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IRUPDATE

THE VOICE OF THE INVESTOR
RELATIONS PROFESSION
SEPTEMBER/OCTOBER 2018



WHEN CEOs GO ROGUE

IROs share advice on how
to handle off-script CEO
comments on earnings calls.

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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.

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Smooch Repovich Reynolds aced a wide array of corporate executive roles on her journey to an exceptional career in executive search, mentoring hundreds of IROs along the way. Now she's one of the newest Niri Fellows.

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Autumn is Coming



Gary A. LaBranche,
FASAE, CAE
President & CEO

It is that time of the year when a hot, dry (or wet) summer gives way to fresher breezes and multi-color falling leaves. It is my favorite time of the year – a brief respite between weather extremes.

This edition of *IR Update* is like a pile of fallen leaves: a collection of wise and insightful articles, each unique and beautiful in their own way. I hope you will take the time to appreciate each one, which were lovingly crafted by your peers and colleagues.


For example, **When CEOs Go Rogue** (page 10) is worthy of your time and attention – not that this would ever happen in your company. But you might want to know what to do in case someone asks for your advice someday.

And, not that a job change is on your horizon, but you might benefit from the insight about how the right mindset can help lead to success in your next career chapter. **In Transition: Leveraging Anxiety into Opportunity** (page 20) will give you things to think about over a cup of hot cocoa on a chilly autumn morning.

Nasdaq's Adena Friedman will surely give you a few warm nuggets to consider. The **Q&A** (page 16) presented here is based on her comments made at the recent NIRI Annual Conference in Las Vegas.

While you are admiring these articles, I hope you'll find time to also consider the "Ethics at Work" column (page 30). Such occasional articles by members of the NIRI Ethics Council are among the most thought-provoking and appreciated.

September is a busy month in NIRI-land. "NIRI East" on September 24-28, 2018 in Boston is a new conference that includes the ever-popular Fundamentals of IR as well as a Senior Roundtable event and other seminars. And in early September, the NIRI members will gather in Washington, DC for "NIRI Leadership Week." They will engage in a chapter leaders conference, hold a board meeting, and attend a legislative and regulatory briefing. Visits to Congressional offices and a meeting with senior executives of the Securities and Exchange Commission will bring the issues of the IR community directly to policymakers.

While there is lots to do and to read, I hope you will take some time to enjoy the beauty of autumn. 

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stock trades in a market where fundamentals are often subordinated to robots and computer models. Measuring market behaviors is an essential IR action leading to better decisions about how to spend your time and resources. *You can continue to ignore the passive investment wave, but having no answer when the CEO asks is...awkward.*

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NIRI Hosts NIRI EAST Program in Boston

NIRI has launched a new NIRI EAST program that offers a full week of IR education and networking events in Boston on September 24-28. It is the first in NIRI's Regional IR Event Series.

Education events include the Fundamentals of Investor Relations Seminar (September 24-25), Understanding Earnings Workshop (September 26), ESG 101 Workshop (September 27), and the Best-in-Class Investor Presentations Workshop (September 28).

Networking events include a reception with the NIRI Boston chapter on September 24 and a Senior Roundtable Dinner on September 25. All events are being held at



NIRI EAST

the Westin Boston Waterfront.

"We have held successful programs in Boston for many years, so it made sense to coordinate with local NIRI members and expand into a full week and launch this as the first in our new regional IR series," said NIRI President and CEO, Gary LaBranche, FASAE, CAE.

NIRI also plans to hold new NIRI Midwest and NIRI West events in the future, with details announced when available. [IR](#)

ON THE MOVE



Zach Dailey is the new advisor to Marathon Oil Corporation President and CEO Lee Tillman. "Zach's new role as advisor reflects

the significance of his contributions to Marathon Oil as our vice president of investor relations and will allow him to broaden the scope of his responsibilities while he continues as a key member of our leadership team," Tillman said. Guy Baber is the new vice president of investor relations.



Todd Ernst joined GE as vice president of investor relations. He was previously with Raytheon, where he served most recently as vice president of corporate development. Ernst has also held senior equity analyst positions at Balyasny Asset Management and Neuberger Berman, covering aerospace and defense and other industry sectors. In the Institutional Investor 2018 "All-American Executive Team" rankings, he was ranked in first place by both the buy side and sell side for investor relations professionals in the aerospace and defense electronics industry. [IR](#)

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These upcoming events provide excellent professional development opportunities for NIRI members. Learn more at www.niri.org/full-calendar.

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SEPTEMBER 26 • BOSTON UNDERSTANDING EARNINGS

Understand accounting information, be able to identify headline points, and raise the pertinent questions around earnings

SEPTEMBER 27 • BOSTON ESG 101

Gain a practical overview of ESG as it relates to investors, employees, customers, suppliers, and the Board of Directors

SEPTEMBER 28 • BOSTON BEST-IN-CLASS INVESTOR PRESENTATIONS

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WHEN CEOS



**IROs share advice on how to handle off-script
CEO comments on earnings calls.**

BY ALEXANDRA WALSH

GO ROGUE

In May of this year, Tesla held a memorable quarterly earnings call during which CEO Elon Musk shot down well-respected Sanford Bernstein Research analyst Toni Sacconaghi's question about capital requirements and said, "Excuse me. Next. Boring bonehead questions are not cool. Next?"

After the next analyst in the queue inquired about Model 3 orders, Musk said, "These questions are so dry. They're killing me."

And as had been planned in advance, Musk then punted to a 25-year old Tesla shareholder who runs a channel on YouTube. Musk was expected to take one question from the YouTuber. Instead, he stayed with him for more than 20 minutes. In addition to criticizing analysts' questions, Musk interrupted his chief financial officer and called out journalists for what he described as "misleading readers" during the remainder of the call.

"Tesla's analyst conference call was arguably the most unusual call I have experienced in 20 years on the sell-side," Morgan Stanley analyst Adam Jonas said in a note to clients. "Many investors we spoke with (after) the call agree."

Cowen analyst Jeffrey Osborne wrote, "Tesla's earnings calls have always been one of the best free sources of entertainment out there, but this one was over the top. In one of the most bizarre earnings calls we have ever heard, Tesla refused to address analyst questions on capex, cash burn, and other 'boring, bonehead questions' while providing commentary on 'barnacle-like third-party contractors and anecdotes on an ineffectual 'flufferbot.'"

Who knows whether Musk enjoyed these antics,

but the investment community was not amused. Tesla's stock fell more than 8 percent in trading the next day before closing down 5.5 percent.

"It's an incredible red flag and we are reevaluating our stance on the company as a result," said Jamie Albertine, an analyst for Consumer Edge Research, in an interview on CNBC.

CEOs Are People Too

While calling Musk's evasiveness and dismissiveness worrisome, Sacconaghi, in a CNBC interview a few days after the call, attributed some of Musk's behavior to his quirkiness. Sacconaghi said the Tesla CEO is a "visionary" who thinks decades ahead and may not always enjoy getting caught up in near-term financial minutiae.

He also added that Tesla's chief financial officer was accessible after the call and he was able to ask several more questions at that time.

