IRupdate

JANUARY 2017

the voice of the investor relations profession

National Investor Relations Institute
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INVESTING IN SOCIAL MEDIA

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About NIRI

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

About *IR Update*

IR Update is published 11 times a year by the National Investor Relations Institute as a service to its members.
ISSN 1098-5220

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DEPARTMENTS

Moving NIRI Forward

Like many of you, investor relations found me. It was not a career aspiration in college or graduate school or even when I entered the workforce.

Investor relations quickly became a passion and a career choice. I joined NIRI in 1995 when I was a counselor providing advice and services to IROs and CFOs. As my career progressed and traversed industries, I learned more about the power and importance we have with C-suite executives, Boards of Directors, and the global investment community. We are strategists, helping shape the voice of our companies – educating, informing, influencing, and in some cases, inspiring our constituents.

I embrace this once-in-a-lifetime opportunity to lead this organization at such a pivotal point in its development and evolution. Thank you for putting your faith in me.

As we usher in a new year, my key goals are two-fold: Empower IR professionals to their next level of success and raise the visibility and stature of the profession.

In order to accomplish these goals, we need to secure a visionary new CEO who can advance NIRI globally. My first action as chair was to create an onboarding committee to enable our new CEO's success and ensure our new Board members also feel supported and can hit the ground running.

To support the organization's success and to ensure we focus on the right priorities, your board has listened to member survey feedback to shape our agenda. We have labeled those discussions "Reimagining NIRI," which speaks to how boldly we are thinking. NIRI has always provided a strong foundation for investor relations fundamentals and best practices. We have evolved significantly as a profession and the diversity of our members continues to grow.

The time has come for us to stretch what we have known, reimagine our OneNIRI strategy, and set ourselves on a path to create a value proposition that will drive our next stage of growth and success. It is all within our reach with your continued involvement and feedback.

I would like to thank our 2016 chair, Felise Kissell, who was an inspirational leader during a time of change, for setting a strong foundation to move us forward. I would also like to acknowledge the distinguished service of our other outgoing Board members: Ruth Cotter, Anne Guimard, and Dennie Kimbrough. We owe them a debt of gratitude as NIRI is better and stronger for their selfless commitment to our mission.

Onward and upward!

Valerie Haertel, IRC
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"Having the IRC designation is a game changer for the profession. If you want to grow and progress in your investor relations career, you *must* sit for the IRC exam."
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COMMENTARY: INVESTING IN SOCIAL MEDIA

IR is all about communications. Is social media part of your communications portfolio? If not, you could be missing out on important returns.

By Joseph Michael Cabosky

Editor's Note: As NIRI member surveys have shown, most IR practitioners have been reluctant to use social media to communicate with investors. The primary reason cited by a majority of NIRI members is the lack of interest from buy-side investors and sell-side analysts in engagement via social media. Practices do vary by industry and market cap; there is more interest in social media outreach at large- and mega-cap companies and those with a greater number of customers or retail shareholders. At the same time, many IROs at smaller companies don't have the bandwidth to generate social media content and manage additional communications platforms. In this guest commentary, Joseph Michael Cabosky, a professor at the University of North Carolina at Chapel Hill who also serves on NIRI's Research Council, makes the case that companies should try to do more to utilize social media in their IR efforts.

Popular social media platforms like Facebook and Twitter are now in their second decade of spreading information, photos, and videos to consumers, journalists, and, yes, investors around the world. And yet, year after year, NIRI surveys continue to find that IROs view such communication platforms with a collective yawn.

This is a big missed opportunity. What follows is a breakdown of how we fail to properly conceptualize social media's role in IR – backed up with data from the 2016 NIRI Social Media for Investor Relations Survey – coupled with recommendations on how IR practitioners can use social media more effectively.

Isn't Social Media for Wedding Photos?

NIRI Survey: Only 28 percent of IR professionals use social media for IR; this has changed little over the last six years.

The reasons for this lack of use are multifold, but the following school of thought seems to dominate the field. As one small-cap IR professional put it, "Social media is/should remain a relatively minor and unimportant part of the IR function. After all, IR is not a social activity; rather, it is a strategic business endeavor." This rationale demonstrates two key errors in much of the profession's approach.

First, there is a common misconception that social media's only purpose in life is to distract people from work or to Instagram photos of one's trip to a Shake Shack. In reality, almost any successful business in today's world is using social media for strategic business purposes. Whether it's an airline responding to frustrated passengers, a company using LinkedIn to facilitate B2B sales, or Donald Trump's ability to message to millions of voters directly without need of news media, there are many ways organizations can – and should – be using social media for strategic financial communications.

