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# IR UPDATE

THE VOICE OF THE INVESTOR RELATIONS PROFESSION **SPRING 2019**

## NIRI CELEBRATES 50 YEARS OF SUCCESS

The investor relations profession, born in the 1950s as Americans began investing in corporate stock in record numbers, officially came of age in 1969 with the founding of NIRI. Learn how NIRI made a difference during its first two decades.



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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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The 2019 Niri Annual Conference will draw on "The Power of IR" across the spectrum of the capital markets, offering members unparalleled learning and networking opportunities. It's also the official 50th Anniversary Celebration of Niri.

**BY AL RICKARD**

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- Earth, Fire, Water, and A(IR)

**RON PARHAM**  
**Niri CHAIR**  
**MANAGING DIRECTOR**  
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## Earth, Fire, Water, and A(IR)



**Ron Parham, NIRI Chair**

Managing Director  
NW Strategic  
Communications

**E**very vibrant, thriving ecosystem depends upon an ample supply of basic elements. The global capital markets ecosystem is no exception.

Capitalism, carefully incentivized and regulated by government, provides the rich, fertile soil in which an incredibly diverse genome of businesses and industries have evolved and thrived. While some businesses – and entire industries – age, decline, die, and decay, new businesses and previously unimagined industries emerge, fresh and nimble, from the newly enriched soil.

Innovation, creativity, and human imagination spark the fire that drives introduction of new technologies, new products and services, and new ways of delivering those products and services to where they are needed and desired.

Liquidity flows from several sources, beginning with the primary wellsprings of private seed capital, angel investors, and venture capitalists, and eventually flowing into the major rivers of capital provided by investment banks and the public markets. A multitude of trading platforms and innovative investment vehicles provide a critical secondary flow of liquidity, enabling more citizens of the ecosystem to participate in the growth and creation of new capital. A virtuous liquidity cycle.

Finally, the capital markets ecosystem depends upon a constant supply of information – the oxygen that it inhales to keep all of its systems functioning efficiently and that fuels action by all participants in the ecosystem. Investor relations professionals, in symbiotic partnership with their C-suite, finance, accounting, legal, and financial planning and analysis colleagues, hold the awesome responsibility of ensuring that the primary source of information emanating from the company is clean, reliable, consistent, and responsive.

As members of NIRI, we must never lose sight of this critical role. The IR profession represents a sub-system of the larger ecosystem, and “our” health and abilities must constantly evolve in order to respond effectively to the capital market’s changing needs and demands for its form of oxygen.

As the largest and longest-tenured professional investor relations organization, NIRI exists to both promote the profession and to develop IR professionals. Through a year-round schedule of seminars, webinars, and publications, as well as networking opportunities through local chapters, NIRI is committed to enhancing and expanding the capabilities of all of its members.


On March 19, NIRI hosted the inaugural Investor and Issuer Invitational Forum (“Big I”) at Baruch College in Manhattan, at which a diverse group of thought leaders engaged in dialogue about the growing importance of ESG (Environmental, Social and Governance) information to the capital markets and other key stakeholders. It was a day of provocative and insightful interchange and positioned NIRI at the nucleus of this important conversation.

On June 2-5, NIRI’s Annual Conference will take place in Phoenix at the J.W. Marriott Desert Ridge Resort. Under the theme of “The Power of IR,” the conference will include 50 educational sessions, including 10 general sessions with a stellar lineup of speakers. Making the commitment to attend and hear these speakers, and to network with IR colleagues from around the globe, will help you expand your understanding of market forces and enhance your ability to serve your company and its stakeholders. If you haven’t already, register today at [www.niri.org](http://www.niri.org).

During the Annual Conference, NIRI will celebrate its 50th anniversary with numerous activities to commemorate this milestone. One intriguing way of measuring the health of the capital markets

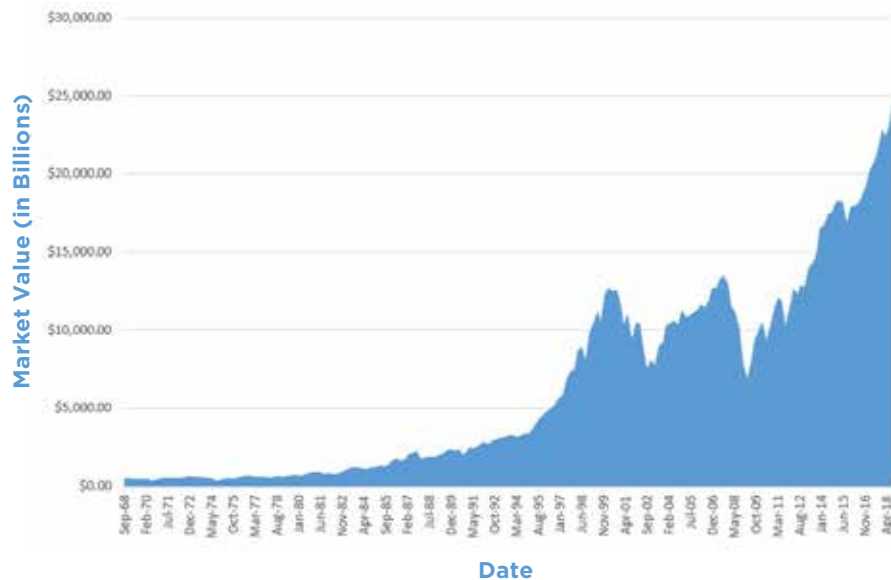
ecosystem over the past 50 years is to look at the growth in total market capitalization of the S&P 500 over that time span. According to data from S&P Dow Jones Indices, a division of S&P Global, the capital markets ecosystem has been thriving, particularly during the past 25 years since the Internet “crawled ashore.”