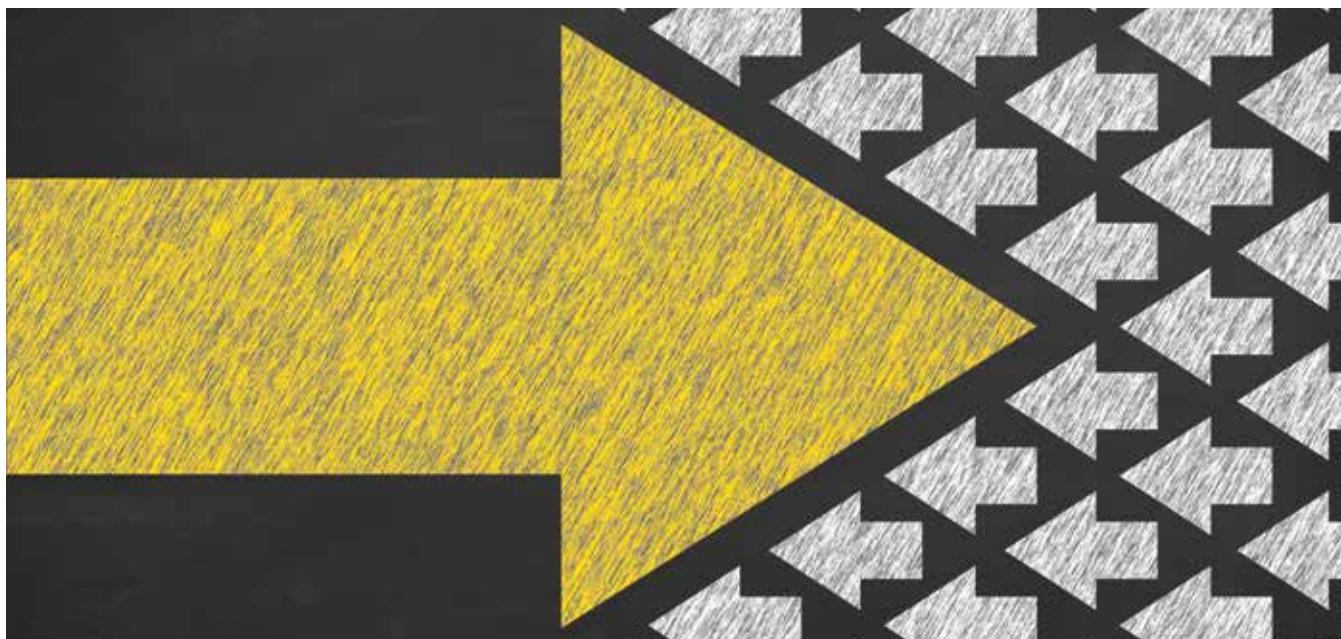
"Whether it's deliberate or a hot mike – it's been my experience that every couple of years, a CEO loses patience with an analyst or media question in some public forum," observes Jeremy Jacobs, managing director at Abernathy MacGregor, a strategic communications firm.

The Tesla earnings call also received a lot of public attention because of Musk's celebrity status. "I'm surprised it doesn't happen more, and that it doesn't is a testament to the good work on the part of IROs helping CEOs prepare for these calls," Jacobs says.

"The concept of flipping to a retail investor or mouthpiece for the company at the expense of institutional investors and analysts is the antithesis

"If your CEO doesn't like the Street, then don't put them on the call in the first place or diminish their role on the call and make them more of a statesperson."

- Seth R. Frank, vice president, treasury and IR, Hangar, Inc.



of good investor relations and common sense,” Seth R. Frank, vice president, treasury and IR, for Hangar, Inc., believes. “Maybe it’s a reflection of where we are as a society at this moment and the role that social media plays, but regardless of whether your C-level executive is traveling too much, is sleep-deprived, whatever their problem might be, they’re highly compensated to keep it together and if they can’t, don’t put them in front of investors.”

Don’t Let it Happen to You

“There are different strategies around preventing a Tesla-like call,” Frank says. “If your CEO doesn’t like the Street, then don’t put them on the call in the first place or diminish their role on the call and make them more of a statesperson. Of course, the problem is they’re highly paid and work for the shareholders and the board and obviously, the CEO’s absence on a call is not an option for small-cap companies.”

“The best way to prevent a problem like the Tesla call is relentless preparation,” Jacobs advises. “I can’t recall in the past 20 years when I listened to a conference call and heard a question I thought would never be asked – questions are usually predictable. What throws executives is when they get the same questions just packaged in different

ways. When prepping, ask the executive the same question over and over to try to bait and rattle them. Have someone call in and simulate an analyst with a bad phone connection – anything to make the prep more accurately reflect the environment of an actual call.”

“We start preparing two to three weeks ahead of the release date and to me, the most important part of preparing your C-suite is practicing Q&A to identify issues about your results,” says David Dragics, senior vice president, investor relations, CACI International, Inc. “You can’t predict every question, but you can predict major topics.”

Dragics says his company does several hours of Q&A prep before a call, with the CEO, CFO, and COO all in the same room. They divide questions into strategic, operational, and financial categories and then decide on the game plan for who will take on what. “Management is in one room and we’re in the other and we ask low-ball and high-ball questions, unanticipated questions, the nastiest questions we can. Then we stop and critique.”

“I never met a management team that wanted to come out shooting,” points out Mary T. Conway, principal of Conway Communications, a boutique investor relations consultancy. “But because we are human we have reactions when challenged, or faced with challenging facts.”

She says she knows her C-suite clients well and knows their pain points. “And those are the ones we prep for. Let them practice those questions ahead of time and be clear on what the guardrails are. We want to tell our company story and be compliant, but we also want a good relationship with our audience.”

Using the Mute Button

Conway says all IROs have tools they rely on, such as reading the cues given by the CEO. “That – combined with the mute button – gives you an opportunity to sympathize with your CEO over their frustration while managing your team and the call. And sometimes humor can be very helpful in lightening the tension.”

Sally Curley, founder and CEO of Curley Global IR, suggests there is no one solution to address CEOs who go off script in a damaging way as every instance is specific to the individual, the company, the culture, and the circumstances.

“In certain instances, it may be better for the company and shareholders if the C-suite records prepared remarks, like Tiffany [& Co.] does,” Curley suggests. “Questions can be submitted within an hour before the call so long as there’s enough time for the IRO and the C-suite to review them and decide which executive will take which question.”

Curley notes that in this scenario, the CEO can act as quarterback on the call, redirecting questions to other executives as appropriate. Or if the CEO is unwilling to redirect, an unspoken code can be developed that cues another executive in the room to jump in and answer.

“Matching questions with the right executive allows you to get the best out of your management team, regardless as to whether the prepared comments are pre-recorded,” Curley says. “If pre-recorded comments aren’t an option, then determining in advance which spokesperson will reply to which category of questions is critical. You don’t have to leave it all up to the CEO on the call.”

Sacsonaghi would agree with Curley. In the CNBC interview a few days after the Tesla call, Sacconaghi said when financial questions are asked, they should be addressed. He noted that if Musk did not want to

field more questions on Tesla’s finances, he could defer to the CFO, noting that neither Amazon nor IBM’s CEOs are present on their quarterly earnings calls, leaving the work to other executives.

Jacobs stresses that IROs have to maintain control of the call and one way to do that is to think in advance about how long the call should last. He contends that an hour is usually sufficient for analysts and investors to ask a comprehensive list of questions. “Over an hour, people get worn out and at minute 61, you probably won’t be receiving brilliant questions or delivering brilliant answers.”

“You should feel empowered to mute the phone, tell your CEO that there will be one more question, inform the operator, and then take the last question in the queue,” Jacobs advises. “Don’t let the call become a session for repetitive questions that seemingly never end.”

The Recalcitrant Exec

“The mission of IR is to maintain and improve management credibility with the financial community in order to reduce the company’s cost of capital,” Dragics notes. “So IROs should not be afraid to go to their CEO and say ‘we’ should have done this better and here’s how we probably should have addressed it.”

But what if a CEO does not listen to the IRO?

“There are CEOs who intentionally avoid hiring savvy, more experienced IROs who might challenge them, and if you can’t control your CEO, some might say you need to quit that job,” Conway suggests. “We all have had that ‘come to Jesus moment’ at some point. You must know what the right thing to do is and do it in any situation, even in the face of bullying behavior.”