Second, IR is sometimes viewed as a *just the facts*, *by-the-numbers* job. The reality is that it is inherently a social profession as we must communicate with analysts, shareholders, investors, and financial media. IROs use email, video conferences, PowerPoint presentations, IR websites, and a host of other communication tools for this purpose, so why not social media?

If You Don't Know What to do With it...

Another common response for the lack of social media use in IR is that the investment community is simply not interested in using these tools of communication.

NIRI Survey: Only 15-18 percent of analysts report being interested in using social media to engage with IR vs. 47 percent of retail investors.

At first glance, this would justify this argument. But...

NIRI Survey: Of the 28 percent of IR practitioners using social media, only 57 percent of those say they "have a specific IR strategy or objective in mind"

In other words, only 16 percent of IR departments are using social media with any kind of purpose, nearly matching the number of analysts who say they are interested in engaging with the platforms. This makes sense – why would those in the investment community say they're interested if there's nothing valuable there?

If You Don't Measure It . . .

NIRI Survey: Of the 28 percent of IR practitioners using social media, 70 percent do not use metrics "to evaluate the effectiveness" of their outreach.

Therefore, only 8 percent of IROs are using social media that are being evaluated and measured to see whether it works. In an industry driven by metrics, why would IROs expect the investment community to be interested in social media if companies are not trying to use it effectively and adapt to feedback?

Opportunities

The broader data demonstrate how much potential remains if we use social media properly. While social media can be used by IR departments in many productive ways, I want to focus on what are the three most common ways IR professionals use it: "To increase visibility, transparency and awareness of the company, to provide more color about a company outside of numbers, and to complement existing forms of established dissemination channels."

Awareness

The most common benefits of social media are awareness and visibility. In a fragmented media world where any given news outlet only captures a very small segment of the population, Facebook and YouTube have over a billion users, and Twitter and LinkedIn exceed 250 million, according to Alexa.com, which monitors Internet traffic. The question is of course whether you're reaching the right audience on those platforms, but, simply put, most of your key audiences – be they analysts, retail investors, or financial media – are engaged with at least one, if not multiple, platforms. And the notion that they're there simply for stories about friends or family is outdated. The Pew Research Center reports that nearly two-thirds of Facebook and Twitter users utilize the platforms to obtain their news. In turn, information begets more information as financial news outlets, sell-side analysts, and other key influencers use these platforms to further drive traffic back to their own products.

Modern information flow happens across social media channels at rates that trounce any other form of communication. Even if you are not using the platforms to cover your company, someone else is. Many may say they're not influenced by social media, but no one lives in a vacuum. Information now travels through always interacting networks, both online and off. Popular financial platforms like Seeking Alpha are crowdsourced information portals with many top analysts driving coverage to other platforms. If you're a small-cap company with little coverage, the ramifications are often only amplified if an influential analyst or an activist is able to dominate your story through the use of social platforms.

Simply put, social media is going to engage with your company's story whether you do or not, so you may as well participate in your own information flow. Awareness can of course be positive or negative, be it a firing of your CEO or an unexpectedly good quarter. Either way, the more you build up your social media infrastructure now, the more traffic and attention you'll receive on those platforms during important moments. Even during less defined moments, continuous use of these platforms can help you manage your story, one post at a time.

In many ways, small-cap companies are most in need of social media's ability to attract audiences and direct attention to their desired story elements.

Many large consumer-brand and technology companies do this well, such as T-Mobile's award-winning incorporation of social media into its IR program. The company's IR-specific Twitter feed actively shares important financial information to over 2,000 followers, highlighting key metrics T-Mobile wants to hit home with the financial community. The company also incorporates tactics such as YouTube for behind-the-scenes livestreams of its earnings calls, generating more than 13,000 views for what is perhaps an otherwise mundane IR routine. Using these tools, T-Mobile is able to combat its underdog status by building visibility and awareness across multiple platforms.

Storytelling

T-Mobile's IR efforts also elucidate a second important objective: advancing one's corporate and financial story. In its use of YouTube, the power of the visual extends T-Mobile's financial branding – loud, pink, and young. The tactics also match the aura of the company's CEO, John Legere. The importance of this branding extends beyond their consumer base. All companies must position themselves within their field, be it differentiating their organization from macro-level commodity effects or positioning within a market sector. As an IRO, the more in-sync all of your communication efforts, the clearer your financial story becomes.

This is why many consumer and technology companies are some of the best at IR social media use. Twitter's use of Periscope during earnings calls allowed analysts to engage with the company's product while Alphabet's use of Google+ as a go-to source for IR financial information literally brings the financial community to the company's virtual home.