In fact, the numbers are somewhat astonishing: Since December 1968, total market capitalization of the S&P 500 has multiplied by a factor of 50 — from approximately \$500 billion to \$25 trillion today!

Evidently, the Earth, Fire, Water and A(IR) on which the capital markets depend have been in ample supply. As the primary providers of the ecosystem’s AIR, the IR profession has much to be proud of . . . and an awesome responsibility to keep the supply flowing. 

## Total Market Capitalization of the S&P 500

September 1968 – September 2018



**S&P Dow Jones Indices**

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**NIRI leaders ring the bell to close Nasdaq trading on Monday, March 18, 2019.**

## NIRI Celebrates IR Week In New York

In mid-March, NIRI members gathered in New York City for IR Week, which included education, networking, and multiple celebrations of NIRI's 50th anniversary.

NIRI President and CEO Gary A. LaBranche started the week by opening the Investor Exchange (IEX) on Monday. He later closed the trading day at Nasdaq with NIRI New York members and then rang the NYSE closing bell with nominees for *IR Magazine's* U.S. Awards. During the awards gala, LaBranche announced a new strategic partnership with *IR Magazine* that will enable NIRI members to receive discounts at *IR Magazine* educational events and earn Professional Development Unit credits toward renewal of their Investor Relations Charter (IRC®).

One of the highlights of IR Week was the NIRI inaugural Investor and Issuer Invitational Forum™ (also known as the Big I™), which focused on ESG. The forum, held on March 19 at Baruch College, attracted more than 100 attendees, including 30 speakers and panelists who shared a wide diversity of viewpoints. Among the organizations represented were the Council of Institutional Investors, the National Association of Corporate Directors, BlackRock, Neuberger Berman, Wellington Management, FTSE Russell, MSCI, S&P Dow Jones Indices, and the Sustainability Accounting Standards Board.

Later that evening, the NIRI Board of Directors gathered for a dinner with Harvard Business School Professor George Serafeim, who shared his unique perspectives on ESG and public companies. [IR](#)



**NIRI President and CEO Gary LaBranche (second from left) joins Investors Exchange (IEX) executives John F. Nunziati, IRC (far left); Paul Bauccio (second from right); and Jonathan Simblis (far right) to open IEX trading on Monday, March 18, 2019.**



**NIRI Chair Ron Parham (right) and NIRI President and CEO Gary LaBranche wielded the gavel to close trading on the New York Stock Exchange on Wednesday, March 20, 2019.**

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**NIRI President and CEO Gary LaBranche, the NIRI Board of Directors, and NIRI leaders from across the United States gather in Times Square, where the Nasdaq MarketSite in Times Square displays a welcome message to NIRI.**

# NASDAQ, NIRI New York Welcome NIRI Leaders to Big Apple

**O**n March 18, 2019, NIRI New York chapter members joined NIRI President and CEO Gary LaBranche and other NIRI leaders at the Nasdaq MarketSite in Times Square to ring the Nasdaq Closing Bell to officially mark the end of the day's trading session in celebration of NIRI's 50th anniversary.

Speaking to the lively group of IR professionals assembled, Karen Snow, senior vice president and head of East Coast listings and capital services at Nasdaq, remarked on NIRI's achievements garnered over the last 50 years, including the Investor Relations Charter (IRC®) program, which recently welcomed its 173rd IRC certification holder.

Snow also mentioned Nasdaq's long-standing relationship with NIRI, recognizing collaboration on a range of advocacy issues and best practices geared to enhance and improve the public company experience.

"Nasdaq looks forward to our continued partnership over the coming years with NIRI, its local chapters, and to working with IR teams and companies around the world," Snow said. "Congratulations again to NIRI on your 'gold' anniversary!" 



