versus having higher attendance in an easily accessible city like New York. In general, he says, “a smaller, but more dedicated, group of investors will attend these kinds of events.”

And that’s exactly the group that some companies are hoping to attract with their smaller, more intimate investor events. Continue reading to learn how two IROs leveraged specialty events to attract key groups of investors.

## **Turbocharged Events**

“When we surveyed investors, 86 percent said that interaction with management is the most important element of investor days,” says Elena Doom, managing partner at Corbin Perception and former IRO at Honeywell from 2009 to 2014.

During Doom’s tenure at Honeywell, fulfilling investors’ desire for increased exposure to the management bench and greater understanding of the businesses

served as catalysts for the company’s shift in strategy toward hosting smaller, sector-focused events in addition to its traditional NYC-based investor day. “Because of the number of people in attendance and breadth of focus at the annual investor day in New York, investors miss out on a more insightful, intimate, and one-on-one experience,” Doom explains.

To facilitate deeper dives and interaction with more members of Honeywell’s management team, Doom hosted what she calls “mini investor days” that focused on key processes or portfolio initiatives, new product launches, or current investible themes. For example, the company had a turbocharger event featuring the opportunity to drive turbo-powered vehicles ranging from the Chevy Cruze to the Mercedes E320 Bluetech to the largest Caterpillar mining truck. “The event enabled a unique touch and feel experience, along with interaction with both customers and managers,” Doom says of the event.

She recalls another event that showcased the company’s aerospace business, specifically the development of new avionics. Investors were invited aboard a new Gulfstream 650 to see first-hand how pilots interacted with the latest technology. “The rationale behind hosting this event was to create an emotional experience that would help to reinforce the innovative role Honeywell plays in that marketplace,” Doom says.

In addition to highlighting a specific business line, another reason a company might host a mini event is to proactively address a burgeoning worry. “In 2010, concern started to grow around the defense sector in regard to sequestration and budget cuts,” Doom recalls. “Honeywell hosted an investor day in Washington, D.C., featuring government and defense specialists who discussed the impact on the company and industry overall.

From her perspective, receiving question after question or call after call in your

office from investors about an issue might warrant putting together a small focused event to more broadly disseminate a reassuring message. And she emphasized that “mini events don’t have to be an exercise in PowerPoint. Investors don’t have to walk away with a binder. Instead, focus on creating an organized and informative event that leaves a lasting memory.”

How were these mini events received? According to Doom, the feedback from investors was overwhelmingly constructive. IROs are competing for mind share, and these smaller events are an opportunity to get investors’ undivided attention.

So given the potential to foster investor loyalty, why don’t more companies host mini events? Arguably, some IROs might feel like there’s a lot of work involved in hosting an event that will draw a relatively small group of 25 to 35 attendees. Doom acknowledges that “more often not, the hurdle that one has to overcome is the misperception that these events are high risk, take a long time to plan, and are expensive.”

“While in the beginning there might have been concern about letting our guard down, later it became more of a call to action spurring brotherly competition among the business leaders to see who would have the next great event,” Doom recalled from her experience at Honeywell. “And more importantly, the business leaders took more ownership of their contribution to investor perception and sentiment.”

## **On the Road to Santiago**

During his tenure as vice president of investor relations for the Principal Financial Group, John Egan has helped change how the company manages its investor events. “When I first came on board, it was an annual event,” Egan says, “but I don’t think you need to do a full-blown investor day every year. If you don’t have anything new to tell the audience,

you don't need to host an event." The company's last full-blown investor day was in New York in September 2013.

"My goal is to make it worth their while to show up," he continues. To that end, Egan says that he's had "some pretty good success with hosting smaller events and workshops that alternated with investor days."

He characterizes these smaller events as "deep dives" focused on the company's specific lines of business. In particular, Egan notes the benefit of having the next level of management attend the workshops: "Investors like seeing the detail they bring to the presentations. They are so used to seeing the C-suite."

To further diversify management's partici-

pation in investor events, Principal teamed with MetLife to bring an investor audience to Santiago, Chile, in March. Egan says, while there may have been concern initially about working with a competitor, "it was necessary to attract investors and get a good turnout." In addition, the two companies shared the cost for the event which featured Principal in the morning and MetLife in the afternoon.

