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IR UPDATE

THE VOICE OF THE INVESTOR RELATIONS PROFESSION | AUGUST 2017



PREPARING AN ACTIVISM DEFENSE PLAYBOOK

An IRO offers tips from the activism planning process that his company conducted.

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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

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More than 1,100 people attended the 2017 Niri Conference in Orlando, including this new class of IRC holders, joined here by Niri President and CEO Gary LaBranche, FASAE, CAE. **READ MORE ON PAGE 14.**

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Thanks for Joining Us at Niri's Conference



Valerie Haertel, IRC

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With the 2017 Niri Annual Conference behind us, I want to take a moment to thank the Annual Conference Committee, all those who participated in the programs and exhibited in the IR Showcase, and the Niri staff for the hard work that led to a successful outcome.


Upon reflection, we accomplished what we set out to do. We brought together more than 1,100 Niri members from around the world, addressed the topics of greatest importance to the IR community, and enabled the exchange of ideas on trends and best practices for our evolving profession (see the article on page 14). We also recognized a new class of IRC holders and honored our newest Fellow, Margo Happer (see her profile on page 20).

Our profession continues to become a more strategic and valued partner to the C-suite, recognized for the valuable insights and perspectives we provide from the investment community to help inform our corporate strategies. These are exciting times for all of us as we continue to embrace new marketplace challenges.

I had the opportunity to visit Brazil recently to speak at the IBRI conference where 700 IBRI members gathered to exchange ideas. It was an enlightening trip. I learned very quickly that we face the same issues – the shift from active to passive investing; the increased importance of environmental, social, and governance (ESG) issues; investor activism; the increased focus on short term performance; and the impact of technological change.

Many companies in Brazil have IROs leading functions including financial planning and analysis, financial reporting, strategy, competitive intelligence, ESG, and risk, with teams that are significantly larger than those typically found in the United States. As some Niri members take on new corporate responsibilities, we can learn from companies around the world that are organized differently. It is vitally important that we continue to share best practices and ideas globally.

As we look ahead, your Board continues to develop a strategic plan to realize Niri's full potential, while embracing change and recognizing that we need a new approach to growth.

I would like to thank all of you who shared feedback with Niri CEO Gary LaBranche at the annual conference and to encourage anyone with ideas on how we can best serve your needs to contact Gary, any Niri Board member, or me directly to be sure your voice is heard. 

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U.S. House Approves Financial Reform Bill

BY TED ALLEN

In early June, the U.S. House of Representatives approved the Financial CHOICE Act of 2017, a wide-ranging bill that would repeal portions of the Dodd-Frank Act, including the CEO pay ratio disclosure mandate. While most of the bill seeks to ease restrictions on the financial sector, the legislation includes various provisions that would impact the corporate governance and disclosure practices of public companies.

Most notably, the bill would roll back the Dodd-Frank disclosure mandates on conflict minerals and resource extraction payments, impose significant restrictions on shareholder resolutions, and direct the Securities and Exchange Commission to regulate proxy advisors. The bill also targets the frequency of Say-on-Pay votes, which most companies hold annually; under the CHOICE Act, issuers would only have to hold a vote if there is a material change in executive compensation.

The Republican-sponsored CHOICE Act

was approved 233-186 without any House Democratic votes. The bill faces an uphill fight in the U.S. Senate, where Republicans, who hold 52 seats, would need to attract support from eight Democrats to overcome an expected filibuster. U.S. Senator Mike Crapo (R-Idaho), chair of the Senate Banking Committee, has said he hopes to advance a narrower bill that can attract bipartisan support by early next year.

Make Plans to Join NIRI on Capitol Hill

NIRI plans to hold a legislative fly-in on Wednesday, September 27, 2017 so members can express their views to lawmakers on ownership transparency, proxy advisors, disclosure reform, and other IR issues. If you are interested in joining the NIRI Board of Directors and advocacy ambassadors for this fly-in event, please contact Ted Allen, NIRI vice president for strategic communications, at tallen@niri.org. 

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Q4

Doug Wilburne Inducted Into NIRI Boston Chapter Hall of Fame

The Boston chapter of NIRI inducted Doug Wilburne into its Hall of Fame. Each year one current or former chapter member is chosen for this honor. The award recognizes those in chapter who have earned broad respect from others within the IR community, raised the profile of IR within the broader business community, dem-

onstrated strong moral character, and served as enduring models of IR excellence for fellow – and future – members.

Wilburne is a retired investor relations executive with a long record of accomplishments in the IR profession. He was most recently a corporate officer and vice president of investor relations at Textron from 2000 until his retirement at the end



Doug Wilburne shows off his NIRI Boston Hall of Fame award.

of 2016. Wilburne was on the NIRI Board of Directors from 2007-2011, serving as chair in 2011.

Twelve IR Professionals Earn IRC Credential

NIRI congratulates 12 investor relations professionals who earned the Investor Relations Charter (IRC™) credential. Representing the 2017 class of IRC credential holders, there are now 118 IRC holders worldwide. These latest IRC holders include:

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For more information and to apply to become an IRC holder, visit www.niri.org/certification.