## NIRI Names Senior Roundtable Steering Committee

**N**IRI announced that Idalia Rodriguez will serve as the chair of the 2019 NIRI Senior Roundtable (SRT) Steering Committee, and Tabitha Zane will serve as vice chair.

Rodriguez is a partner and senior advisor with Arbor Advisory Group. She has served on the SRT Steering Committee since 2017, and as an officer and president of the NIRI Philadelphia chapter.

Zane is vice president, investor relations, for TopBuild. She has served on the NIRI Board of Directors, the NIRI Ethics Council, as co-chair of the NIRI Annual Conference Committee, on several NIRI Investor Relations Charter (IRC®) credential committees, and as an officer and director for several NIRI chapters.

Joining the SRT Steering Committee in 2019 are: Carol Murray-Negron, president, Equanimity, Inc.; Katie Royce, AVP, investor relations, Cognizant Technology Solutions; and Edward Vallejo, IRC, vice president, investor relations, American Water. 

## ON THE MOVE



**James Farley** is the new managing director and head of investor relations for Cowen, a diversified financial services firm. He was previously managing director of IR and corporate communications at Investment Technology Group, where he worked for 10 years. Before that he worked at Bank of America in equity research sales and for CLSA Asia-Pacific Markets. He has also held senior producer and editorial jobs at CNBC Asia, based in Hong Kong and Singapore.



**Lisa Hartman** joined Redwood Trust, Inc. as senior vice president, head of investor relations where she is responsible for developing and overseeing the execution of the investor relations and corporate communications strategy. She previously worked at Juniper Networks where she held a variety of roles in investor relations, finance, and marketing and was most recently the senior director of investor relations. She currently serves as programs co-chair and is president-elect for the NIRI San Francisco chapter.



**Robert P. Borchert** joined HMS Holdings Corp (Nasdaq: HMSY) as Senior Vice President, Investor Relations. HMS helps reduce healthcare costs and improve patient outcomes through the use of technology, analytics and engagement solutions.

Borchert has over 25 years of financial and corporate communications experience, as well as extensive healthcare technology and services industry expertise, and has been an *IR Magazine* finalist for Best IR Officer and for Best Overall Investor Relations. He joins HMS from MiMedx and served previously as the IRO at The Advisory Board Company and at MedAssets.



Rivel Research Group promoted **Gene Rubin**, who joined Rivel Research Group in 2000, to president. He assumes this role from **Brian Rivel**, who has been appointed chief executive officer and chairman of the board. As president, Rubin will guide every aspect of Rivel's business, including sales, marketing, and operations, and will oversee Rivel's Governance & Sustainability and Executive Intelligence Council divisions. As CEO and chairman, Rivel will focus pri-



marily on developing new business lines and leading their strategic launch, in addition to mentoring the firm's consultants.

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**Suzanne Ogle, IRC**, is the new president and COO of the Southern Gas Association (SGA). She has more than 25 years of experience in the oil and gas industry and was previously senior vice president of SGA and its subsidiary, the Gas Machinery Research Council.

Before that she was vice president of investor relations and corporate communications at Approach Resources and senior vice president at Regency Energy Partners. Ogle is a member of the NIRI Dallas-Fort Worth chapter.



**Jillian Connell** is the new head of investor relations at Merus N.V., based in The Netherlands. She previously led investor relations at Wave Life Sciences. Before that, Connell was with the Trout Group, a practice specializing in investor relations, communi-

cations and capital raising for the life sciences industry. Prior to investor relations, Connell worked for several years in equity capital market and syndicate at Bank of America Merrill Lynch, as well as equity sales for Bank of America Merrill Lynch and UBS.



**Tina Madon** joined Focus Financial Partners Inc., a partnership of independent, fiduciary wealth management firms, as senior vice president and head of investor relations and corporate communications. Her prior experience includes senior level investor relations, corporate communications, finance, and management roles at Arbor Advisory Group, Och-Ziff Capital Management Group, Merrill Lynch, and Lehman Brothers.

## FINEO Investor Relations Celebrating 20th Anniversary

**F**INEO Investor Relations is commemorating its 20th Anniversary in 2019. "Investor relations is a competitive differentiator that can lead to higher valuation," explains Anne Guimard, president and founder of the company. "This was the conviction that animated me when I created FINEO in 1999 and still does to this day. It has served us well, its truth surviving many crises. I believe it will continue to keep us on course for many years to come."



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# Q4



# NIRI CELEBRATES 50 YEARS OF SUCCESS

## The investor relations profession, born in the 1950s as Americans began investing in corporate stock in record numbers, officially came of age in 1969 with the founding of NIRI. Learn how NIRI made a difference during its first two decades.

BY AL RICKARD

**T**he story of how NIRI was born officially begins in 1969, when its constitution was signed by 22 founding members. However, to fully appreciate the market environment and shareholder issues that gave rise to NIRI, it helps to briefly review the state of the investor relations profession in the 15-20 years leading up to that momentous occasion.