“You can’t change people, you can only give them good guidance and this is when what we do is more art than anything,” Frank says. “Hopefully you’re not alone, and there are direct reports to the CEO who are willing to help you provide guidance. The CFO should step up if they see value destruction in the CEO’s behavior and [legal] counsel should be willing to intervene if the team fails to do so – it could put the company at increased risk of a proxy fight or even a lawsuit.”

“There are CEOs who intentionally avoid hiring savvy, more experienced IROs who might challenge them, and if you can’t control your CEO, some might say you need to quit that job.”

**- Mary T. Conway,
principal, Conway
Communications**

But at the end of the day, the investors will determine how much damage has been done to the company from the CEO's actions. "If the management team doesn't understand yet that they work for the shareholders, they will get reminded," Frank notes.

Conway adds that in the end, IROs must do what's best for the company: "IROs must be able to handle their CEOs, that's why we have thick skin and low blood pressure, right?"

Mopping Up the Mess

In situations where a CEO gets angry at an analyst on a call, the IRO or CFO often will work the phones after the call and talk to the analysts who could impact opinion of the company in a negative way to tell them that their work is valued, Jacobs notes. If the company is followed by many analysts and there's a roadshow being planned (or contemplated), consider telling those analysts on the follow-up call that an opportunity is coming up for them to meet in person, he says.

"You are really relying on those relationships you've forged with analysts and investors for that post-call call because you want to be able to talk to them like peers, but if you don't have a lot of goodwill built up with the investor community, it's going to be very tough," Frank points out. "You're not going to defend your CEO's inappropriate behavior, but you're also not going to say anything negative or disrespectful about them. You're just going to candidly play therapist and let the investor or analyst vent."

While a company might consider making some sort of public apology or clarification, Jacobs warns that "issuing a statement after a bad call is a path of last resort as you run the risk of getting [the] media more interested."

One item that can't be undone is the transcript from the call.

"Transcription today is typically done through a computer program, and sometimes the call drifts in or out or the speaker has an accent and language isn't captured or acronyms are not picked up accurately. It is best practice to proofread a call transcript for historical and factual inaccuracies," Curley notes. "At that point even if the transcript resides

on other sites, you should fix the typos for your own documentation. It is especially important if you're posting a transcript on your company website, as then there could be additional legal implications."

Curley says she does not support editing language used by a representative of the company in the transcript. "If a company representative made a comment in a public forum and it's been captured in a transcript, then it's a matter of public record. By redacting the comment, you risk creating the impression that you're altering facts or hiding something, and that can hurt a company's – and its management team's – credibility."

Frank agrees with Curley. "I don't believe in selective redaction or expunging a public record so I would lean on guidance from the transcript company – let them be the arbiter of what's an appropriate correction that won't alter the content."

Frank adds, "It's important to remember a transcript lives forever and some analysts can't – or don't – sit in on the call and only read the transcript. In the transcript from the Tesla call, it's awkward to read Musk's comments but they're mostly all there."

Dragics agrees. "Redacting is not the answer. What is the answer is better prep of your CEO and using the incident as a reminder to everyone of the responsibilities of executives in a publicly held company."

Jacobs suggests doing a post-mortem after the dust settles and emotions are in check, to figure out what went wrong on the call. "You need to figure out if there were problems in the way you prepared your executive, whether your executive was just having a bad day, or whether you should deepen your ongoing engagement with analysts so they are able to ask more informed questions."

"I always know I've done my best job when at the end of the call, the CEO looks at me skeptically and tells me that it was so much easier than what I prepped them for and that I worry too much," Jacobs admits. "If they get off the call feeling that wasn't so bad, that's a successful call." 

"Redacting is not the answer. What is the answer is better prep of your CEO and using the incident as a reminder to everyone of the responsibilities of executives in a publicly held company."

**- David Dragics,
senior vice president,
investor relations,
CACI
International, Inc.**

ALEXANDRA WALSH is senior publishing consultant for Association Vision, the company that produces *IR Update* for NIRI.



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A CONVERSATION WITH NASDAQ'S **ADENA FRIEDMAN**

Adena Friedman joined Nasdaq as an intern in 1993. She rose through the ranks, went to the Carlyle Group for a short time as CFO where she learned how to take a company public, and returned to Nasdaq in 2014 to lead the company.

BY AL RICKARD, CAE



Nasdaq President and CEO Adena Friedman was the opening keynote speaker at the 2018 NIRI Conference, where she was interviewed by Liz Cohen, managing director of Kekst and Company. *IR Update* magazine also interviewed Friedman to gain some additional insights.

Here's what she had to say on key topics of importance to IR professionals:

Public Company Growth: We recently updated the Nasdaq Revitalize blueprint, which reports on what has happened to the capital markets over the last 20 years that's made it harder to be a public company. Part of it is the rise of private capital—at the end of 2016 there was \$1.2 trillion of private dry powder. That doesn't mean that we should choke that off, but we need to make the public markets more competitive and accessible.

Long-Term Thinking: There are a lot of things that go into the discussion of long-termism versus short-termism, and what we've been trying to do is unpack that into policy recommendations that can be enacted on Capitol Hill, or by the Securities and Exchange Commission, or both. The first thing is to get rid of politically motivated social obligations such as conflict minerals reporting obligations. The second is to potentially make the 10-Q optional. So you might still have a quarterly cadence for earnings releases, but make it so you don't also have to follow that with a 10-Q every quarter, which frankly is a repeat of a lot of information. Then rely on the 10-K for deep disclosure and make sure there is short-sale disclosure obligations similar to long-position disclosure obligations. We were pleased to see H.R. 5970 passed recently by the U.S. House of Representatives, which directs the SEC to produce a cost-benefit analysis of the use and efficacy of Form 10-Q.

Proxy Reform: This is my hot-button topic. Investors with \$2,000 worth of stock in a one-year hold period can put any governance proposal onto a proxy and do it year after year even if they get no traction. One-third of all proxy proposals in the United States in 2016 were generated by six

small investors. I equate this to every citizen in the United States having a chance to put a bill onto the floor of Congress and force Congress to debate it. It's democracy, but it's chaos. So we're proposing that you have a lot more skin in the game – such as 1 percent ownership with a three-year hold period – before you can touch the proxy from a governance proposal perspective.

Artificial Intelligence: We're focused on three major themes. One is how the cloud can make capital markets more efficient, less expensive, and more secure. We want our next-gen technology to be completely cloud-enabled. The second is using machine intelligence for market protection – market oversight, surveillance, and rooting out manipulation or other bad behavior. We also have an analytics hub, which is a new product that brings machine intelligence together with alternative data. The third area is our corporate solutions business, which is really the Nasdaq IR Insight Platform, where we have a 15-year of history of data around ownership and changes in investment trends, for example. So how do we use that – combined with data that we provide to our clients and collect from our clients related to their interactions with investors – to be smarter about targeting, looking at activism, and other things that might impact their industry.

Blockchain: This technology has huge promise for the capital markets in different contexts. For example, faster trade settlement time takes risk out of the system. But it takes a village to get the blockchain implemented. The easy part is the exchange implementing it, but the harder part is getting firms to evolve from old legacy infrastructure systems and adopt a new ledger. We are implementing a proxy voting solution with a client that automates the voting decision to create a much better record of the votes and don't have any concern over the quality of the outcome. We are also looking at implementing blockchain in mutual fund administration. But blockchain is an enabler, not necessarily a solution in and of itself. It enables the industry to be more efficient

"Active to passive investing has been an enormous shift, and the majority of IR programs are geared toward active investors."

Nasdaq President and CEO Adena Friedman was interviewed by Liz Cohen, managing director, Kekst and Company, at the 2018 NIRI Conference.



in managing the flow of capital and managing the ledger.