Rob Berick Leads PRSA Webinar on IR-PR Storytelling Connections

The relationship between investor relations and public relations is an important ongoing topic of conversation in the IR profession.

In June, the Public Relations Society of America (PRSA) hosted a webinar called “What IR Can Learn from PR (How Corporate Storytelling Can Engage Investor and Drive Value).” NIRI member Rob Berick, senior vice president and managing director of Falls Communications, was a presenter.

Berick described the current challenges facing IR professionals, noting, “Today, companies need a thoughtful strategy to demonstrate and reinforce its distinctive value proposition for investors on a consistent basis.”

Attendees learned how corporate storytelling – a staple of PR – is the key to unlocking and protecting this value. Several cases studies were shared that demonstrated the measurable impact effective storytelling had on near- and longer-term valuation. Attendees also saw a recent example of how storytelling helped a company disarm a shareholder activist and avert a costly proxy fight.

The session concluded with a closer look how PR can help IR develop and deliver more effective corporate stories. “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,” Berick said.



NIRI Philadelphia chapter President Joe Hassett, vice president of investor relations for Gregory FCA Communications (left), presented NIRI President and CEO Gary LaBranche, FASAE, CAE, with a special “NIRI Liberty Bell” during his recent visit to Philadelphia.



Matt Brusch, CAE

NIRI Promotes Brusch, McGough, and Allen



Mike McGough, CAE



Ted Allen

NIRI recently promoted three veteran staff members to new positions.

Matthew D. Brusch, CAE, has been named chief programs officers, Michael C. McGough, CAE, was appointed chief membership officer, and Ted Allen was promoted to vice president, strategic communications.


NIRI President and CEO Gary A. LaBranche, FASAE, CAE, said, “One of my first priorities as NIRI’s new CEO has been to carefully assess our internal staffing, and I’m delighted today to announce the promotion of these three veteran staff members. They are assets both to NIRI and the investor relations profession, and I look forward to their continued leadership and contributions to our community.”

ON THE MOVE



Felise Glantz Kissell is the new vice president, investor relations at Blue Apron, a high-profile technology and consumer company that went public in late June 2017. She was previously vice president, investor relations at HSN, Inc. for more than eight years, where she led the company’s investor relations function following its spin-off from IAC. Kissell was also vice president, investor relations and corporate development, at Maidenform Brands and vice president, investor relations and finance, at AFC Enterprises. She also served as the 2016 chair of NIRI. Kissell often speaks nationally on investor relations practices.



Lisa Kampf was named managing director, investor relations, for Ambac Financial. She was previously a principal at Finsbury, a global strategic communications firm. Kampf has more than 20 years of experience in the financial services industry, building and leading the in-house investor relations departments for MF Global, Fitch Ratings, and Instinet. Earlier in her career she held finance and accounting positions at firms including Goldman Sachs, Morgan Stanley, and Ernst & Young. She is a member of the NIRI Senior Roundtable. 



PREPARING AN ACTIVISM DEFENSE PLAYBOOK

An IRO offers tips from the activism planning process that his company conducted.

EDITOR'S NOTE:

This article was written by a vice president of investor relations for a mid-cap technology company. The company wishes to remain anonymous. If you would like to contact the author confidentially to discuss this topic please contact Ted Allen at NIRI at tallen@niri.org.

We have all read articles, attended seminars, and listened to webinars about the challenges of going through an activist shareholder situation. This is not one of those articles. Like many of you, I have experienced plenty of challenging IR situations during my nearly 25-year career. Fortunately, activism is not one of them.

There is no shortage of data on activist firms, activist events, approaches, techniques, strategies, and outcomes. Interestingly, while most investor relations professionals have a general understanding of activism, it appears that surprisingly few companies prepare for the possibility of an event before something happens. This article is intended to help you do just that, because as Benjamin Franklin once said, "By failing to prepare, you are preparing to fail."

Before we get started, consider that while many view activism purely as an adversarial situation, there is a gathering view that it can force positive change from the company's perspective as well. Indeed, going through the preparation for such an event is often revealing. It can be an opportunity to reflect on a company's strengths in a different context and address areas for improvement on the company's own terms.

Know Your Trading Environment

It goes without saying that we should always be aware of our trading environment. And before beginning this initiative at my company, I was already taking several steps to ensure awareness of potential activists in our stock. These measures continue today:

- Centralized stock surveillance, investor webpage hosting, and communication services with one vendor to optimize visibility.
- Augmented our stock surveillance with other experts who are strong in options surveillance -- a common attack vector.
- Monitor activist tendencies within our "standard" institutional ownership such as specific, persistent criticisms that fall across a known activist spectrum.
- Review corporate governance ratings and policy positions of proxy advisory firms and institutional investors.
- Issue an internal quarterly stockholder activist report that details activities identified from our centralization step above. This is based on Securities and Exchange Commission filings as well as estimated ownership data from surveillance.
- Review external requests for calls and meetings with activist identification tools before proceeding.
- Cross-check with additional sources when any form of actual or potential interest is expressed by a firm designated as an activist, as needed.