But the value of IR storytelling is not just for consumer or tech giants. I commonly hear from IROs that one of their biggest problems is when analysts and investors obsess over the wrong value metrics. Struggling companies like Blackberry are always asked about hardware, even though it is trying to transition into a software company.

Despite record-breaking quarters, Disney spends much of its time responding to problems at its ESPN networks instead of the company's booming travel, parks, and film divisions. While an investor may only visit one road show or engage during quarterly updates, social media allows compa-

The Thinking Behind the T-Mobile IR Social Media Program

T-Mobile is a leader in using social media in investor relations, and its program received the *IR Magazine* Award for Best Use of Social Media in 2015. To learn more about the thinking behind this program, *IR Update* asked Nils Paellmann, head of investor relations for T-Mobile US, to comment on some key aspects of his company's social media program.

▸ The use of social media to promote earnings

"We use social media to deliver messages about earnings in particular. For example, we Tweet out the key messages around earnings on earnings day. We allow questions via Twitter, Facebook, and text messages during earnings calls, which is different from many other companies. We also take questions on the phone the traditional way. We extended our earnings call to 90 minutes to be able to answer more questions. But obviously in 90 minutes we can't answer all the questions we get on Twitter on earnings day. So, in addition to responding to some of these questions on the call, we respond to some of the questions via Twitter."

▸ The use of innovative video for earnings calls

"But we not only provide an audio of our earnings call but also do a video or webcast, which you can see on our IR website. So our earnings call tends to be very visual. For example, our CFO tends to wear a pink cowboy hat during our earnings call. And our whole team is wearing T-Mobile branded clothing, which I think goes with the overall branding effort."

▸ Integrating the corporate communications staff with IR

"Usually the corporate communications may take the lead in crafting some of the messages, but we closely review whatever they put together and make sure it is consistent with the IR message and factually correct."

▸ Coordinating the power of a CEO's brand with the value proposition of a company brand

"We look at social media not just in terms of retail investors but also customers and the general public. It's part of the overall effort to establish T-Mobile as an effective brand. We have this big Un-carrier message that highlights how we look at ourselves as not being the typical carrier. The social media presence is a big part of it, starting with John Legere, our CEO, who is very active on social media. He just broke 3 million followers on Twitter. So we are a little bit different than other companies, but in our case, the most active one on social media is our CEO who has branded himself as being very aware of customer expectations.

"We also use social media to also disseminate other information. If you look at our earnings release, there is a social media paragraph that says investors should basically follow John Legere on Twitter and some of the other social media outlets, such as Periscope. Certainly investors and analysts who follow T-Mobile closely are generally following John Legere on Twitter and some of the other social media outlets. So that is almost required reading if you are interested in T-Mobile. But for slightly less material information, we often also have John use social media to disseminate some smaller news items, often in conjunction with press releases."

▸ On the benefits of social media for a smaller company in a sector

"Because of our size, we can't spend as much on media or advertising as the big guys (Verizon and AT&T). So we compensate for some of that with a very active social media presence."

nies to tell their stories any day of the year.

GE is a good example. As one of the largest companies in the world, its story and value proposition are complex. So, featured on the company's IR page is GE Reports, or what the company calls "a daily news, video and social media hub covering GE's transformation into the world's largest digital industry company." First, it consolidates a company – whose business endeavors range from nuclear to aviation – into a straightforward argument. But, GE Reports is more than that. It is IR content marketing – a tactic where you produce information to attract and influence your audience. GE Reports consistently tells investors a story – breaking down the technical information of the company, all the while helping analysts appreciate what elements are important to the company's financial story. In a world where many companies span industry sectors, such content helps better position your company against competitors.

GE Reports' 55,000-plus Twitter followers demonstrate how you can control your own media platforms and messaging without need of financial press or a particular analyst. And that's the beauty of social media - it's a controlled platform that couples the benefit of reachable audiences with the ability to constantly plant the seeds of your story, the latter being especially important for newer companies or those going through short-term or long-term transitions.

Complementing with Multiple Tools

The third common objective is to use social media to complement all of your other tactics. For all the reasons noted above, social media are not the only tools you need, but in a world where they are completely integrated in modern life, they should accordingly be integrated into your plan.