DeWitt (Dick) Morrill, one of the founding members of NIRI, wrote a fascinating paper, “The Origins of NIRI,” that resides in the “About NIRI” section of the NIRI website at [www.niri.org](http://www.niri.org). In it, he meticulously reports the many twists and turns of the birth of investor relations as a profession in 1950s, the efforts of IR pioneers to form professional societies, the official launch of NIRI, and some of the early challenges that NIRI overcame to help ensure its future success. Portions of his paper are summarized early in this article to tell the story of the formative years of NIRI.

### EDITOR'S NOTE:

To celebrate the NIRI 50th Anniversary, *IR Update* magazine will feature an era of the NIRI history in each issue during 2019. This article reports on the first 21 years of NIRI from 1969-1990. The Summer 2019 issue will include an article recounting NIRI history from 1990-2010.

### Economic Drivers of IR

In the years following World War II, the economic engine of the United States kicked into high gear, driven by corporations developing and applying new technologies, tapping a strong labor market of war veterans educated in the postwar years through the G-I Bill, and attracting capital from individual shareholders buying stock in an era of powerful economic optimism.

In 1952, a study commissioned by the New York Stock Exchange (NYSE) and conducted by the Brookings Institution found that 4.5 million families – 4.2 percent of the population – owned stock. By 1965, 20 million families owned stock – 15 percent of the population. By the late 1960s, trading volume was stretching Wall Street paperwork processing capabilities to the limit.

As this investment trend began, General Electric Company (GE) formed the first IR department in 1953 – coining the phrase “investor relations” and marking the first systematic effort to formalize a corporation’s relationship with its shareholders. GE Chairman Ralph Cordiner hired Glenn Saxon as manager-investor relations.

As shareholder numbers increased and activism began, corporations wrestled with a new reality. No longer were shareholders only a relatively small group of relatively quiescent wealthy investors as in earlier times. Some major companies launched campaigns to solidify shareholders as customers, and all faced the challenge of answering a growing number of questions and demands coming from investors.

## NIRI Chairs 1969–1990

**O. Glenn Saxon**

1969-1970

**Arthur R. Roalman**

1970-1972

**John A. Gearhart**

1972-1973

**William E. Chatlos**

1973-1974

**Richard M.**

**Brodrick**

1974-1975

**Marshall A.**

**Peterson**

1975-1976

**Richard J. Olsen**

1976-1977

**William P. Hartl**

1977-1978

**Jerome C. Isham**

1978-1979

**Peter G. Osgood**

1979-1980

**Kay S. Breakstone**

1980-1981

**James C. Mabry**

1981-1982

**John C. Fuller**

1982-1983

**Carol A. Ruth**

1983-1984

**J. Roger Beidler**

1984-1985

**Johnnie D.**

**Johnson**

1985-1986

**Mark A.**

**Steinkrauss**

1986-1987

**Robert A. Amen**

1987-1988

**Walter E.**

**Skowronski**

1988-1989

**James C.**

**Armstrong**

1989-1990



The upsurge in shareholders also created a demand for the services of proxy solicitors such as Georgeson & Company and D.F. King. Georgeson initiated an advisory service on shareholder relations, headed by William E. Chatlos, who wrote a monthly letter called TRENDS in Shareowner Relations. Morrill reports that Chatlos was the key individual who drove his colleagues in the mid-1960s to meet and plan a structured organization for IR professionals.

Securities analysts also played increasingly important roles during this era, yet there was no established process by which corporations communicated with analysts. The job usually fell to a financial person – not necessarily the chief financial officer or even the “shareholder relations” person, as they were often called. The need for corporate management to respond to analyst requests fueled the rise of the investor relations function in the 1960s.

### Tackling Early IR Issues

The American Management Association (AMA) was the first association to study investor relations and held the first IR conference in 1958. AMA also published a book in 1963, *The Company and its Owners*, that established the first codified “body of knowledge” for the field.

In 1965, Saxon chaired an AMA seminar on investor relations. Topics on the agenda included shareowner relations (principally the annual meeting and correspondence), professional investor relations (contacts with analysts), investor publications (annual, quarterly reports), investor relations research and management (testing effectiveness of communications, shareholder demographics and attitudes, industry needs for new capital and other topics), and advice and counsel to executive management (factoring shareholder considerations into executive decisions).

That same year, Saxon and John Gearhart (one of Saxon’s early colleagues in the GE investor relations department) held a meeting at the Harvard Club to begin talking about forming a professional IR organization. In 1966, they joined a few other IR professionals to form the Investor

Relations Association (IRA). Membership was limited to 30 people and 10 years of experience as an IRO was required. It was a New York City-centric organization.