It Begins Before It Begins

At my company, we started thinking about our preparations after we saw one of our peers experience a significant activist event that caused us to think differently about criticisms we would get periodically. Our chief financial officer and general counsel served as executive leadership for our working group, which also included our deputy general counsel, senior counsel on securities, and senior director of corporate communications. We spent about a year on this process and I believe it could be done more quickly, but, fortunately, none of our vulnerability assessments suggested a need to accelerate this important process.

My first step was to join the Investor Relations Leadership Council of the Corporate Executive Board, now part of Gartner. This firm provides advice and materials to guide and execute the preparation of a shareholder activism defense plan. This proved to be a valuable resource for an IRO who was trying to more deeply educate himself about the activism landscape and the steps one should take to prepare for such an event before engaging the many outside experts that would comprise the defense team.

My deputy general counsel and I shared this resource as well as other resources he had from his area. We educated ourselves about the latest activism landscape, looked more closely at the peer company's situation and whether there could be read-throughs to us, evaluated the steps I had already taken in the context of this information, and spoke with a few of our respective peers to determine whether those steps were sufficient given these inputs. Indeed, we determined that we had done more than most but not as much as we would like. That led to a more formal process.

Assessing Our Vulnerabilities

The initial step of the process was a self-assessment of our potential vulnerabilities. It is here that the first difficult part arose. And where one of the guiding principles people should have throughout this process became most important: candor.



ACTIVISM DEFENSE PLAYBOOK

The advisory firm we joined had a useful template for us to assess and rank our vulnerabilities across several often-attacked axes including financial performance, relative valuation, and governance. Of course, you need to know your business and management team very well to perform these assessments with the appropriate level of honesty. Our working group was not necessarily surprised by our findings but seeing them in black and white can get one's attention. Subsequently, as part of the outside expert interview process we conducted later, we required that each firm perform their own assessments before meeting with us so which we could discuss possible activist attack scenarios at a high level – and where they believed they would play a role.

Early in the process, the deputy general counsel and I shared with the board what we learned about the landscape, the steps we already had in place, our current shareholders who could be potential activists (albeit they were “standard positions”), and our next-stage priorities, including:

- Integrate more granular insights into our monitoring and reporting by gaining additional insight from new activist tiering – going from two high-level tiers to three more prescriptive levels.
- More proactively engage key stockholders to understand their priorities through consistent engagement with portfolio managers and proxy departments (corporate governance roadshow).
- Develop an activism preparedness playbook.
- Interview and select specialized external resources.
- Conduct a crisis management tabletop exercise to test our defense playbook.

Notably, we did not share our vulnerability assessment with the board because we did not want those preliminary findings to veer the conversation off course during that stage of the process.

An observation: Many of us have had the opportunity to present to the board our IR strategy, ownership breakdown, investor sentiment and perceptions, and annual objectives. With this topic there were board experiences shared, outside expert recommendations offered, and plenty of questions about where we were and how we would get to our committed end state. I enjoyed the interactions. It placed investor relations as a prominent component of an area of keen interest to the board.

From the Board to the Build

Following the board meeting, our working group established regular meetings for the working group to ensure progress. Next steps were to identify specialists with experience in activism:

public relations firms, proxy solicitors, outside counsel, and financial advisors.

The first selection was the financial advisor. We leveraged an existing investment banker relationship at the executive level. This engagement was at no additional cost but with the understanding that they would play a key role in an activist situation. We reviewed our status with the banker team including the steps we had already taken. They also had specialist recommendations. After collecting recommendations from the board, peers, and the investment bankers we began scheduling two to three interviews per specialist position focusing on the PR firms and proxy solicitors.

Choosing the Specialists

Certain members of the working group traveled to New York to conduct the one-hour interviews. As mentioned earlier, we asked that each firm perform their own assessments from their outside perspectives, and most did. We also asked them to share their experiences on both sides of activist situations, as applicable.

Clearly, we were meeting with many of the best potential specialists. There were likely no bad choices. The experience and skill levels were similar, so a measurable portion of the decisions came down to personalities and approaches.

Understanding that activist situations can be fast-moving and very intense, the working group thought it was particularly important to recommend specialists who could work well with the working group, company executives and, if necessary, board members.

Once deciding on the specialists, we ensured there was clear understanding of their respective roles. This may seem odd given a traditional understanding of what these firms do. However, there were a couple of potential conflicts where some specialists suggested capabilities that could bleed into those of other firms and/or positioned themselves for more of a leadership role.

Consequently, we generally decided on a more conventional framework where each firm tends to stay within its wheelhouse and decided on the financial advisor as the lead. While we did not establish ongoing retainers for any of the firms, there is an understanding that we would retain them if we get into an activist situation. We did do a project-based retainer for the outside counsel that included a review our governance policies and subsequent tweaks to them in this activist context. As noted earlier, this exercise can be an opportunity to make improvements on the company's own terms, and in its desired timeframe.