Passive Investing: Active to passive investing has been an enormous shift, and the majority of IR programs are geared toward active investors. So how do you get an understanding of your passive owners? Many passive firms are taking an active role in governance matters, so they can't do that without any interaction with companies. So if you have a large passive owner, work with our Nasdaq advisory team or with your own IR advisor to make sure you're getting in to see them – particularly around governance matters.

Quantitative and Data-Driven Investment Strategies: There is a niche today – that's becoming a bigger niche – where many investment management firms use quantitative analysis to make their investment decisions. You've got the quantitative, and then you've got fundamental – those are the two ends of the spectrum – and then you've got the "quantimentals." They're using a lot of alternative data such as crowdsource data, social media data, shipping information, or some unstructured information to understand trends and changes in an industry, in a sector, or in a company, and

they'll use that as either the foundation for their entire decision, or at least as a foundation for a screening of investment opportunities. I think that we should assume that that's going to become a bigger part of the pie. Data is becoming a lot more accessible, and machine intelligence is becoming a lot more accessible and more mainstream, and this is a new opportunity for active investors to find alpha in the market.

Alternative Asset Managers: In terms of what I call "private capital," there's private equity, there's venture capital, and there's something in the middle – a lot of active managers are taking private positions in pre-IPO companies, which is becoming more mainstream. They all play a critical role in the ecosystem. Without venture money we wouldn't have nearly as many awesome companies out there. They fund entrepreneurs and they take a lot of risk. But at the end of the day those venture firms are looking for an exit. They want to make the public markets more attractive too. Being a private company is a moment in time – it's not a permanent status – so we want to work collectively with the alternative managers.

Transformation of Nasdaq: Over the last 15


years, Nasdaq has taken the foundation of our equity markets and applied it into our options markets. We're now the number-one multi-listed options exchange in the United States. We've also acquired most of the exchanges in the Nordic markets so we've been able to broaden our horizons into Europe. Then a bigger transformation has been into the technology space. We've either built or bought technology services that serve our corporate clients as well as other markets. There are more than 90 markets today that operate on Nasdaq's technology.

ESG: Nasdaq is a public company so we're working to understand how our company is evaluated by firms that may be activists. We met with our board and went through the screening and analysis that we do for other companies to see where we stand on the activist radar. Where are we strong? Where might we have some issues? So having an ESG expert in your company present data to the board is a great way for you to engage them on this topic. Anecdotally, our CFO went to Europe to do a road show, where we have 900 companies listed in the Nordics. ESG is top of mind for a lot of investors there and our CFO came back and said, "In every single meeting, I got questions on ESG." But in the United States now, it's maybe two or three out of ten meetings, depending on the industry. So, we have done our own internal work to build out a prescriptive way for us to manage ESG and communicate ESG our shareholders so that we can be more organized around it. We are also working hand-in-hand with our clients to develop a set of reporting best practices that they can use to communicate their ESG practices to investors in a uniform way, and we have over 200 companies participating in that (Nasdaq recently published a white paper on ESG that is available at <https://business.nasdaq.com/esg-guide/>).

Global Trading: There are a lot of tailwinds right now in the macroeconomic environment. This has fueled interest in the equities markets. The growth trajectory seems to be increasing in the United States and around the world. There are

also some areas of risk, particularly around global trade, that investors are going to factor in to this volatile environment. The global involvement in the markets is at the highest level ever, just because technology has enabled the standardization of trading and connectivity around the world.

Opportunities for Women in Finance: I have children aged 20 and 22 and what's great about this generation is that there's every expectation that they're going to be a CEO. This thought is applied equally to boys and girls. The choices available across genders is probably at its highest level ever. I would tell young women coming into the financial space that it's one of the most exciting sectors to work in because it's changing so fast. You can make a difference, because the financial sector is the fuel that drives economic growth. It's also complex, and complexity means it's never boring. If you think about your career as a 40-year journey, there are many different paths of opportunity in the financial sector to make it a really fun 40 years.

Being a Black Belt in Taekwondo: I've talked about this in the context of self-reliance and confidence, but I also think it helps conquer fear. Just this week we were doing kicking drills and I was partnered with two enormous guys. It makes you think, "What would I do if someone like this were to come up to me and how do you deal with that situation and conquer that fear of getting hit?" So conquering fear is a big part of the experience of martial arts, and that obviously plays toward confidence. Over my career – as you get new opportunities and new things thrown your way – you ask yourself how to use that as a motivator so you can get over that fear of change, or that fear of something new and different, and you then start looking forward to the next challenge. In Taekwondo, I'm still working on making sure that I'm prepared to deal with anything. 

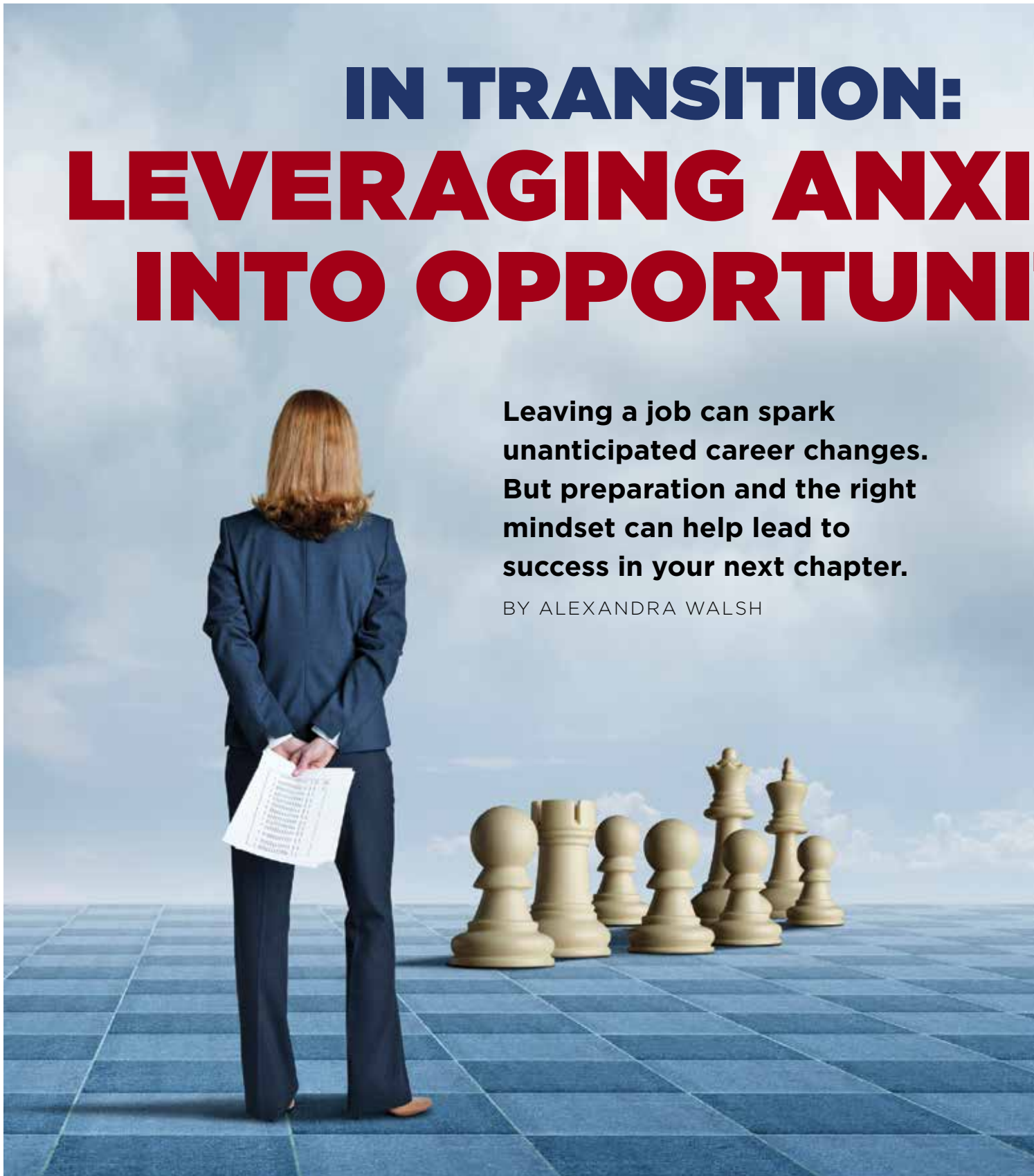
AL RICKARD, CAE, is president of Association Vision, the company that produces *IR Update* for NIRI.