### Planting Seeds of NIRI

By 1968, Gearhart – who was then the IRA president – joined Saxon in advocating strongly for a larger, national organization, which they argued was needed to develop the profession, respond to rapidly emerging disclosure issues, and influence regulations and legislation. At the same time there was sentiment from IRA members that launching a larger organization should not divert IRA from its original purpose of constructive networking in the greater New York City area.

Discussion ensued as to whether to call the proposed organization an association, as initially suggested. Charles Kuehner, who joined IRA in late 1968, persuaded members that any group could form an association – from parent-teacher groups to police chiefs – and that the connotation was more one of fraternity than education. He suggested that the word “institute” gave distinction and was appropriate for an organization that would focus on educating IR professionals, which proved to be a compelling case.

Gearhart sent a meeting notice in January 1969 to the 25 IRA members with a proposed constitution for what would be called the National Investor Relations Institute (NIRI). On February 13, 1969, a copy of the Final Constitution of The National Investor Relations Institute was signed by Saxon, Gearhart, Richard P. Axten, Richard M. Brodrick, John Silver and Howard A. Bradley. Subsequently a total of 22 IRA members signed the constitution, all of whom are considered the founding members of NIRI.

Morrill was elected president of IRA for 1969-70, and he appointed a steering committee consisting of Gearhart, Alan Singer, Saxon, and Chatlos to develop NIRI. At a meeting of IRA held that year, a motion was passed that IRA was the originating chapter of NIRI, although the two organizations were not linked financially and membership was exclusive to each group. Dues invoices for \$100



Securities  
analysts played  
increasingly  
important roles  
during this era,  
yet there was  
no established  
process  
by which  
corporations  
communicated  
with analysts.

for the first year of NIRI membership were sent to all IRA members so they could choose to join the fledgling organization. NIRI leaders also decided to admit IR counselors as members in addition to IR practitioners.

### The NIRI Launch

Former AMA executive Ed Berkin was initially appointed executive secretary to manage NIRI, and James E. Bryan, Inc., was later hired as the NIRI management firm.

In early 1970, Saxon was elected as the first NIRI president – fellow NIRI founders Gearhart and Morrill felt strongly that Saxon had given NIRI its intellectual foundation and its character as the primary “thinker.”

Gearhart was named executive vice president, Chatlos and Morrill were vice presidents, and Singer was secretary-treasurer. These officers, together with Dick Brodrick, Jeff Bradley, and Truman Henley, became the first NIRI Board of Directors. By March 1970, NIRI had 110 members from 25 states and a province of Canada.

The new Board focused on three goals:

- To win public attention for NIRI’s principles and standards of performance.
- To develop chapters as rapidly as possible.
- To accelerate planning for the first annual national conference.

The goals were interrelated – the Board believed that public visibility would help build chapters. More chapters would build attendance at the conference. A successful conference would prove to new members that NIRI could and would provide meaningful opportunities for professional development.

### NIRI Tackles Tough Issues

The new NIRI leaders were barely in office before *The Wall Street Journal* published a front-page article in March 1970 called “The Drum Beaters,” which documented multiple incidents of malfeasance by financial public relations practitioners.

One case involved a PR person who made lofty projections of his client company’s earnings potential and stock price, without mentioning that

## Burning Issues of the 1980s

By the 1980s, NIRI’s newsletter had evolved to a worthy forerunner to *IR Update* magazine, covering key issues facing the IR profession. Some of the headlines shown below are similar to issues that are relevant today.

- Portfolio Managers Not Understood as Well as Research Analysts (June 1982)
- IR People Need to be Aggressive, Risk Takers (May 1983)
- Banks May be Doing Less Research (November 1983)
- Institutions Voting More Against Management (April 1984)
- Mutual Funds Growing as IR Opportunity (December 1985)
- Investor Relations Offers Strong Path to the Top (May 1986)
- IR Should Push for Long-Term Investing Focus (May 1987)
- Investors Rate Role, Relevance of Research (September 1987)
- Institutional Activism Making Inroads, Questioning Corporate Governance Practice, Proxy System (March 1988)
- Unified Europe by 1992 Means Opportunity, Competition for Investment Funds (October 1988)
- Who Controls the Future of Companies? Investors, Bankers, Lawyers – The List Grows (August 1989)

he was a shareholder or that the earnings were declining sharply.

Another involved a former analyst representing a company whose profits tended to bunch in the fourth calendar quarter. He persuaded them to delay reporting the full fourth-quarter profits at the initial announcement and flow them into the income statement during the following year.

At that time in the early 1970s the Securities and Exchange Commission (SEC) was beginning to sound warnings about managed earnings, a cause the agency ultimately took up in earnest.