The Playbook

The components of our activism playbook follow the outline suggested by the financial advisor, which was responsible for version control of the product. The components include:

- Working group list for the complete team.
- Roles and responsibilities of executives, key employees, and the board.
- Review of more typical activist entry points, process, and escalation.
- Communication guidelines (do's and don'ts).
- Likely activist positions based on the final vulnerability assessment, and our readied responses.
- Public relations and communications preparation, including frameworks for an initial press release and various internal and business partner communications, high-level FAQs about activism for those who would be entering the process if the plan is triggered, and a contact list of key media and industry analysts.
- Top 25 stockholder assessment and contacts; list of top 25 activist investors.
- Several appendixes that include definitions of required activist disclosures, vulnerability assessments by the financial advisor and the company, summary of structural defenses, and examples of press releases by other companies that have been engaged in activism.

During our playbook drafting, the vulnerabilities and assessment levels that the working group identified early in the process did not change much. We took a conservative approach thinking that it would be worse to be dismissive than overly focused on a possible angle of attack.

In the end, some details were added along the way but we had a good idea of most of our vulnerabilities before the external reviews were performed. Thus, we already had at least the beginnings of readied responses, and in several cases a more detailed set of messages since some of the vulnerabilities were areas of focus raised periodically by the investment community.

While much of the playbook content was not new to us, working toward a centralized deliverable was a worthwhile effort. It encouraged us to focus and refine our thinking, messaging, and techniques in this very important context. Because of this initiative we also performed an externally-driven legal review of our governance policies, which resulted in some small but meaningful changes.

Our top 25 stockholder assessment was led by investor relations. It is a dashboard that estimates support levels by shareholder should there be an issue and includes very brief comments on why IR came to those conclusions. This is the one component of the playbook

that will be updated quarterly based on the latest ownership data.

Here are additional resources that could be included in a playbook:

- A concise strategy deck that could be used to help communicate the company's longer term views and initiatives at a deeper level of detail that might not otherwise be communicated as part of its normal external dialogue. A starting point for this deck is the investor presentation.
- A dark website that can be quickly made live dedicated to the company's communications if an activist situation arises.

Final Step: Tabletop Exercise


The tabletop exercise was a logical and important part of the process that would allow us to create an experience around how a situation might arise and perhaps get some sense for how it might feel. However, this is a step that not many companies have taken. In my view, it is not unlike a business continuity exercise that tests all those plans. It gave each of us (CEO, CFO, general counsel, IRO, corporate communications, other lead executives) an opportunity to work on something altogether different and test our respective thinking in this area.

We worked through certain private and public engagement scenarios of which we had no prior knowledge. Presented with a mock engagement letter authored by the financial advisor that pinpointed a respective vulnerability and subsequent criticisms as an activist would, we talked through our thoughts on the merits of the claim, our activist engagement and overall communication tactics, and, if necessary, outreach to shareholders, sell-siders, and other influencers such as media and industry analysts.

The tabletop exercise was a critical step. It was very helpful to go through some simulations as a team to identify areas of strengths and opportunities for improvement.

Learnings

Going through the entire process of preparing for an activism event presents several opportunities. As an investor relations officer, you have the opportunity to work in an area beyond your traditional responsibilities and finally leverage the all education you have attained through activism webinars and seminars. The IRO can leverage his or her unique combined knowledge of the company and its shareholders and sell-side analysts in a highly strategic way. From a company perspective, this process represents an opportunity to look in the mirror, make some adjustments if necessary, and be confident that it has crafted a plan that hopefully is never needed.

So, to my fellow IROs, go forth and prepare! 



BREAKING THE IR MOLD

The 2017 Niri Annual Conference in Orlando helped IR professionals defy business-as-usual and prepare for the many disruptions faced by public companies. BY AL RICKARD, CAE

In the photo above, a panel discussion on "Managing for the Long Term in a Short-Term World," moderated by Michael Flaherty, chief correspondent for Reuters (right) was one of several compelling general sessions at the 2017 Niri Annual Conference.

Disruption. It's seemingly everywhere – from politics to international relations to finance and the investment sector.

Congress is debating legislation to roll back the Dodd-Frank Act, as the Securities and Exchange Commission (SEC) starts to move forward under new leadership. The sell-side business model is turning upside-down and many analysts are moving into IR positions. High-frequency trading is juxtaposed against the rise of index funds and passive investing.

Companies have less insight than ever on who their investors are and face new communications challenges in an era of social media, presidential tweets, and "fake news." Hedge fund activism continues, but other investors are telling IROs to resist "short-termism" and stop providing guidance. As the Trump administration retreats from the Paris climate change accord, ESG activists are demanding that companies provide more data on their impact on the environment. The number of U.S. public companies has fallen significantly

over the past 20 years and lawmakers and regulators are trying to figure out how to stop this trend.

Against this backdrop, more than 1,100 NIRI members traveled to Orlando, Florida, in June for the 2017 NIRI Annual Conference to discuss these and other issues while advancing their professional development, doing business with companies serving the IR profession, and networking with peers.

It was also an opportunity for members to meet new NIRI President & CEO Gary LaBranche, FASAE, CAE, who provided a NIRI overview, moderated the Global Economic Outlook general session, and held an informal question-and-answer breakfast meeting.

Best of all, the conference was a two-way conversation between speakers and attendees through the use of the Sli.do app, which allowed people to easily post questions and also served as an instant polling tool, quickly capturing and revealing opinions from the crowd in response to many speaker questions.