"Over my career – as you get new opportunities and new things thrown your way – you ask yourself how to use that as a motivator so you can get over that fear of change, or that fear of something new and different, and you then start looking forward to the next challenge."

IN TRANSITION: LEVERAGING ANXI INTO OPPORTUNI

Leaving a job can spark unanticipated career changes. But preparation and the right mindset can help lead to success in your next chapter.

BY ALEXANDRA WALSH



First of all, it happens to almost everyone. Becoming an unemployed IRO doesn't make you special, and it also doesn't mean you have been cast out from the intimate community of investor relations practitioners. It does mean you have a unique opportunity to examine what you really want to do with your career and to lean on your community for support.

If you spend most of your career in investor relations, the odds are that sooner or later you will find yourself out of work without a clear vision of what lies ahead. And this may well happen after decades in the profession.

"People starting off in investor relations need to remember that this will be a journey, not even a marathon, just a long journey. You have to be open to the unexpected, and always be prepared for the next opportunity," suggests Lynn Antipas Tyson, executive director, investor relations, Ford Motor Company.

Tyson readily admits that her career path was the opposite of most. After decades of moving rapidly through the ranks of companies like PepsiCo and Dell, she left a job unsure of what her next move would be.

"For the first time in my life, I wondered where I was going with my career, what was the right next move, and was it time to start thinking about doing something else?," she confides.

Tyson advises that before jumping headlong into the next job, think about what you love to do and are passionate about. "It's the most important thing, and for me, when I thought about everything I love to do, I thought about consulting because I love to build IR functions from the ground up. And I thought, I've made enough contacts through my career, there's bound to be somebody who needs help."

All About Networking

"Where I live in the [San Francisco] Bay Area, a lot of senior IRO positions are never advertised and people are placed by referral. In particular, pre-IPO companies often are more discreet when they hire," notes Nicole Noutsios, who runs NMN Advisors and is president of the NIRI San Francisco Chapter.

"It's really important to get involved in the IR community and reach out to your network to let people know specifically what you're looking for – not just the job – but what sort of executive team and work environment is preferred," she advises.

While Noutsios recommends volunteering with the local NIRI chapter, she also suggests reaching out to others in the IR ecosystem, such as board members, bankers, investors, and sell-side analysts. "At the senior level, ultimately, it's all about networking."

"I'm pretty sure I can tie every IR job – except my first – directly back to networking through NIRI at the local chapter or national seminars or the annual conference," recalls Shawn Southard, vice president with Kei Advisors. "Investor relations is a small community. I had a chance to work with Deborah Pawlowski, the founder and CEO of Kei Advisors, on a NIRI committee and it was a great experience, so we talked casually about how we could continue working together, and fairly quickly she brought me onboard."

Southard notes that NIRI is the only opportunity many IROs have to get together face-to-face and pull their heads away from their hectic workdays to build relationships on a different level. He muses that when he only had five years of IR experience, he had no idea how important those relationships would become.

"Even if you don't choose to serve as an officer or on a committee, I recommend, especially early in your career, that you not just be active about volunteering in a professional organization but that you be intrusively active," he says. "It's a great opportunity to meet people with more experience than you, connect with them over your commonalities, and leverage that to build relationships. Even if you don't have a plan in mind for how those relationships can be useful, eventually you will."

Consulting

While consulting might seem the perfect way to while away the time in between jobs, Noutsios recommends speaking to multiple IR consultants to really understand the lifestyle and client demands before venturing forward full-time, as it

“Do not define success based on the expectations of others. Know what makes you happy and have confidence in what you’re good at and chart it from there.

- Lynn Antipas Tyson, executive director, investor relations, Ford Motor Company.

is different from in-house and is not an optimal fit for all people.

“If you’re looking for a full-time job, it can be very challenging to find consulting work as potential sizable clients are usually looking for a long-term commitment,” Noutsios points out. “It’s a big misnomer to think you can just quit your job to consult and that you’ll be earning the same salary quickly. You have to be realistic about the timeframe as it takes a long time to build a consulting practice, and the income can be very volatile year to year.”

Noutsios recommends that if you’re thinking about consulting, that you have a contingency plan, know exactly how much revenue you need, and have the savings to cover those needs if the consulting work doesn’t come together quickly. “It may take a long time to find work in your local market with the number of public companies shrinking over the years.”

Before Southard came onboard with Kei Advisors, a corporate restructure left him unemployed, and as he didn’t want to leave the Philadelphia area, he knew that meant an extended job search. After reaching out to his NIRI peers, Southard started getting offers to take on short-term projects and thought, “Why not?,” as he had the time and he thought it would look good on his resume. The small projects kept coming and then some larger projects. But Southard kept thinking of consulting as an interim gig.

“After awhile it became clear that in my local market, most of the opportunities were with small companies,” Southard notes. “Although I didn’t want to work for one, I knew I could help them from the outside as a consultant and there was ongoing consulting work available, again thanks to my NIRI Philadelphia contacts.”

Another aspect of consulting is the time commitment, even though Southard is no longer running a one-person practice and is now consulting in a team environment at Kei. “At a successful consultancy, a handful of people might be supporting 16 clients during earnings season – the work isn’t multiplied, it’s exponential. You have to love the work to keep up that kind of pace.”

Noutsios concurs that consultants need to be incredibly organized and really manage their time in order to get deliverables to clients during earnings season and deal with other time-sensitive projects. However, she points out that one of the big upsides to consulting is working with great executives for multiple years, which allows her to develop longer relationships than she had even when she was an in-house IRO.

“I have multiple clients who have worked with us for over 10 years and our average retention rate is seven years,” Noutsios explains. “After years of consulting, there is a lovely continuity to working with some wonderful people, and I do work on some interesting projects and companies – it’s incredibly varied and challenging. I have worked both in-house and as a consultant and with consulting, there’s certainly more diversity than working in-house for one company. For me, it’s the right fit.”

Skills and Flexibility

“Make sure you have other skills you can put to use, as these transition periods can be very long,” advises Wendy Wilson, former vice president of investor relations for Bon-Ton. “You can leverage your experience in accounting, finance, or corporate communications while you’re looking for the perfect IR job.”

Wilson, who worked on her CFA at night, notes the trend of young IR professionals coming into the field with backgrounds in finance. “If you don’t have a strong background in finance, I’d advise going back to school at night. Most of the investor relations jobs I see today require that you have some kind of finance experience.”

Wilson has currently undertaken a short-term project providing corporate communications support to Evinrude/BRP. Although she has been in investor relations her entire professional life, as her career progressed, corporate communications teams reported to her.

“If you’re more interested in honing your communications capabilities during your transition, there are many ways to pick up skills,” Wilson acknowledges. “I do pro bono work for non-profits

where I've learned a lot about social media and other communications."

In Wilson's case, she's been providing communications services to a golden retriever rescue organization allowing her to combine a passion with a pragmatic effort to strengthen skills that will come in handy once she returns to IR full time. The four rescued retrievers she now shares her life with? A value-added benefit, of course.

Honing skills while transitioning between jobs doesn't have to just benefit your IR career path. It can also provide the flexibility to make other choices and pursue other options if that perfect IR job doesn't come along.