Egan's primary goal in bringing Principal investors to Chile was "to educate U.S. investors about the pension/retirement market in Latin America and showcase our talent there. I wanted to show them opportunities for the future and what distinguishes us in that market." He and his counterpart

at MetLife traveled to Chile in advance to plan the event and strategize.

"I knew if investors were there in person and saw the management team from Chile and Mexico, they would be impressed," he continues. "It was a wonderful networking opportunity." During the event, attendees could interact with various representatives from Principal's management team.

"We flew executives in from around the world," Egan says, "and I introduced everyone and their areas of expertise. Even if they didn't have a speaking role, we encouraged them to talk to investors about what they do. They were there to work."

The 30-plus investors from the U.S., who attended the event from both the buy and sell sides, had a great opportunity to network with management. Egan acknowledges that some U.S. investors couldn't attend the event due to budget constraints.

According to Egan, there was also good turnout from local analysts on the buy side. In addition to those attending the event in person, another 100 people participated via webcast. Overall, he was pleased with attendance at the event. "I had a reasonable expectation of what success would like," he says.

Further, Egan believes it was essential for the company to host an event outside the United States. "When a quarter of your earnings come from outside the United States, it's a growth area," he says, "and you know investors want to know more. You have to do something."

Based on feedback Egan gathered during in-depth conversations with attendees, he concluded that the Santiago event was the right thing to do. "I got great feedback," he says. "I hope that we can build on what we did this year and get more companies to partner with us. If I had to do it again, I would." **IRU**

## TIPS FOR PLANNING INVESTOR EVENTS

Regardless of the size of their events, certain key elements require IROs' careful attention to ensure that investors feel that their time was well spent.

Don't feel obligated to host an event. "If investors believe your event is a rehash of what they've heard before, they won't be inclined to attend," Sharon Merrill Associates' David Calusdian notes. "Every 18 months might be soon enough to host an investor/analyst day if you haven't had a major event like an acquisition, new senior leadership, or important product launch. If you don't have anything new to say, it's not a good idea to have them."

Clean Harbors' Buckley agrees, "We passed on holding an event this [past] September; it didn't make sense to do an investor day while we were in the midst of making some internal changes." Celgene's Flanigan echoes this sentiment as well: "We typically only do it when there's something new to say. I was at a company where we held an analyst day every year, which was challenging in finding something new to say that was meaningful to the investment community."

Try not to overwhelm investors with too much content. "You have to achieve the right balance between content and interaction with management," Flanigan says. "You don't have to have one presentation after another for four hours. Break it up with panels and Q&As. Give the audience a chance to ask questions."

Tailor the agenda around investors' interests. "It's all about providing the right content," Calusdian says. "To figure out the best content to offer, you might do a perception audit prior to the event."

Allocate sufficient time for planning. "I take the four-to-six-month time frame seriously," Buckley says. "You can plan an event in less time, but when you don't invest as much in preparation, you don't put your best foot forward."

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*Apryl Motley is a freelance writer based in Columbia, Maryland; amotley27@aol.com*

# MAINTAINING CREDIBILITY AND GIVING BACK

NIRI FELLOW DOUG WILBURNE HAS LED IR TEAMS AT FOUR COMPANIES WHILE HELPING TO NURTURE THE NEXT GENERATION OF IR PROFESSIONALS.

By Ted Allen



## **Doug Wilburne, vice president of investor relations at Textron, was named a NIRI Fellow during the 2015 NIRI Annual Conference.**

Wilburne was the 2011 chair of the NIRI Board of Directors, served as a co-chair of the NIRI Annual Conference, and is an active Senior Roundtable member.

“Doug epitomizes the critical skills of a world-class IR professional and leader. He is hungry to learn and share all in one,” observes Ruth Cotter, vice president for IR at Advanced Micro Devices, who nominated Wilburne as a NIRI Fellow. “He has deep experience within and outside of IR that allows him to bolster his counsel to the profession while at the same time ensuring that his guiding professional principles are never compromised.”