Conference Co-Chairs Karen Fisher, senior vice president, FSW Communications; and Dennis Walsh, senior manager, investor relations, Zillow Group welcomed everyone at the conference kickoff and kept the event on track with timely updates and insights throughout. NIRI Fellow Mickey Foster, vice president, investor relations, FedEx Corporation, served as honorary chair and co-moderated a general session on “The Evolution of Regulatory and Sustainability Disclosures.”

NIRI Today

In his remarks, LaBranche praised NIRI for reaching an important milestone by launching its IRC certification program and noted, “NIRI is a diverse and growing profession in a time of significant change. People most need their professional society in times of change. We need to think outside the box. NIRI is the steward of the profession and needs to think about how the body of knowledge changes. We need to think about how to create new opportunities and value. What worked in the past will not work in the future.”

He added that the NIRI Board of Directors is thinking strategically about new relationships and trying innovations that may or may not succeed.



Despite the risk, he believes this is important: “You can’t innovate without failing sometimes.”

On Capitol Hill, LaBranche said he is dealing with the same people and committees that he did in his previous position representing mid-market private equity companies.

“What I found is that our voice carries weight,” he declared. “We are a \$9 trillion industry. There is a window of opportunity to make some regulatory changes at least until the midterm elections. We are the tip of the spear but members have to be the energy behind the spear.”

He encouraged members to come to Washington, D.C., for a legislative fly-in event on September 27 “so you can tell your story and how and why regulations are affecting you and dampening IPOs. We have a powerful story and we need you telling the story with us.”

LaBranche also wants to broaden the influence of the IR profession. “We have to think more openly – if you are an outsider trying to learn about NIRI it is hard. People can get knowledge and information from many sources, so we have to open the windows and doors and let people learn about the tremendous value this organization offers through a more robust and comprehensive platform.”

Many participants were first-time attendees and a number of them attended a “New to the NIRI Conference Orientation Session” on Sunday afternoon that received strong reviews – just one of several innovations designed to improve attendee experiences.

A new class of IRC holders were honored at the conference, joined by NIRI President and CEO Gary LaBranche, FASAE, CAE.



In the photo on the left, Bernadette McCormick of NIRI Twin Cities and Bill Parke of NIRI Chicago in the IR Services Showcase.

In the photo on the right, the IR Services Showcase featured exhibitors representing a wide range of product and service providers and served as the central gathering place for the conference.



External Perspectives

Conference general sessions featured a diversity of views and external perspectives offered by financial industry and media leaders who deal with issues that impact IROs and their companies.

The Opening General Session on “Disruption in the Market: Leaders That Are Changing Business Forever,” was moderated by Bloomberg journalist Brad Stone, who authored the book, *The Upstarts*. He led a panel that included IEX Group CEO Brad Katsuyama, XO Group CFO Gillian Munson, and Marriott Vacations Worldwide Executive Vice President and CFO John Geller.

At one point the panel posed the question, “How do you establish a relationship with a market full of disruption?”

Geller posited that the answer is about “the story you are telling and trust you build with your investor base. It creates a longer runway to make investments.”

Katsuyama added, “The market migrated from buying and holding stocks for long periods of time to trading in microseconds. When the majority of investors don’t even know what your company does, what is the risk of not doing something? If you are a disruptor you have to not be afraid to disrupt yourself. People get penalized for standing still. There are too many stories of growth that is reactive where you are late to the game. The pace of disruption is greater than ever. We do not have a market share goal – we are working to generate higher-quality trades. We talk about long-term growth trends we are trying to get in front of.”

Managing for the Long Term

Against the backdrop of short-term trading and the constant demand from investors for immediate results, Michael Flaherty, chief correspondent for Reuters, moderated a panel on “Managing for the Long Term in a Short-Term World.” He was joined by Chris Stent, founder of Mission Street Capital Advisors; Sebastian Niles, partner at Wachtell, Lipton, Rosen & Katz; and Sarah Williamson, CEO of FCLT Global, a not-for-profit organization dedicated to encouraging long-term behaviors in business and investment decision-making.

“We believe that markets are too short-term,” Williamson explained. “Companies that speak in a short-term way have more short-term investors and more volatility in their stock price. Only 7 percent of buy side investors want quarterly guidance. They want to know the credibility of the management team and whether they have the ability to execute.”

She noted, “On earnings calls, buy-side investors won’t ask questions because they already have a dialogue with the company and they don’t want to give away any insights to competitors on the call. Conversely, sell-side analysts ask modeling questions and management concludes that the market is short-term oriented, but that is the wrong conclusion to draw.”

Stent urged companies to “paint a picture of what success looks like in both the short term and the long term. You control the narrative. Don’t provide annual guidance if it isn’t in the best interest of your company.”

Williamson and Stent both emphasized the importance of consistency – picking several long-



FIRST-TIMER REVIEWS

“This was my first NIRI Conference and overall I was very impressed by the sessions, general sessions, and the networking opportunities.”