NIRI responded quickly – the Board sent a letter to *The Wall Street Journal* stating that NIRI was formed precisely because it knew of a fringe element of companies and public relations firms that artificially boosted stock prices. The letter then set forth the NIRI principles that were designed to prevent these problems. Although the letter was



**Dick Morrill, one of the founding members of NIRI, working his Rolodex back in the early days of NIRI.**

not published, it became an excellent reference point for guidance on the practice of investor relations and was later incorporated in a progress report to members and prospective members.

Shortly afterward, NIRI achieved important national publicity in a *Business Week* article, which published an article, “Chilling Touts with Cold Facts.” The article included a photo of Gearhart and Saxon with the caption, “Gearhart and Saxon aim to drive stock touting out of investor relations work.”

The article effectively publicized that NIRI was in favor of full, fair, and timely disclosure. It also helped differentiate IROs from public relations or financial public relations practitioners. NIRI not only wanted to stand out *from* something, it wanted to stand *for* something.

## **A NIRI Conference and More**

In 1970 NIRI launched the *Progress Report*, which highlighted the positive publicity NIRI was generating, a NIRI library, regional and national training seminars, and chapter development procedures. That publication was renamed as *NIRI Notes* in 1971 and later became *Investor Relations Update* in 1978.

Also in 1970, Charles L. Cohen, director of investor relations at Lear Siegler, became a powerful ambassador to create and build NIRI chapters. Letters written by chapter members in Boston, Chicago, Detroit, and Los Angeles told the story of how Cohen called on NIRI members everywhere to form chapters.

By early 1971, Pittsburgh, Philadelphia, and Cleveland formed chapters and NIRI members in Minneapolis-St. Paul were planning a chapter. By that time NIRI membership had grown to 321, offering more opportunities for growth.

The first annual NIRI National Conference in Washington, D.C. in November 1970 marked the start of NIRI’s ambition to feature high-level speakers from the investment community, academia, Congress, and regulatory agencies. NIRI recognized that it needed a strong conference to distinguish itself from other organizations that it believed had become distracted by the nuts and bolts of their field and ignored the larger view. NIRI wanted to show the value of vision, looking into the future, and anticipating trends. It also recognized that the conference could generate revenue to fund NIRI programs.

“The Information Explosion” was the theme of that first conference, which was particularly relevant to the upsurge in communications technology and the difficulties Wall Street was having in coping with increasing trading volume. In addition to the many individual shareholders, institutions were ramping up their investments.

SEC Chairman Hamer Budge spoke and provided insight into SEC thinking that was new to most of the audience. He also revealed his intention to resign, which was not released publicly until the next day. Coverage by the national media gave NIRI excellent visibility because of this newsworthy announcement.



Alan Levenson, who had been named director of the SEC Division of Corporation Finance only a few months earlier, also spoke. His appearance at the NIRI conference was seen as a groundbreaking event. Levenson saw investor relations people in their familiar setting, was asked questions, answered them, and discovered, to his own confessed surprise, that this was a world far different from what he had imagined corporate society to be. NIRI members also discovered that a regulatory official could be witty, quick-minded, and charming. The dialogue that subsequently developed between the SEC and NIRI proved extremely valuable.

The day after the conference, Robert Metz of *The New York Times* devoted his entire column to NIRI, saying in part that the conference was an impressive undertaking for an organization less than one year old with fewer than 300 members – 146 of which attended the event.

### May Day Market Changes

As trading volume increased, so did pressure to alter fixed commissions, which the NYSE and brokers opposed. The SEC announced in 1973 that it would do so, and on May 1, 1975 – popularly known as “May Day” in the investment world – fixed commissions were abolished. This led to the rise of discount brokers and a new do-it-yourself class of investors who could do their own research and pay lower fees for their trades.

As more attention was focused on corporations and pronouncements from their management teams, the need for IROs continued to grow rapidly.

### Corporate Disclosure Heats Up

In the late 1970s, the SEC released its first rules defining a safe harbor for forward-looking information and the markets were changing dramatically with analysts and institutional investors playing ever-increasing roles. The SEC was considering the concept of “differential disclosure” (which would allow disclosure of different information for sophisticated investors and individual investors).

The SEC created an Advisory Committee on Corporate Disclosure, chaired by SEC Commis-

# The Evolution of the NIRI Newsletter

*NIRI Notes*, the first name of the NIRI Newsletter, was first published in 1970. During the next 20 years, its design evolved, and by 1980 it took on the name *Investor Relations Update*, which endures today.



NOVEMBER 1970



OCTOBER 1974



JUNE 1980



NOVEMBER 1980



MAY 1983



DECEMBER 1985



**“Hiring Lou Thompson, who assembled a great team, and the strategic and tactical work they did over the next 25 years, significantly changed NIRI for the future, putting us on the map as leaders in disclosure, advocacy, and education.”**

**- Deborah Kelly**

sioner Al Sommer, which deliberated for two years in 1976-1977. Deborah Kelly, who was then the IRO for Lowes Companies, served on the committee with along with Warren Buffet, Levenson, and several other people, including accountants and prominent securities lawyers such as Marty Lipton.