For each of these objectives, the question then becomes, what platform should you choose? If you're trying to reach retail investors, any popular platform may work well. Financial media tend to be Twitter junkies, while investors and analysts are more likely to use the platforms that best communicate your points. This means that if short videos or video presentations will help demonstrate your argument, YouTube may be the best bet. If infographics help tell your financial story, your options are more diverse. And if building up the right network of industry players is most important, LinkedIn acts as a nice landing page for your content. The important thing to remember is that not all platforms are alike – Twitter is to Facebook as TV is to radio or the airline industry is to pharmaceuticals. So, think critically about who your audience is and what it is that you want to say. It's better to use one platform correctly than trying a one-size-fits-all approach. Salesforce has done this well by combining helpful financial videos on YouTube with the volume benefits of Twitter and the cross-platform integration of the company's broader corporate Facebook page.

Importance for Small-Cap Companies

NIRI Survey: IR use of social media generally increases as market cap increases.

Part of this trend stems from the fact that larger companies tend to have bigger IR departments, budgets, more retail investors, and larger corporate communication offices. But it shouldn't be this way.

In many ways, small-cap companies are most in need of social media's ability to attract audiences and direct attention to their desired story elements. Some companies may struggle with obtaining enough analyst coverage and investor awareness. Others may obtain coverage but often get unfairly compared to their much larger competitors. Thus, the more you're in need of awareness and accurate analysis, the more you should be telling your own story. Social media achieve this in a cost-effective way.

Measurement and Metrics

Beyond having the right objective in mind, if you're going to use social media, make sure to plan how to measure the effectiveness of your efforts. Each company should already have its own metrics in terms of IR success, be it the number of attendees at your road shows or the volume of shares purchased.

Other metrics can be qualitative, such as whether analysts and investors are focusing more on the right metrics or are asking questions during earnings calls that better match your company's financial reality.

Social media should be tracked in such a manner. While many platforms offer you free metrics in terms of views, visitors, and various forms of engagement, you can also couple these metrics with results from surveys, content analyses of analyst coverage or financial media, and in-person communications. Though it may take some trial and error, you'll quickly begin to learn what type of social media work with your investors and analysts and adapt accordingly.

Overall, it's important to remember to be patient. While many companies have seen IR success in the social media space, it takes time to cultivate new relationship behaviors with financial audiences. But there's a reason Facebook and Google are two of the most valuable companies in the world. Communication and media are interconnected, and if you're not controlling your story by participating, someone else surely will. So, it's best to pick a strategy and objectives, determine how you want to measure your success, and jump in. The water is fine. IRU

While many companies have seen IR success in the social media space, it takes time to cultivate new relationship behaviors with financial audiences.

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FASB: What's Next?

Companies will face new accounting standards on lease obligations and materiality.

By Margo Vanover Porter

Just when you thought you understood all the rules of the road, accounting regulators have adopted new standards.

In addition to the new revenue recognition guidance (see the October 2016 issue of *IR Update*), the Financial Accounting Standards Board (FASB) recently finalized changes to the treatment of leases on balance sheets and proposed changes to disclosures in notes to financial statements.

To stay on top of your profession, you should understand the future implications of both on your company's financial picture.

Leases: Change Will Increase Transparency

"In February 2016, the FASB issued an accounting standards update that will require organizations that lease assets … to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases," says Marc A. Siegel, who was appointed to the FASB in 2008 and reappointed to a second five-year term in 2013. "The new guidance affects all companies and other organizations that lease assets such as real estate, airplanes, and manufacturing equipment. Under the new guidance, a lessee is required to recognize lease assets and liabilities for leases with lease terms of more than 12 months."

For public companies, the change is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018. For a calendar-year public company, it would be effective January 1, 2019.

"The concept of materiality is an important component of the disclosure framework project because it helps organizations use discretion when determining which information to disclose in their particular circumstances." —Marc A. Siegel, FASB member

The standards update also requires disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements.

According to Siegel, the project was added to the FASB's joint agenda in response to concerns from investors and other financial statement users — as well as the Securities and Exchange Commission — about the lack of transparency relating to material lease obligations that today are reported off-balance sheet. The SEC staff in 2005 identified operating leases as a form of off-balance-sheet accounting that needed to be addressed.

"The objective of the new leases standard is to increase transparency and comparability among organizations that lease assets by recognizing the assets and liabilities that arise from lease transactions on the balance sheet," he says.

Brinkley Dickerson, a partner with the law firm Troutman Sanders, explains that leases traditionally have been divided into two camps: financing leases and operating leases. "The accounting authorities recognized that some leases are a substitute for buying and financing the asset and wanted to treat those as though they were purchases because in economic substance, that's what they are."

He expects, over the long term, the change itself will be a wash for public companies and will not make a dent in cash flow. "It's a timing issue," he says. "Your payments to your lessor are going to be identical to what they are today."