Wilburne is responsible for communicating Textron’s strategy and financial performance to investment and business communities worldwide, including Wall Street analysts, institutional investors, and the financial news media. He serves on the Executive Leadership Team and Enterprise Finance Council at the Providence, Rhode

Island-based aviation and defense company. Prior to joining Textron in 2000, Wilburne established an investor relations program at Rite Aid, and also headed investor relations for AMP Inc., until the company merged with Tyco International.

Before AMP, he spent 20 years at Bell Atlantic, where he held numerous positions of increasing responsibility in engineering, operations, regulatory, finance, and treasury, ultimately serving as director of investor relations.

Wilburne earned a B.S. degree in electrical engineering from Pennsylvania State University in 1976, where he was a member of Eta Kappa Nu, the electrical engineering honor society, and an M.B.A. in finance from Drexel University where he was inducted into Beta Gamma Sigma, the business administration honor society. He is a Chartered Financial Analyst and a member of the Providence Society of Financial Analysts.

## **What inspired you to enter the field of investor relations?**

It wasn’t inspiration as much as a forced job placement. The head of IR was looking for somebody with both a technical background and finance acumen. As an engineer with an MBA in finance, I fit his bill. The great news is that at the end of my first day, I realized that I had been born to do investor relations. I love the profession – it is action-packed, fast-paced, and an extremely important role. I love being at the intersection of information flow and being part of the team that directs how the company will create value. Interacting with so many smart, capable people inside and outside the company is very satisfying and keeps me on my toes.

## **Before going into IR, you earned a degree in electrical engineering and held positions in engineering, operations, regulatory, finance, and treasury at Bell Atlantic. How did this experience help you in investor relations?**

The engineering degree and operations background provided me a fantastic set of problem-solving skills and a broader knowl-



edge of technology that is very useful in understanding my company's manufacturing processes and how our products work. The finance and treasury experience allowed me to be fluent with analysts and investors about P&Ls, cash flow statements, and balance sheets.

**Before joining Textron, you helped start a new IR program at Rite Aid. What did you learn from that experience?**

The Rite Aid experience was a crisis situation ultimately resulting in the company's CEO and CFO going to prison over fraudulent reporting. In my short year there, I learned how to make decisions with minimal and constantly changing information. I also learned that people have very diverse and sometimes conflicting motivations and how important it is to have a strong personal ethics beacon.

**What do you like most about the IR profession?**

I like being in the center of everything that is important to the company. I appreciate that the CEO and CFO want my opinion on decisions and how to approach execution. I like helping analysts and investors understand and appreciate my company's leadership, strategy, and financial potential. I like the freneticism and excitement that is often part of the job, such as when preparing for an earnings release or road show, or reacting to an important market development.

**You've served as chair of NIRI's Board of Directors and as co-chair of the Annual Conference, and you have been an active member of Senior Roundtable. How have these experiences helped you in your career?**

Being involved with NIRI has been a happy labor of servitude! Early in my IR career, I leaned heavily on NIRI and mem-

bers of my beloved Philadelphia chapter for advice and knowledge, which was crucial to any success I had during that time. So, I guess I felt an obligation to pay back the organization and those individuals who were so generous of their time and expertise. The only problem is that I continue to get more out of my NIRI affiliation than I seem to be able to put in. In addition to staying on top of the latest best practices and changes in our field, my NIRI experiences have also given me fantastic lessons in leadership, governance, and human behavior. Oh, have I mentioned how much fun NIRI networking activities have been? Making work fun makes me more productive!

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

I think that the status of our profession has been greatly enhanced, in no small part due to the influence and support of NIRI. Regulation has also been a big driver of change, notably Reg. FD, Sarbanes-Oxley, and Dodd-Frank. The need for compliance with these regulations has elevated the need for an IR function. I still think Regulation FD has the biggest impact on a daily basis, as it is front and center as we answer questions on the phone or participate in meetings.

However, I think the biggest change in investor relations has been the result of technology. In many ways, technology has made our jobs easier from a production and logistics point of view. (Who remembers glass slides for investor presentations?) But, technology has created a more instantaneous, 24/7 environment, and given voice to those who really do not have credibility. It has become impossible to respond to every inquiry and posting on the internet. Deciding what to respond to and what not to respond to is very challenging.

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


There is no such thing as a perfect record in real life. Everybody makes mistakes. Learn from them and move on.