"My parents raised us to believe we always have choices and options and that includes knowing that no job is beneath you," Tyson shares. "Especially if you're just starting out in your career, you have to be flexible about options and not be myopic about being an IRO. If you think it's the only thing you can do, you're going to have a problem."

Tyson believes each person should have a skill set that can be applied in different ways. "You're the brand manager of your skill set and you own your destiny. You should always look forward, take every opportunity to learn and seek opportunities where you can add value, and create options around how you can fulfill your destiny."

"For me, the most important thing to assess when you are looking at a company is its leadership," Tyson contends. She suggests thinking less about what department you would like to work in and more about whether this company has great leaders, whether there is potential for the company, how is it strategically positioned, and what career paths are there within the company.

"What I love about IR is that the practice can draw from many disciplines. So if you can't get immediately into IR, get into accounting, product development, sales, communications—anywhere in the organization where you can grow skills. It's all transferable."

Tyson adds that your personal finances are critical to having options. "From day one, operate under the assumption that you might be unem-




ployed one day. Create a nest egg so you always have choices."

No Rush

While transitioning between jobs, take the time to ponder why you are in transition, Tyson recommends. "You will be much stronger for understanding whether something happened from a performance standpoint and what lessons can come about from the experience."

Tyson believes that any career move should always be about what you are moving toward, not what you are moving away from. And the criteria for any job you're considering should be whether it provides you with an opportunity to add value and grow.

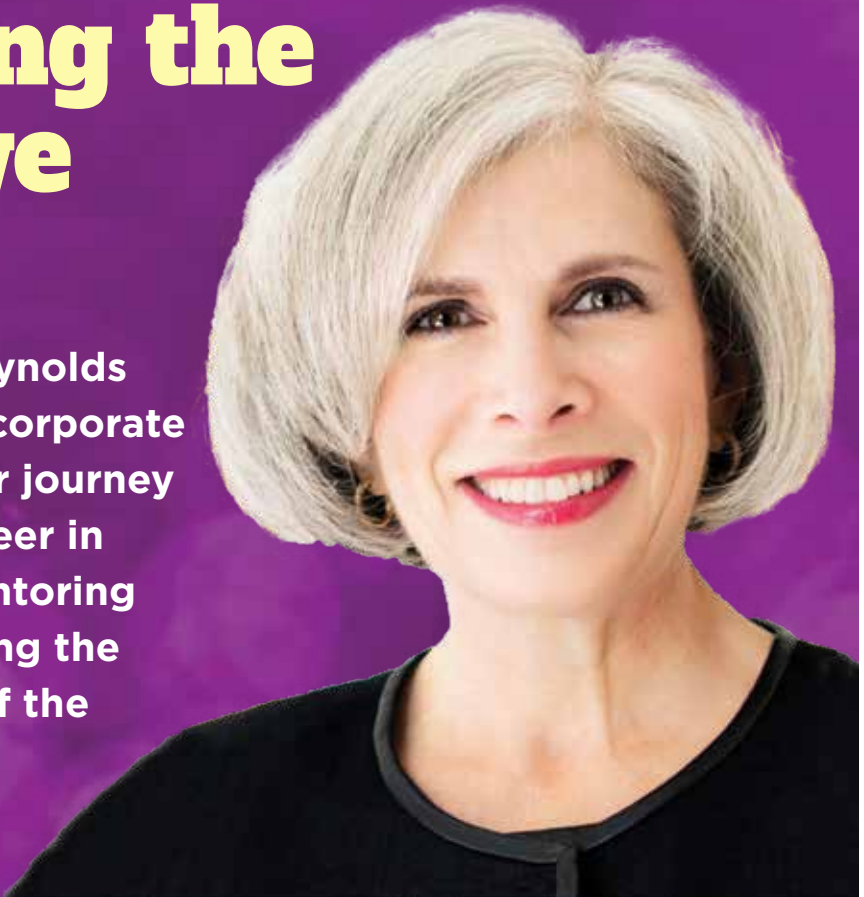
"Be very thoughtful about it," she says. "Do not define success based on the expectations of others. Know what makes you happy and have confidence in what you're good at and chart it from there. Careers are long and circuitous and it's okay to take a time out, catch your breath, and reflect." 

ALEXANDRA WALSH is senior publishing consultant for Association Vision, the company that produces *IR Update* for NIRI.

Mastering the Executive Dance

Smooch Repovich Reynolds aced a wide array of corporate executive roles on her journey to an exceptional career in executive search, mentoring hundreds of IROs along the way. Now she's one of the newest NIRI Fellows.

BY AL RICKARD, CAE



Smooch Repovich Reynolds, managing director of the IRO & CCO Practice Group at ZRG Partners in Los Angeles, CA, was one of three professionals honored as new NIRI Fellows at the 2018 NIRI Annual Conference.

Reynolds has built a 25-year career as a highly successful executive search consultant, specializing in global investor relations officer and chief communications officer searches. She has completed approximately 300 IRO searches in companies across a broad array of industries, ranging in size from pre-IPO startups to Fortune 500 corporations, as well as non-profit entities/associations, and universities.

She began her career as a press deputy for a politician, and then transitioned to serve as a corporate communications and financial public relations practitioner at Hill and Knowlton, Inc.

While there, Hill and Knowlton CEO Tom Eidson asked her to launch and lead a U.S.-focused executive search function for the company, which she did for a few years. In tandem with those responsibilities, the CEO also asked Reynolds to design and serve in a regional head of human resources position and placed her on the global M&A team. She ultimately served as his chief of staff in the Western United States.

Reynolds then went on to launch The Repovich-Reynolds Group, a retained search and management consulting firm she led for more than 20 years. She was subsequently recruited to serve as senior vice president/chief communications officer at The Irvine Company, where she was responsible for redefining the communications function.

Later she was recruited to the Los Angeles office of Caldwell Partners, and was a partner

and leader of the firm's investor relations and communications practice. She then went on to hold a similar role at DHR before taking on her current position at ZRG Partners.

A dynamic lecturer, keynote speaker, media expert on employment issues, and frequent contributor to global professional journals and newsletters, Reynolds has been featured on *CNBC's* "Power Lunch," *CNN-TV*, *Bloomberg TV*, *Fox News* and myriad other TV network affiliate broadcast news programs.

She is recognized as a pioneer in executive search in the investor relations profession, recognizing nearly three decades ago that the increased expectations of management teams by the global financial markets would drive the need for senior-level IROs to effectively represent public companies.

IR Update interviewed Reynolds to learn more about her career and what led to her success.

Tell me about the early days of your career when you conceived the need for an elevated role for IROs to interact with financial markets.

When I was employed by a global investor and public relations firm, I was intrigued with the whole notion of the investment community, equity valuation, and activist investors, all of which was ignited by participating in a presentation about a hostile takeover situation. Hearing this presentation unleashed an intellectual passion to pursue this particular subject matter.

As I entered the executive search field, I recognized that many Fortune 500 companies were not addressing valuation and the importance of cultivating a relationship with the investment community. As a result of my passion for IR, I decided that I would initiate a focus in this niche which seemed to be elusive to the retained executive search arena.

How has your experience in corporate communications, operational leadership, talent and acquisition development, and corporate finance/M&A shaped your work in executive search?

All these combined experiences allowed me to approach client talent problem-solving through the lens of someone who served in this wide array of corporate executive positions. As a consultant, there is intrinsic value having walked in myriad executive shoes gaining firsthand operational experience about how to meet challenges and solve problems. This experience framed my consultative approach and led to me becoming a sought-after talent solutions provider to management teams.

You have observed some dramatic shifts in the capital markets, regulatory climate, and corporate governance issues affecting companies throughout the years. How has this changed the skillsets you look for in IROs?