However, he does know of one company that is spending millions of dollars on new software to deal with the accounting change. "That's not exactly something that management wants to hear."

Because early adoption of the standard is permitted, some companies may begin transitioning to the new standard immediately, while others may wait until the effective date. "From now until the effective date, there could be a lack of comparability of reported assets and liabilities to the extent that some companies choose to adopt the standard early," Siegel says.

He emphasizes that the new guidance reflects the input the FASB received during outreach with preparers, auditors, and other practitioners. "It is important to point out that, based on what was learned during the extensive outreach we performed while developing the standard, it appears that users of financial statements already consider off-balance-sheet lease liabilities when making their credit assessments."

Disclosure: Just What Is Material?

The FASB is also working on a disclosure framework project with the objective of improving the effectiveness of disclosures in notes to financial statements by clearly communicating the information that is most important to users of financial statements.

In 2009, the FASB added the disclosure framework project to its technical agenda with the goal of establishing an overarching framework intended to make financial statement disclosures more effective, coordinated, and less redundant.

As part of the disclosure framework project, the FASB issued two proposed standards in September 2015: one focusing on the use of materiality by reporting organizations in making decisions about disclosures, and the other amending the concepts statement's definition of materiality. Both draw attention to the role materiality plays in making decisions about disclosures.

According to Siegel, the proposal suggests that "materiality" is a legal concept. "Other participants in the financial reporting system, including regulators and ultimately the courts, provide context as to how materiality evolves with a given market," he says. "The FASB does not define what information should be considered material when a company or other organization prepares its notes to financial statements.

"However," he continues, "the concept of materiality is an important component of the disclosure framework project because it helps organizations use discretion when determining which information to disclose in their particular circumstances."

Dickerson believes that most CFOs will welcome these changes. "I suspect from an accounting perspective, most financial officers would prefer a higher standard of materiality because it has less liability exposure."

Siegel indicates the FASB revisited the concept of materiality after stakeholders

Do You Have Answers to These Leasing Questions?

Once the FASB's required leasing reporting changes start showing up on company balance sheets, investors are bound to begin asking pointed questions, and rightfully so, says the FASB's Marc A. Siegel.

Some of the questions he anticipates that investors might ask IROs include:

- **When does your company's management intend to report under the new standard?**
- **What will be the impact to assets and liabilities?**
- **Will adoption of the new standard significantly affect any metrics, such as return on assets, debt ratios, and long-term liability leverage ratios?**
- **What are your company's average lease terms?**
- **Does management plan to change its lease terms as a result of the new standard?**
- **How do your company's lease terms differ from your peers?**
- **Are the additional liabilities already factored into debt ratings and current debt covenants?**

"We believe ratings agencies and many lenders were already taking lease obligations into account in their evaluation of companies," Siegel says.

indicated that the discussion in Chapter 3 of Concepts Statement 8 was inconsistent with the legal notion of materiality as established by the U.S. Supreme Court.

"Stakeholders were concerned about organizations' potential inconsistent interpretations of materiality — specifically, how organizations would reconcile the current discussion of materiality in the concepts statement with the legal concept as expressed by the courts," Siegel says.

He believes the proposals will help public companies improve the effectiveness of their disclosures by omitting immaterial information and focusing communication on the material, relevant items.

Dickerson agrees. "The approach to materiality that IR professionals have been using has been consistent with the Supreme Court's definition of materiality," he says. "By bringing the accounting rules in line with that, it will simplify the lives of investor relations professionals. On a day-to-day basis, they have been using the Supreme Court definition, and therefore are familiar with it."

The FASB is currently evaluating its proposed changes based on stakeholder feedback received through the comment letter process and public roundtables, as well as evaluating the FASB's decision process in the context of four specific accounting topics, which include fair value measurement, defined benefit plans, income taxes, and inventory.

Siegel foresees that public companies will face few complications as a result of any changes, once implemented. "An organization may omit immaterial disclosure today," he explains. "The proposal is meant to clarify that organizations have that ability. If an organization chooses the status quo, then there would be no complexity or cost imposed upon it. The hope is that this results in organizations using their notes as a communication vehicle, and not merely a compliance document. We are encouraged that some companies have already pushed forward voluntarily to improve the information communicated in their financial statements."

If a company removes immaterial disclosures from its notes, some investors may ask why the disclosure was removed, he says. "It is also possible that investor relations professionals will help management determine what is material based on the conversations they have with investors."