**You have coached and trained many professionals new to IR. What career advice do you give them?**

The most important attribute for success in investor relations is credibility. And credibility is a little word that has a lot of aspects to it. Of course, integrity is the first element. Keeping your integrity is easy when there is no conflict. Keeping your eye on your ethics beacon during times of conflict and uncertainty can be very difficult, but it is vital. Credibility also has to do with knowledge and preparedness. There is no easy path to investor relations. It is hard work. You must be constantly learning and anticipating.

Finally, I think that success in investor relations is about relationships, especially internal relationships. That may seem a little counter-intuitive, but the Street relationships will come about naturally. You have to allocate time and effort to develop the internal relationships and those relationships must be based on the value you bring to the table. Always be looking to provide support to your internal organizations, whether it be in the form of competitive intelligence, strategic feedback, or general coaching.

**Please talk about a challenging IR situation you faced and how you dealt with it.**

My most challenging situations involved giving constructive or contrarian feedback. I just talked about credibility and you have to have credibility to be heard. You also need to pick the right time and the right venue; it might not be in the moment, depending on the subject and circumstance. You also have to have good balance. You can't be a "chronic complainer." 

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*Ted Allen is the director of regulatory affairs and practice resources at NIRI; tallen@niri.org.*

## NIRI Launches New Website

**NIRI LAUNCHED A REDESIGNED WEBSITE** to provide a superior experience for users from all types of devices – desktops, laptops, smartphones, and other mobile devices. NIRI undertook this comprehensive overhaul after collecting input from members on what features they want to see in a new website. The website is a key component of NIRI's plan to deliver flexible knowledge-based learning and information-based experiences for all IR professionals as they progress across the IR career continuum. Visit the website at [www.niri.org](http://www.niri.org).

## NIRI Is Your Source for Research on the IR Profession

**NIRI'S HIGHLY VALUED RESEARCH STUDIES** are delivered through NIRI Analytics, which generates comprehensive reports with charts, tables, summaries, qualitative data, and survey methodology.

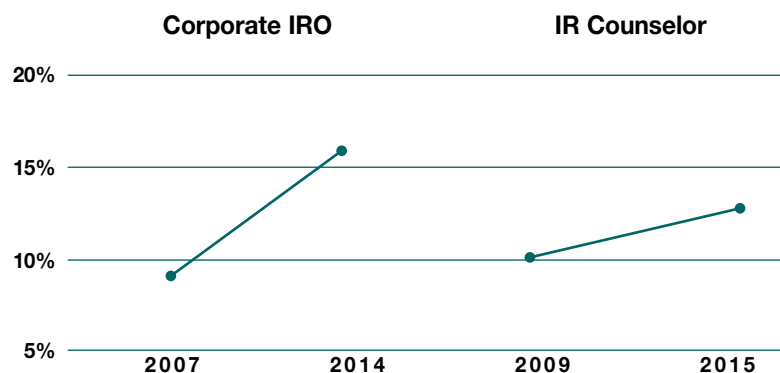
2015 brought an exciting year of research, as new topics of interest to IROs were studied for the first time, and some topics of great interest to IROs were revisited to gather fresh data. New studies in 2015 included our Non-Deal Roadshow report, our IPO Process Focus Group, and Global IR Considerations survey. We also partnered with *MIT Sloan Management Review* on the subject of corporate communications regarding corporate social responsibility. We also published reports with new data on annual reports, IR counselor profession and compensation, trading blackouts and quiet periods, and activist investors.

We have a full research calendar in 2016, including the NIRI-Korn Ferry International Corporate IR Profession and Compensation Study and reports on guidance practices, social media use in IR, earnings releases, and benchmarking IR programs. We have recruited our first class of Research Council volunteers to help us plan and prepare these reports.

Members receive access to all NIRI research reports free of charge. Review all NIRI Analytics at: <http://www.niri.org/analytics>. If you are interested in serving on the Research Council, contact NIRI Research Director Ariel Finno at [afinno@niri.org](mailto:afinno@niri.org).

## IR Research At-A-Glance

Have Worked as a Sell-Side or Buy-Side Analyst During Career



Sources: NIRI-Korn/Ferry International Corporate IR Profession and Compensation Study, and NIRI Counselor IR Profession and Compensation Study (various years).