“This was my first time, and the conference was really insightful and I have learned a lot. The IR showcase was great and I’ve met with many relevant vendors and the networking was great over the breakfasts post-event parties.”

“Overall it was a great experience for my first time attending the annual conference. There were times I felt torn between competing sessions/events.”

“This was my first time attending the NIRI Annual Conference and I thought there were some really great efforts to help me maximize my experience. The luncheon on Sunday for first-time NIRI attendees was completely worth arriving early for the conference. This set the tone for me and helped me have a great experience.”

term oriented key performance indicators (KPIs) and reporting on them continuously to identify what is driving success.

Stent cautioned, “When CEOs get excited about something happening during a quarter and disclose it in a quarterly call, it sets a precedent [for reporting on it in the future]. You need to focus on longer-term KPIs instead.”

Niles encouraged IROs to call their biggest investors and ask why they invest in their company instead of competitors.

A general session on Good Corporate Governance also touched on long-term strategies. It was moderated by Mark Harnett, founding partner of Sard Verbinen & Company Strategic Governance Group.

Panelist Glenn Booraem, investment stewardship officer for Vanguard, urged IROs to build relationships and be transparent about any governance issues that may arise. “We are going to own your shares for a long time,” he said. “If we establish a relationship before the inevitable crisis happens, it helps us work through it.”

Political Insight

Anthony Scaramucci, founder of SkyBridge Capital and host of “Wall Street Week” on Fox Business News, was interviewed by Rich Myers, general manager and group head of financial communications for Edelman Financial Communications in another general session.

Scaramucci was a member of President Donald Trump’s Transition Team Executive Committee and was recently named White House communications director. “A lot of what goes on in the

In the photo on the left, Wall Street power broker and former Trump Transition Team member Anthony Scaramucci (right) was interviewed by Rich Myers of Edelman Financial Communications and gave his perspective on financial markets and the Trump Administration.

In the photo on the right, general session speaker Richard Levick talked about issues affecting public companies ranging from presidential tweets to boycotts of products from cause-related organizations.



In the photo on the left, NIRI Board members Angie McCabe and David Calusdian, Bob is a former Board member and Bob Burton, who chairs the IRC Certification Council, at the Volunteer Appreciation Dinner.

In the photo on the right, NIRI Chair Valerie Haertel and NIRI President and CEO Gary LaBranche, FASAE, CAE give away raffle prizes at the NIRI Volunteer Appreciation Dinner.



CONFERENCE HIGHLIGHTS ONLINE

Want to go back and view a general session or look up a breakout presentation? It's there at <http://bit.ly/2uev1aq>. Click on Professional Development and then Annual Conference where you can find session materials free to conference attendees and available for purchase by non-attendees.

presidency is symbolic," he said. "For example, the perception of the Obama Administration was that it was anti-business."

Scaramucci explained that President Trump has to figure out the symbolic aspects of the job, adding that "30-40 percent of the job is running the news cycle, so the president has to thread the needle on that. He has 30 million Twitter followers so he can reach 12 times the subscriber base of *The Wall Street Journal*. He will adapt and make his presidency successful."

Dealing With Change

For IROs worried about the effect of the president's tweets on their company stock, communications consultant Richard Levick delivered words of comfort at another general session, saying that Trump "formerly had the most powerful thumbs in the world."

He observed that companies cited by Trump in his tweets saw their stock drop but noted "they came back within a week. We are now normalizing and these tweets are no longer an enterprise risk. Do not overreact and step in front of the limelight. Nordstrom stuck to their story and made it about sales. Its stock went up 7 percent by the end of the week. L.L. Bean showed that you don't have to respond where you are attacked."

In assessing the need for change, Scaramucci drew an analogy between business and the political world. "Michael Milken remade corporate America – many people didn't like him but he took sleepy companies and made them more aggressive. Corporate America, SkyBridge, and the government all need to periodically go through a period of renewal. We have to all think outside the box and have some ability to renew and rebuild."

On investment strategy, Myers asked, "Are the

best days of active management over?" Scaramucci replied, "Recently, indexes have won handily. But as volatility happens you need something else in your portfolio. When I advise clients I tell them to take a very long-term perspective. We are in the fashion business because perspectives and sectors come in and out of fashion. We always get these cycles of euphoria and mania. I think 5-8 cents of every dollar should be in hedge funds because when Armageddon comes every several years you want to be in that defensive position."

Levick also spoke about the communications strategy of cause-related groups such as *Grabyourwallet.org* that call for boycotts on certain products and companies. "If they say to boycott a product, people are acting on it. When they attack public companies, it is about the first 48 hours – you do not have to react unless it morphs into traditional media. But when they do morph into traditional media, they present an enterprise risk."

On the other hand, activist investor campaigns go on for a long time. "They have research, they hire senior executives, and they have political clout," Levick explained. "They understand how social media and risk come together and how to control the narrative and make it bigger than their own self-interest. We no longer have the ability to just do top-down communications which we have done for 70 years. It is now about grassroots communications."

Global Economic Outlook

The annual economic analysis at the NIRI Conference was delivered by Don Rissmiller, founding partner of Strategas Research Partners; and Jay Bryson, managing director and global economist with Wells Fargo.