Siegel insists that IROs should understand if management has omitted immaterial disclosure and if so, be prepared to discuss why management viewed the disclosure as immaterial. "If enough investors and potential investors inquire about a certain piece of information, perhaps that indicates that the information does make a difference. If so, investor relations should have a mechanism to communicate with management that there is a potential item for disclosure."

No timeline for implementation has been set. "The accounting authorities appreciate that accounting teams have a full plate right now and have decided to defer much of this so companies can deal with revenue recognition and lease accounting standards," Dickerson says. "Those are enormous changes which are taxing accounting staffs, as well as IROs." IRU

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FROM INVESTMENT BANKING TO IR

NIRI Fellow Jenny Kobin began her career as an investment banker before transitioning into IR, where her work spanned the banking, technology, and healthcare sectors. She is also an active NIRI volunteer instrumental in founding two chapters.

By Al Rickard

Jenny Kobin, a partner with Investor Relations Advisory Solutions, was named a NIRI Fellow at the 2016 NIRI Annual Conference.

She is a veteran IR practitioner who began her IR career at Bank of America (formerly NationsBank), followed by roles leading the IR and corporate communications functions for National Commerce Financial, SciQuest, TriPath Imaging, Inspire Pharmaceuticals, and Web.com.

Before that, Kobin was an investment banker with J.C. Bradford & Co., working on IPOs, follow-on equity offerings, debt transactions, private equity investments, mergers and acquisitions and licensing deals.

She has an established national leadership role in the investor relations profession, recently serving as chair of the NIRI Senior Roundtable and a four-year term on the NIRI Board of Directors. She is co-founder and past president of the NIRI Triangle Chapter of North Carolina and was co-founder, treasurer and board director of the NIRI Charlotte Chapter. Kobin received a B.S. in Commerce from the University of Virginia and an M.B.A. from Kenan-Flagler Business School at the University of North Carolina, Chapel Hill.

What inspired you to enter the field of investor relations?
I was drawn to this field because of the unique opportunity to be involved at the intersection of three key areas - corporate

NIRI FELLOWS PROFILE

strategy, finance and communications - that contribute to the success of a company. I was familiar with investor relations based on my investment banking experience. However, when I graduated from business school, I wasn't sure how to get into an IR role, since companies don't typically recruit at schools for that unique role. So I took a position with Bank of America (Nationsbank at the time) and was working in the post-merger integration unit when an opening came up on the investor relations team. It was the best career move I ever made – I had the great fortune to be able to learn the practice of IR from two seasoned IR veterans and a CEO who valued the role.

Before going into IR, you worked in investment banking. How did this experience help you in investor relations?

During my time as an investment banker, I learned firsthand the importance of investor relations. We helped companies navigate the IPO process, but then we would move on to the next deal, leaving companies on their own to figure out how to work effectively with Wall Street. It has also been extremely helpful to have an in-depth understanding of financial analysis and the capital markets.

You have worked in a variety of industries (including banking, technology, and healthcare) and at both large-cap and small-cap companies. How have these different corporate environments influenced your career?

There are opportunities and challenges in every industry and company. It has been interesting to observe the similar issues in financial modeling, disclosures and guidance that all companies deal with, regardless of industry, market cap size or growth potential. I have also enjoyed working with different types of companies, management teams and investors. I believe it has helped me bring a bigger-picture view to the strategic and tactical work that I do.

What do you like most about the IR profession?

The key aspect that keeps me engaged and evolving in the IR profession is that there is "never a dull moment." I love the day-to-day variety of the role and the opportunity to work with really interesting and smart people.

You have served on the NIRI Board of Directors, helped found the NIRI Triangle Chapter, and have been an active member of the Senior Roundtable. How have these NIRI experiences helped you in your career?

There are many benefits of NIRI involvement – learning best practices, peer benchmarking, leadership and career development. I have secured most of my career opportunities through NIRI connections. And I have made lifelong friends who have been a constant source of support and inspiration, through the ups and downs of various companies, jobs, bosses, etc. When it comes to volunteering and serving in leadership roles for NIRI at the chapter and national levels, I believe in the adage that "the more effort you put into something, the more you get out."

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

It has been encouraging to see the evolving recognition by management and boards that investor relations is a key strategic function for a company, not just a "necessary evil" of being a public company.

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

There are many challenging situations I've encountered over the years in my IR career, including corporate restructurings, missed earnings, failed products, SEC inquiries and activist involvement. However, the one challenge that I think has been the most fascinating and recurring, is learning how to work with the different and unique personalities of corporate executives.