Investor relations is a relatively new profession compared to the chief financial officer and chief legal officer professions, which have been around for centuries. Thirty years ago there was only a role called "financial communications," which we know today to be only one aspect of the overall IR area.

Many diverse shifts have dramatically reshaped the IR function during just the past 10 years. The skillsets required to address brand definition and the corporate narrative that is conveyed to the investment community, as well as the quantitative acumen required to engage with the financial markets in a highly productive manner are today's benchmarks.

The IRO of today must have a foundation based in finance such that the IR professional understands not just the vernacular of finance, but to the degree that the individual can easily toggle between a corporate business model and the financial modeling viewpoints the analyst community may offer. In addition, the level of broad business acumen and savvy that boards and management teams expect an IRO to have is at the highest level ever.

Every job candidate is different, but what is one key area where most rising IROs need to grow to effectively advance their careers?

"My definition of a corporate athlete is an executive who is an expert in all areas of serving as an exceptional IRO and who also brings broad business acumen such that they can contribute intellectually to the well-being of the overall enterprise."

The single most important element is an IRO's "organizational influencing" capabilities, which is a unique combination of serving as a "psychological business partner" to management and having the ability to "see around corners," also known as gravitas. Today, and in the future, an increasing number of CEOs and CFOs want and expect their IROs to be "psychological business partners" with a neutral viewpoint about myriad business topics.

You have presented and written about how successful executives need to become "corporate athletes." Please define this and explain how IROs can become a corporate athlete.

My definition of a corporate athlete is an executive who is an expert in all areas of serving as an exceptional IRO and who also brings broad business acumen such that they can contribute intellectually to the well-being of the overall enterprise. This means their intellectual depth and prowess extends well beyond just the IR discipline, which

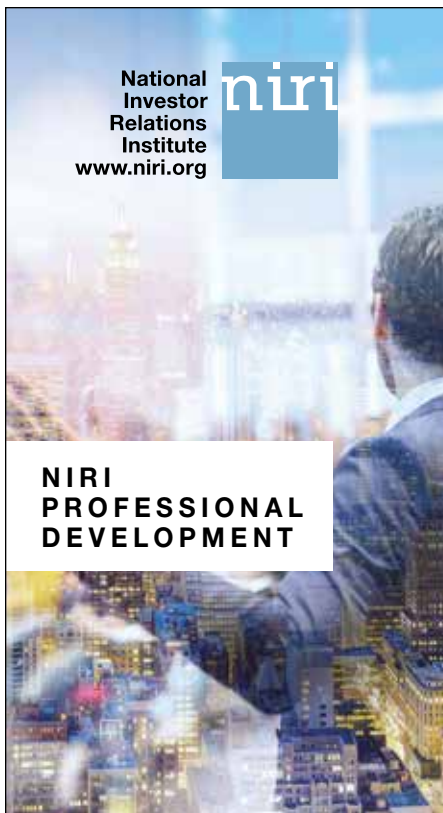
then allows that IRO to serve as the consummate psychological business partner to the CEO and broader leadership team, and as a genuine partner to the Board.

Who have been your mentors and what did you learn from them? Also have you mentored people in your career and what do you try to impart to them?

My single most influential mentor was Tom Eidson, the former CEO of Hill and Knowlton, who challenged me to stretch my abilities by tasking me with overseeing myriad business areas for which I had no experience – global M&A activity, human resources, and operations, to name a few.

At the end of my tenure there, we had a deep conversation about why he had involved me in so many disparate activities that were not a part of my core education or background prior to joining Hill and Knowlton.

His response: "I knew you had the ability to do anything you set your mind to do and that you were smart enough to learn anything. I



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trusted you, wanted you to be my psychological business partner, and knew you would prove out for me. Most importantly, I wanted you to know that you had the ability to do anything you were tasked to do, so I just kept involving you wherever there was a situation that required intellectual curiosity and drive to solve a problem.” My career trajectory was forever changed positively as a result of my willingness to follow his lead and trust him.


Yes, I have mentored hundreds of people in my career as I genuinely enjoy seeing professionals be successful – I derive a tremendous amount of gratification from mentoring others. And, as a direct result of my experience with my mentor CEO, I have encouraged others to embrace the following concept: “When your boss asks you to do something outside of your knowledge base and comfort zone, the answer is always ‘Yes!’ Your boss is not going to task you with potential failure on their watch.”

How do you define success in your career?

For me, my own success has always been defined

by the expectation I have of myself – to always be credible, genuine, helpful to others, and bring positivity to as many situations as possible. And to always do the *right* thing in advising others and in my own actions. I also wanted to help others adeptly navigate their careers because none of us ever takes a class to learn how to do that. And I am thankful I have had the luxury of experiencing 1,000 successful careers through my work.

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

Most NIRI members don't know that I am a ballroom dancing aficionado, with East Coast swing, cha-cha, a little freestyle foxtrot, and disco being my favorites (my parents met while dancing in the 1940s in the Big Band era). I am also a cat lover and always name them after foods! 

AL RICKARD, CAE, is president of Association Vision, the company that produces *IR Update* magazine for NIRI.

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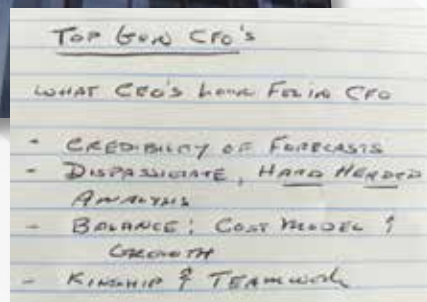
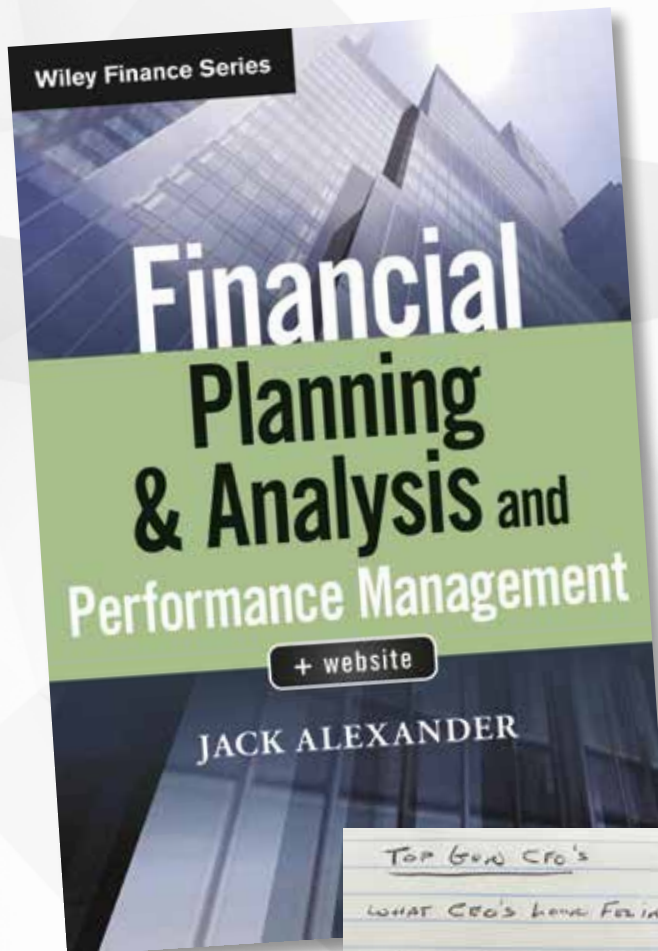
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Teaching FP&A and



In the mid-1990s, I had the distinct pleasure of working for CFO Jack Alexander. I was old enough to have been in IR for 12 years, and still young and eager to soak up what wonderful professional and personal tidbits that great leaders could impart. Jack was – and is – one of those great leaders.