The committee determined that the disclosure system established by Congress in the Securities Act of 1934 was sound and not in need of radical reform or renovation, reaffirming that disclosure should be clear and available equally to all investors. The committee recommended that rather than lawyers speaking to lawyers (corporate to SEC and vice versa), companies should speak directly to investors in terms they could understand. This included SEC filings and allowing companies to “file” their annual and quarterly reports, along with any additional required information on SEC 10-K forms.

This recommendation led to later work by the SEC, with input from NIRI, on plain English disclosure. The committee also recommended that the SEC continue to support forward-looking information, including “soft” information, such as projections, with a safe harbor provision protecting management from liability for making financial projections and forecasts in good faith.

### **IR Professionals Discover NIRI**

For Kelly, the SEC committee role introduced her to NIRI, which reached out to her to discuss the IR point of view in the committee deliberations. She had just joined the IR profession after serving as a buy-side analyst for several years and became more involved in NIRI, joining the Board as it faced dramatic change in the early 1980s.

Many other IROs also joined NIRI during those years. One of them was Leonard Griehs, who began an IR position in 1979 at Gerber Products Company not long after the company fought off a hostile takeover. Griehs was mentored by Bob Amen, Gerber’s IR consultant, who recommended a more proactive approach to investors and that Griehs join NIRI, which he did in 1981. Amen served as NIRI Chair in 1987-1988.

“In those days, NIRI held two conferences each year – one in the Fall in New York, and one

in the Spring in a resort setting,” Griehs says. “I remember being amazed that some of the leaders of the sessions had spent 10 years in IR! It was then that I realized what a benefit a professional organization could be.”

Griehs worked in Western Michigan, a 200-mile drive away from Detroit, the nearest NIRI chapter, which he also joined. “But my isolation did inspire me to get more involved with NIRI on a national level,” he notes. Griehs went on to become NIRI Chair in 1997-1998.

Mickey Foster, who joined NIRI in 1983 after he landed an IR position at ARCO, also actively reached out to investors. “I remember using fax machines to send out earnings releases, then taking a red eye flight from Los Angeles to New York City every quarter to meet with investors and analysts,” Foster recalls. “In the late 1980s I was with Pacific Enterprises and we began aggressively targeting investors – which really worked!” Foster became very involved as a volunteer leader and served as NIRI Chair in 1995-1996.

### **Change in Leadership**

As it grew, NIRI faced a critical juncture in the early 1980s with a sudden transition in executive staff leadership. The Board searched for a new executive director – someone with vision, strong leadership skills, and the ability to take NIRI to the next level.

Kelly and Carol Ruth (who became NIRI Chair in 1983-1984) led the search committee, which found Lou Thompson, whose experience included a similar role at the National Association of Home Builders and before that, assistant press secretary for President Gerald Ford. Thompson became NIRI executive director in 1982.

“Hiring Lou, who assembled a great team, and the strategic and tactical work they did over the next 25 years, significantly changed NIRI for the future, putting us on the map as leaders in disclosure, advocacy, and education,” Kelly recalls. “We also formed partnerships with institutional investors and engaged with NIRI chapters, all of which linked back to the original NIRI charter.”

Deb Mitchell, who served as NIRI Chair from 1992-1994, joined NIRI in the early 1980s when she

was the IRO at Anchor Hocking. “If you wanted to learn how to deal with something you could turn to NIRI,” she declares. “The chapters were so valuable because they gave new practitioners a place to learn.”

“Lou Thompson was a strong advocate for IR. He was charismatic and had a great sense of humor, but he was very serious about advancing the cause and credibility of NIRI. Top executives of Fortune 500 companies came to respect IR and value it, setting up a career path and a seat at the table for IROs.”

Reflecting on his early years at NIRI in the November 2009 issue of *IR Update* celebrating the 40th Anniversary of NIRI, Thompson said, “When I joined NIRI, there were only two employees. The people we hired subsequently took simple jobs and turned them into huge jobs. They encouraged new practitioners to call more experienced members for help and understanding, which I believe fostered a culture of extreme collegiality among NIRI members.”

### Defining Fairness

The evolving trends and challenges for NIRI during this time centered on disclosure and transparency. Kelly explains that members wrestled with questions that included: What are the rules of engagement with investors? How do we disclose information on a level playing field? What are the best practices to implement these rules? What does the research say about what is really meaningful to investors? What is the IRO’s role internally when bridging the views of management with the expectations of investors? If IR is to be an integral management function with a seat at the table, how do we measure the impact of IR?