It is so critical to have the "trusted advisor" relationship with the CEO. It's a combination of understanding the executive's style, learning hot buttons and then adapting your advisory and communication approaches. For example, after several months of working for a new CEO, it became obvious that he was a visual learner and that to be responsive to a proposed IR strategy, I had to present it in writing, in addition to verbally explaining my recommendation. Another CEO was an introvert (not unusual in the biotech and tech industries in which scientists, doctors or engineers become CEOs). I always tried to build in multiple breaks throughout a day of conference or non-deal roadshow meetings, so that this executive could have some "alone" time to recharge for the necessary interactions.

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

There are two primary lessons that stand out for me. First, treat others the way you want to be treated. And second, be flexible, resilient, and open to change. There will always be ups and downs in this business, thus it's critical to have perspective, a positive outlook, a good sense of humor and a way to de-stress (yoga and wine for me!) IRU

***Al Rickard** is president of Association Vision, the company that produces IR Update; arickard@assocvision.com.*

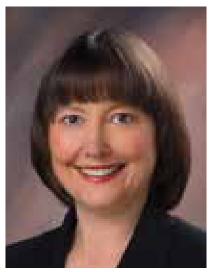
New Board Members Elected at NIRI Annual Meeting

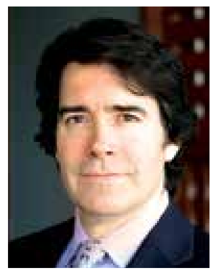
Four new members of the NIRI Board of Directors were elected at the NIRI Annual Meeting on December 7, 2016, in Scottsdale, Arizona. They include:

- **Jason Landkamer,** director, investor relations, Fluor Corporation
- **Carol Murray-Negron,** president, Equanimity, Inc.
- **Melissa Plaisance,** group vice president, treasury and investor relations, Albertsons Companies
- **Greg Secord,** vice president, investor relations, Open Text Corporation


JASON LANDKAMER

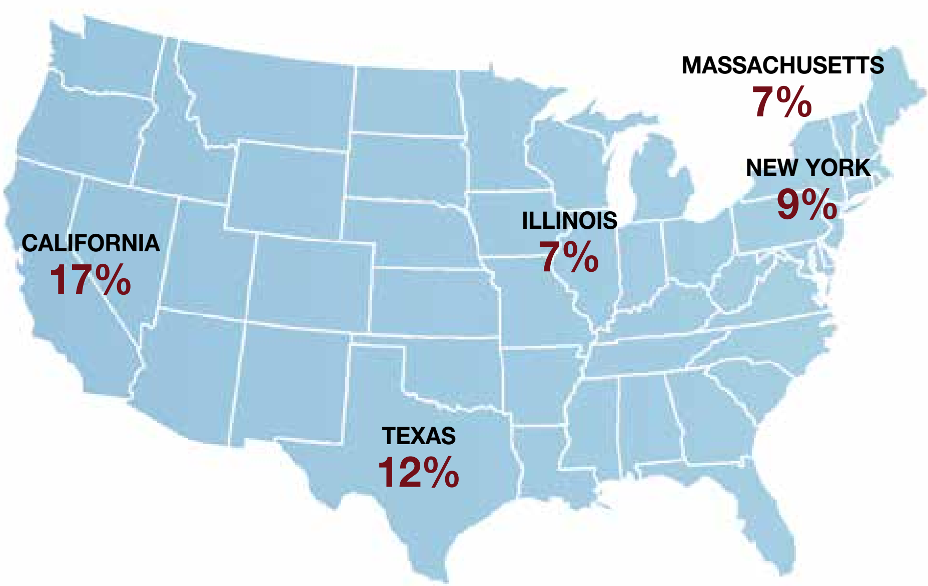

CAROL MURRAY-NEGRON


MELISSA PLAISANCE


GREG SECORD

IR Research At-A-Glance

Where are IROs located?



Source: NIRI-Korn/Ferry Corporate IR Profession and Compensation Study-2016. Respondents=607.

On the Move

John Morgan, IRC, joined AdvancePierre Foods Holdings, Inc. as vice president, investor relations. Morgan brings 15 years of investor relations expertise to this role, a newly created position since the company went public on the New York Stock Exchange in July 2016. For the past 12 years, Morgan served as director, investor relations, at Lexmark International and before that held positions of progressive responsibility in IR, finance, operations, and sales since joining the company in 1997. At Lexmark, Morgan led IR through periods of corporate transformation, including Lexmark's post-IPO, high-growth phase.