We worked together at EG&G, Inc., which has morphed several times and now can be glimpsed – at least in portions – as Perkin Elmer. EG&G was what used to be called a “conglomerate.” The company had 50 operating divisions ranging from large government services to life sciences and technology businesses.

As a newly minted Northeastern University MBA graduate, I thought I knew about finance and the financial planning and analysis (FP&A) process. Jack took the time and had the patience to gently educate me about those disciplines, emphasizing the practical application of these concepts. This was particularly important in an organization such as EG&G, with many complex and unrelated businesses.

When he left EG&G, Jack started a consulting firm and taught in the MBA program at Babson College in Wellesley, MA. He also set out to write a practical application text on Finance/FP&A. He succeeded not once, but twice, with his latest

Great CFOs don't retire – they write thought-provoking books such as *Financial Planning & Analysis and Performance Management*.

BY SALLY J. CURLEY, IRC

More

edition published by Wiley Press: **Financial Planning & Analysis and Performance Management**.

This second text is the follow-on to his first book, **Performance Dashboards and Analysis for Value Creation**, and offers a comprehensive and down-to-earth guide to financial planning and analysis. What I love is that it is filled with illustrative examples and visuals that provide real-world guidance for those responsible for assessing and improving the FP&A function. It's relevant to anyone working with – or in – finance.


Jack includes the most current thinking, and he shows how to put into practice leading-edge tools to plan, analyze and improve vital business and value drivers. In addition, the book showcases what it takes to build analytical capability and to effectively present financial information, including identifying and leveraging key performance indicators.

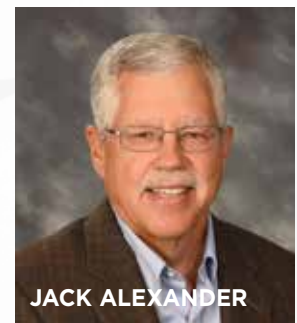
One of the most distinct and valuable aspects of this book is that it provides guidance on developing projections in uncertain times. Jack presents analytical frameworks for evaluating capital investment decisions, business valuations, value drivers, and mergers and acquisitions, and how to create budgets, operating

plans, rolling forecasts, and long-term projections even in the face of uncertainty.

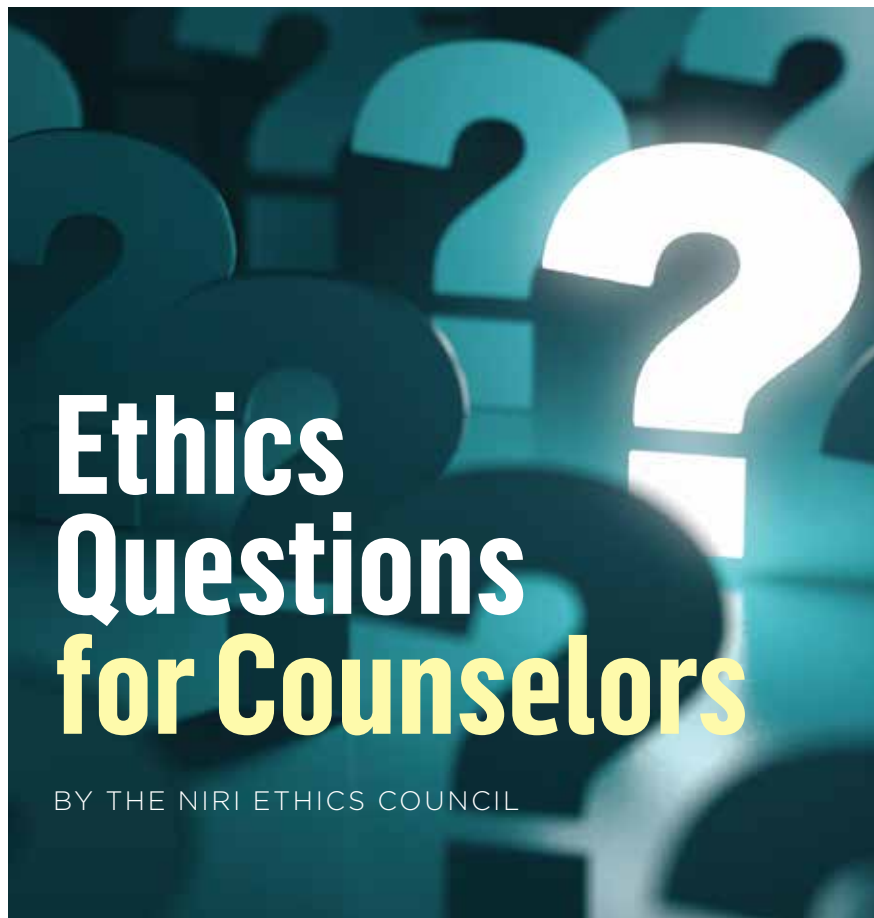
Jack also includes frequent “how-to” references regarding innovation, agility, human capital management and competitor analysis. Throughout, he offers his seasoned, always insightful, CFO perspective to the critical areas that directly impact an organization's success.

In summary, this is a must-have book for anyone in an investor relations or related finance function, regardless of your tenure. Jack's humility and thoughtfulness comes through in the book's preface:

“In the late 1970's, as I was starting my career, I came across an article that identified the traits a Chief Executive Officer was looking for in a Chief Financial Officer. Since I had already set my sights on becoming a CFO, I jotted down the key takeaways from the article.... Unfortunately, I did not note the article, publication or CEO to give them credit here or to recognize the soundness of the points articulated in the article. Here is a copy of my notes, that I have retained to this day. Each of these recommendations has proven to be true in my experience.” 



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Ethics Questions for Counselors

BY THE NIRI ETHICS COUNCIL

Q Is it ethical to accept stock in exchange for payment?

A This is a tricky one, and the answer is that it depends. If you are committed to your client's organization and want to receive equity for payment, then inherently you also assume the risks associated with owning stock in an organization in which you may have material, non-public information. You are, therefore, imposing upon yourself all of the SEC rules on insider trading and Regulation FD that you would if you worked at a public company; although if you have an NDA (non-disclosure agreement) with the client, you may already be subject to them. In sum, you may not be able to make your equity "payment"

liquid in a timely manner given the SEC restrictions.

Q I suspect my client may be stretching the truth, what is the best way to handle this situation so that I or my firm isn't implicated?

A Unfortunately, there is no clear answer here, as it would depend upon the circumstances that led you to believe the client wasn't being completely clear. The best course of action is to "go with your gut." Is the client doing something unethical or unlawful? One can keep you up at night; the other can potentially get you into legal hot water. So, if your gut is telling you that this person, or management team, isn't on the up-and-up, then extracting yourself from

the situation sooner rather than later is probably the best approach.

Q An existing client just acquired a company, which creates a conflict of interest for me with another client. Do I need to alert both clients or just the one? Do I need to give up one of the clients? How early in the process do I need to alert the client(s)?

A You should make both clients aware of the situation as soon as possible to determine if they view this conflict as problematic for them. If it is, you need to resign from one of the clients, but which one depends on the situation. Usually, the client who created the conflict would be the one to be dropped, but for business reasons (such as size of the account or longevity of the relationship), you may decide to part ways with the other client.

Q Are there any differences between ethics issues for counselors versus corporate practitioners?

A Many of the ethics issues faced by counselors are the same ones encountered by corporate practitioners but multiplied by the number of clients that counselor services. At the end of the day, counselors are often providing much of the same advice to their corporate clients as in-house practitioners provide to their management teams. In addition, counselors can face ethics issues related to their business, such as conflicts of interest within their client base. [IR](#)

Have a question for the NIRI Ethics Council? Please visit the Ethics Council page at www.niri.org/about-niri/ethics-council.

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something that will help me
stand out from the crowd."**

Brandon Hodge, IRC
DIRECTOR, INVESTOR RELATIONS
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