In the United States, Rissmiller predicted, “The Federal Reserve will continue to normalize rates.” He also noted that declining unemployment has hit “an inflection point where labor is going to start seeing rising wages. Churn in the labor market is picking up – this should help people get their ideal jobs. This will increase productivity, which has been so bad for the past five years that it can’t get any worse. We could also use a little more inflation. That would be good for this economy.”

Bryson said he “expects more of the same – steady but slow growth.” He is skeptical of claims that the economy can grow at a 3 percent GDP growth rate. But he cautioned against “throwing fiscal stimulus at an economy will full employment,” which he said would push wages up sharply.

“I would rather see tax reform than tax cuts,” Bryson said. “Everyone can agree on tax reform but no one can agree on loopholes.”

He touched on Asian market economies, noting that growth in China will continue to slow, but not to the point of collapse. While noting that China has low government debt, he pointed to a bigger debt problem in the Chinese business sector, where the ratio of private sector debt to public sector debt is much higher than in the United States. “A portion of that is non-performing,” Bryson said. “China has the ability to recapitalize its banks by transferring some of the private sector bad debt to the public sector.”

In Japan, he commented that money was flowing to the dead parts of the economy, but should have flowed to the productive sector. “China has the same problem,” he declared. “You have zombie companies in China but they employ 60 million people. The Chinese government continues to kick the can down the road by lending to state-owned enterprises.”

LaBranche, who moderated the session, asked the economists about a scenario where productivity goes up along with unemployment due to technology advancements. Rissmiller quipped that he is “rooting for the robots.” Bryson predicted that “artificial intelligence could be a game-changer” but warned of “pro-

found social and economic implications. Thirty percent unemployment would lead to a social revolution. A few rich people could own the technology.” But Bryson believes “there will be new sorts of jobs that no one can foresee right now. Artificial intelligence and robotics will only continue to grow.”

Personal and Career Advice

Three general session speakers gave inspirational and educational advice to help IROs build their personal performance capacity and advance their careers.

Corporate coach Connie Dieken, author of *Become the Real Deal*, delivered a session, “Influence Your World: The Proven Path to Gain Gravitas in a Demanding World.”


She drew a distinction between “influencers and people who seek to influence. There are three types of people: manipulators, persuaders, and influencers. The influencer is the person who earns commitment. They do the hard work that leads to respect. It is a long-term strategy that lasts.

“For the role you have as IROs you deserve to be influential, and you can be. Influencers change the game. You have that ability within your organization. Step up and be influential yourself.”

Loretta LaRoche, a speaker, author, humorist and stress-management specialist with award-winning Public Broadcasting System shows, gave a humorous presentation with wide-ranging of advice for using humor and wisdom to help achieve success in the business world.

United States Army veteran Dan Nevins – who was wounded in combat and calls himself a “warrior, speaker, and teacher,” closed the conference with an inspiring talk on “Reinvention When Faced With Adversity.”

Five Tracks for Success

The conference also included five educational tracks with more than 20 breakout sessions in Corporate Governance & Regulatory, Innovations in IR, Professional/Career Development, Economics & Markets, and Marketing Outreach & Stakeholder Communications. 

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A Journey of Success

The IR journey for NIRI Fellow Margo Happer includes strong IR performance and accolades plus several important leadership roles. But she still loves to play in the dirt to relax and unwind.

BY AL RICKARD, CAE

Margo C. Happer, senior vice president, investor relations at Wyndham Worldwide, was honored as a new NIRI Fellow at the 2017 NIRI Annual Conference.

She has been a NIRI member since 1991 and has held many leadership roles. Happer served as president of the New York chapter in 1997 (when it was honored as NIRI Best Chapter), co-chaired the NIRI Annual Conference in 2002, was a NIRI Board member from 2002-2006, and chaired the NIRI Senior Roundtable in 2016.

Happer joined Wyndham in 2006, and before that held IR positions at IDX Systems Corporation and Citibank's American Depositary Receipts business. She also spent six years as vice president and unit manager in the Financial Communications Division at Hill and Knowlton. She began her IR career in 1984 at Gulf+Western, a Fortune 100 company later known as Paramount Communications.

IR Update magazine recently asked her to reflect

on her journey as an investor relations officer.

What inspired you to enter investor relations?

Like most people I came to IR through a circuitous route. I majored in theater management and in the early 1980s I was temping at Gulf+Western in the audit department. The person I was temping for resigned and I was hired as the receptionist. I eventually landed in IR, starting as the executive secretary in 1984.

What do you like most about the profession?

What made me stay in IR was that I love the diversity, the challenge, and the view. It got me hooked. I went back to school and got my MBA and it has been a great career.

How did NIRI membership and the NIRI leadership positions you held help your career?

I attended my first NIRI seminar in the late

Margo Happer (center) accepts her Fellows recognition award at the 2017 NIRI Annual Conference with NIRI President and CEO Gary LaBranche, FASAE, CAE and NIRI Chair Valerie Haertel, IRC.