## On the Move

**Bruce Mann**

joined Hydro One as vice president, investor relations.

After helping to plan and execute the company's IPO in November 2015, Mann brings a unique blend of experience in rate-regulated utilities, initial public offerings, and cross-border listed company IR. He was previously vice president, investor relations at Rogers Communications and spent 14 years building a team at that company. He also previously led investor relations at Metronet Communications and U.S. West. He is a director of the Canadian Investor Relations Institute, the NYSE Listed Company Advisory Board, and the Ontario Securities Commission's Continuous Disclosure Advisory Board.

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

## Professional Development Calendar

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

### January 2016

**14-15** Finance Essentials for IR and Corporate Communications – Santa Monica, CA

### March 2016

**7-8** Finance 101 Seminar, New York, NY

**9-10** Finance Essentials Seminar, New York, NY

### June 2016

**5-8** NIRI Annual Conference – San Diego, CA





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# Dealing With Shareholders

A diverse panel looks at the governance landscape ahead of the upcoming proxy season.

By Patrick Gallagher

Proxy access, investor activism, and board engagement were just some of the topics addressed by a panel of experts assembled by the NIRI Cleveland/Northern Ohio Chapter and the Ohio Chapter of the Society of Corporate Secretaries and Governance Professionals last fall.

DeNicola said the record number of shareholder proposals and activist campaigns has resulted in increased demands for direct communication with directors, but companies have been slow to adopt formal policies. According to PwC's 2015 Annual Corporate Directors Survey, only 30 percent of respondents said their com-

warned that watered-down management proposals could face opposition.

Rabin also advised U.S. companies to expect an increased focus on board tenure and diversity—and not just from pension funds. “Big institutions are voting globally, so they are seeing that mandated diversity quotas and other practices outside the United States are not having a negative impact on companies,” she said.

Don't assume the buy-side analysts and portfolio managers you are meeting with don't care about governance issues, she added. “They are increasingly coordinating with their governance professionals. Come to meetings prepared to talk about positive things you are doing.”

Rabin said many companies have a view of Glass Lewis that is outdated. “We now have an open door policy. We are meeting with more than 1,000 companies a year.” She said Glass Lewis now offers a report alert service, makes final reports available for purchase upon publication, and provides data-only reports at no charge.

“Don't assume that when an activist wants to put new directors on your board that it is necessarily a bad process.”

– Stacy Frole, vice president of IR, Cedar Fair

The panelists included Paul DeNicola, managing director of PwC's Center for Board Governance; Katherine (KT) Rabin, chief executive officer of proxy advisor Glass Lewis; and Stacy Frole, vice president of investor relations for Cedar Fair. Cipriano (Cip) Beredo, a partner at the law firm Squire Patton Boggs, which hosted the event, served as moderator.

## Activists' Impact

Activists' success rate continues to rise in terms of having their demands met and winning board seats, said DeNicola. During 2014, activists won 73 percent of proxy fights for board seats – and that does not include settlements. He noted that in 46 percent of cases where activists won a board seat, there was a CEO change within two years.

panies had established a formal process by which shareholders could request direct dialogue with the board, and only 31 percent have designated particular directors to participate when a shareholder does request a meeting.

Frole recalled that Cedar Fair did not have a communications process for its board in place when activist investor Q Funding came knocking in 2010. Q Funding took advantage of that oversight by trying to split the board apart.

## More Proxy Access Action

According to Rabin, proxy access was the number-one issue of the 2015 proxy season. More than 100 companies received shareholder proposals seeking proxy access. She predicted more action in 2016, and

## On the Front Line

Frole summarized Cedar Fair's two-plus years of grappling with Q Funding as “the best experience I hope you never have to go through.” In the end, she said, despite four contentious special shareholder meetings and the turnover of the entire board and senior management team, Cedar Fair “is a better company today for it.”

She said the two new board members who were added in an independent review process following an agreement with Q Funding to expand the board “have turned out to be two of our strongest board members. Don't assume that when an activist wants to put new directors on your board that it is necessarily a bad process.”

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**Patrick Gallagher** is senior vice president at Fahlgren Mortine; [pat.gallagher@fahlgren.com](mailto:pat.gallagher@fahlgren.com).

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