SHARON F. MERRILL


DAVID C. CALUSDIAN AND MAUREEN T. WOLFF

Sharon F. Merrill has transitioned her interest in her IR firm, Sharon Merrill Associates, to longtime partners **Maureen T. Wolff** and **David C. Calusdian.** Wolff has 31 years with the firm, while Calusdian has 21 years. Merrill founded the firm in 1985, leveraging her experience as a buy-side analyst and as the creator of Lotus Development Corporation's IR department. She is now chairman emerita of her company and will turn her attention to serving public company boards. Wolff moves from the role of president to chief executive officer. Calusdian, formerly executive vice president, takes over as president.

NIRI NUMBERS

irc INVESTOR RELATIONS CHARTER℠

Investor Relations Charter in **2016**

NIRI Introduced **nearly 100** new Investor Relations Charter (IRC) holders

IRCs currently represent over **85** publicly held companies

Over **350 copies** of the *Book of Knowledge* were purchased by IR professionals

15 years

IR experience is the average per applicant

41%

of all IRCs hold the job title of vice president or above

Governance Trends from the 2016 Proxy Season

Panelists shared insights on ESG issues, director tenure, and compensation disclosure during a NIRI Cleveland/Northern Ohio event.

By Rob Berick

NIRI Cleveland/Northern Ohio chapter members listen to the panel discussion on governance.

NIRI Cleveland/Northern Ohio partnered with the local chapter of the Society for Corporate Governance to host a luncheon in October 2016 that explored the impact governance issues have on a company's valuation thesis.

Panelists included Travis Antoniono, investment officer/corporate governance for the California State Teachers' Retirement System; Don Bullock, senior vice president of investor relations for Eaton Corporation; Jeff Hammond, a senior analyst at KeyBank; and Cipriano Beredo, a partner with the law firm of Squire Patton Boggs. The panel was moderated by Barbara Brown, principal and co-founder of BrownFlynn, Ltd.

The session began with an overview of the major governance trends from the 2016 proxy season – the accelerating adoption of proxy access bylaws and greater scrutiny of board composition, as well as increasing the number of shareholder proposals that focus on ESG (environmental, social, governance) issues. According to Brown, ESG-centric proposals have doubled during the past 10 years.

Antoniono noted that sustainability is becoming a much more prominent focal point for institutional investors, particularly with regards to the environment. He also believes board composition and board diversity are becoming higher priorities for the buy side. From the sell-side's point of view, Hammond agreed with the caveat that sustainability is of greatest interest when tied to a performance driver. This was Bullock's experience with U.S.-based investors as well.

Beredo expanded the concept of board diversity to include the topic of director tenure. "Companies need to be able to justify why a director has been on the board for more than nine years, more than 12 years," he said.

When the conversation turned to "short-termism versus long-termism," the panelists agreed that the key for companies is to manage expectations regardless of the time period. To that end, consistency and transparency in reporting are critical. "Investors will understand if macro factors influenced results," said Hammond. "But don't make excuses for performance issues." He also noted that companies that change what information is reported or how it is reported immediately raise a red flag with investors.

Consistency also is important when presenting non-GAAP data, Bullock said. Companies that regularly change what non-GAAP data they share with the Street are doing themselves a great disservice, he noted.

Finally, with regard to executive compensation disclosures, Beredo stressed the importance of having a story to tell. "Remember that your audience is reading thousands of proxies each year so being concise and writing in 'plain English' will go a long way," he said. "Likewise, utilizing a strong executive summary with impactful charts and graphics will also help [investors understand your compensation structure]."

He went on to say that many proxy statements are now including information about the company's first quarter to ensure that those disclosures aren't "tone deaf" to the market realities currently facing investors. Looking ahead to CEO pay ratio disclosures, which are scheduled to be mandated in 2018, it was unclear to the panel how this information will be used by institutional investors. IRU

Rob Berick *is senior vice president and managing director, Falls Communications, and president of the NIRI Cleveland/Northern Ohio chapter; rberick@fallscommunications.com.*

BREAKING THE MOLD

NIRI ANNUAL CONFERENCE
JUNE 4-7, 2017 | ORLANDO, FL

▸ Conference Tracks

- Marketing Outreach & Stakeholder Communications
- Economics and Markets
- Corporate Governance & Regulatory
- Professional Development

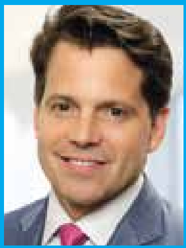
▸ Conference First Timers Session
back by popular demand

▸ General Session Speakers include:

Connie Dieken, executive coach and author

Loretta LaRoche, acclaimed stress management expert

Elisse B. Walter, Former SEC Chairman and Commissioner



Anthony Scaramucci, founder and a co-managing partner of SkyBridge Capital