1980s on how to read a financial statement. One of my first big projects was designing the company's first international IR program. The only guidance my boss gave me was to call NIRI. I called Sue Nunn, who was the membership and chapter person at NIRI – the “den mother” for the chapters and a great mentor to me. Sue gave me a list of people to call and I was talking to the heads of IR at Fortune 100 companies on how to get started and what were the best practices. So I had the educational offerings and then the networking. Then there was the opportunity to lead, and that has been even more important. You have an opportunity in NIRI to develop and stretch your leadership skills and establish your leadership potential. In IR you are usually solo, you don't move up through different positions like people in other departments. NIRI helps you develop leadership skills as an individual contributor, because you are not doing it through managing people.

You and your IR program have earned honors from some industry magazines. What do you believe sets your program apart and helped you and your IR team win these awards?

First, you must do a good job at the basics. It amazes me how many times analysts say they called someone at a certain company and never got a response. Great customer service is fundamental. A big part of the credit goes to the whole IR team, and the most important members of the team are the CEO and the CFO. Our management team and Board of Directors believe we work for the shareholders and shareholder value is important. NIRI has done a good job of making us proud of the IR profession and moving the profession forward, but I think it's important to remember that it's never just about us – it's about the senior leadership team and the board.

How has your involvement in the NIRI New York Chapter helped you and what do you see as the key benefits of NIRI chapters?

Chapters are the lifeblood of NIRI and give us an

opportunity to get involved and be part of the professional community. Marty Shea, former head of IR at Viacom, used to say that IR is a lonely job and it is. We are individual contributors within our organizations, so it's critical that we have a community that understands our challenges and opportunities. We're fairly unique in that we live in both the finance and communications world, so we tend to be pretty well-rounded. And let's face it: we're a fun group. All my best friends came from my involvement in the New York chapter. We are really blessed to have this community. I will also add that every single job I've landed over the past 20 years was directly tied to my involvement in NIRI, on the chapter and the national levels.


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

I grew up in the profession in New York City and did a stint in Vermont. I got to Vermont armed with a lot of great experience and confidence. I was shocked to learn in my first performance review that I was viewed in the organization as “edgy.” Our CFO, who became a great mentor, had a hard time convincing me it wasn't just about exceeding my goals, it was about being effective in the organization. I came to understand that how you succeed is critical to your ultimate success. The journey is what's important.

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

We have done a good job of elevating IR. When I started 30 years we talked a lot about getting a seat at the table. I think we've earned that seat at the table. It's been both exciting and gratifying to have been part of that evolution.

Tell us something most NIRI members don't know about you.

I am an avid gardener and that's where I find my Zen place. I think that's important early on to find something that is yours. Otherwise this career can be all-consuming. Play in the dirt – it does the soul good! 

"I am an avid gardener and that's where I find my Zen place... Play in the dirt – it does the soul good!"

— Margo Happer

Go Virtual for Your Investor and Analyst Events

BY TRISHA TUNTLAND



If you are like me, you are constantly asking yourself, “How can we continue to deliver value for shareholders and management?”

When answering this question, three main criteria come to mind:

- More effectively communicating our company message.
- Efficiently utilizing resources.
- Increasing the number of “touches.”

Then, aside from meeting these criteria, we like to think about whether there is anything “innovative” we can try.

Many months ago, I began to apply this methodology to thinking about how we might host our next investor and analyst day. For many companies this event has evolved from a full day, to a half day, to even hours. Conceptually, the latter seems logical but a lot of work for limited return.

Historically, Cabot Microelectronics has hosted its investor and analyst day at NASDAQ or its headquarters in the western suburbs of Chicago. The outcome? Generally, a significant amount of work for limited impact and attendance.

Since none of us have enough time, we wanted to show consideration for others’ time while working to more effectively communicate our company’s message and increase investor and analyst participation.

So our team created the “Cabot Microelectronics’ Virtual Investor and Analyst Event – A CCMP Experience at Your Convenience,” which you can view at <http://bit.ly/2rw4tNo>.

#virtualvalue?

The benefits? A virtual event is convenient for participants and management, cost effective (no travel, no venue), provides global reach, and offers flexibility to edit and control messages.

The byproducts? (After all, I am a farm girl!) A virtual environment we can leverage for several months and valuable video content, including featured presentations, keynote speeches from executive officers, and virtual tours of facilities.

What do you need to create a virtual event? Management buy-in (you may face a little resistance and video can be intimidating, but you can re-record). Be persistent – virtual events require a team effort.

And, like any event, you need a “hook”. Absent any significant company news, our hook was a live Q&A session with our CEO and CFO after the featured presentations. And finally, a reliable vendor to host your virtual environment.

Return on investment? Overwhelmingly positive feedback from the buy side and sell side, and an appreciation for the creative and time-effective approach. Nearly 100 participants on launch day, and after two weeks we almost doubled the number of participants. This virtual approach increased participation by more than ten times compared to the previous “in person” event, and we continued to drive our message and reap the rewards through the rest of the quarter. **IR**

TRISHA TUNTLAND is director of investor relations at Cabot Microelectronics Corporation; trisha_tuntland@cabotcmp.com.



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A black and white photograph of rowers in a boat, with their oars dipping into the water. The image is used as a background for the top half of the page.

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