“NIRI sought to iterate and define the answers to these questions, with ever-increasing sophistication and data,” Kelly reports, “Our work helped inform later SEC deliberations on Regulation Fair Disclosure (Reg FD).”

In the pre-Reg FD era of the 1980s, it was common practice to discuss interim results or data points with both sell-side and buy-side investors. But some analysts and portfolio managers called more often than others and had differing levels of knowledge, skewing the playing field. Some analysts and investors such as Ivan Boesky and Michael Milken also became

rich and famous, and their potential market-moving impact was changing the nature of IR.

“IROs in those years really had to be on their toes to best apply the fairness of what they disclosed, to whom, how often, and decide when something might be material,” Kelly explains. “It was not unusual to ‘walk down’ or ‘walk up’ an estimate following an earnings announcement. Of course, in those days there were no webcasts or conference calls – those came later. IR was much more of an art in the 1980s, and it felt like the job was more challenging and complex.”

NIRI also lobbied successfully in 1985 for the disclosure of “street names,” defined as the names of non-objecting beneficial shareholders whose accounts were held with brokerage firms. The SEC mandated that these names be made available starting in 1986, and by April of that year nearly 900 companies had requested lists with a total of nearly 4 million shareholders. Most companies said they were only using the names for “informational purposes,” but some indicated they planned to send annual reports and other communications to them.

David Olson, a former senior counselor with Abernathy MacGregor Group, also commented on the trends of that era in the 40th Anniversary issue of *IR Update*, noting, “The late 1980s were a critical time and turning point for NIRI and the IR profession. The market shifted from being a retail investor market to an institutional investor market. When CEOs suddenly realized that activist institutional investors could cost them their jobs, they started taking what we do seriously. NIRI always did a great job of listening to its members and modifying its efforts to meet those needs.”

Morrill, a NIRI founder, adds this observation: “One reason NIRI has thrived is because we are a professional development association. That is one of the great strengths of NIRI. We knew that if we made it an educational organization it would have a strong foundation.” [IR](#)

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**Al Rickard** is president of Association Vision, the company that produces *IR Update* for NIRI; [arickard@assocvision.com](mailto:arickard@assocvision.com).



“One reason  
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strengths of  
NIRI.

- Dick Morrill



# CROSSING THE STREET

BY ALEXANDRA WALSH

**Former sell-side analysts talk about their experiences and challenges transitioning from Wall Street to IRO positions.**

It happens often in today's IR world. A sell-side analyst moves to the opposite side of the Street and transitions from researching a company and its investment opportunities to becoming a company's chief storyteller.

"I probably have a conversation once a month with someone from the buy side or sell side who's curious about the other side," says Jim Lucas, a former sell-side analyst for 20 years and now senior vice president, investor relations and treasurer at Pentair. "I'm a straight shooter and the advice I give is don't make a move just to make a move. You have to make sure you're joining the right type of culture for you."

"I loved being on the sell side," admits former sell-side analyst Paul

Clegg, and currently vice president of investor relations and communications at SPX Corporation. “It’s a fascinating industry, you meet a lot of interesting people and the money was good for a long time, but that changed and regulatory constraints created some conflicts. There was increasing pressure to produce sensational research to get people trading while at the same time regulations were getting tighter and tighter.”

Clegg was also looking for more balance and predictability. “Being a sell-side analyst is a high beta profession with big highs and very low lows.” He says he was often not getting home until 2 a.m., and he had just had his second child. He recalls he and his wife looking at each other and thinking, “There’s got to be a better way.”

“It doesn’t mean there aren’t opportunities on the sell side, but it’s an industry in transition and with prompting from my family, I thought I should take a look at other opportunities and I looked at several different things,” Clegg recalls.

Lucas was contemplating different career changes and was initially against investor relations because he thought it was too similar to what he had been doing. But then an opportunity came his way to join a company closing a deal that would double its size. Helping push the company to the next level from a messaging standpoint was an opportunity Lucas couldn’t resist.

“Using investor relations to get a foot in the door was appealing,” Lucas explains. “Within a year, I had an opportunity to lead corporate strategy and now I have transitioned to becoming the treasurer. Investor relations can pave the way to a lot of other opportunities.”

Chase Jacobson, an investor relations professional and former sell-side analyst for 12 years, thought IR seemed a natural career path in making a move to the corporate world. “Spending time with management teams at the companies I’d covered over the years fostered an interest to explore the corporate side of finance. I also wanted to gain a better understanding of how companies are run from the inside and be part of a team, with the longer-term goal of increasing my responsibilities and moving up the ranks over time.”

## Valuable Perspectives

“The most important thing you bring to the table as a sell-side analyst transitioning to IR is the voice of the customer – the shareholder,” Lucas points out. “The sell side used to be my competition, the buy side my clients, and now those clients are my shareholders.”

Jacobson agrees with Lucas and believes one of the biggest advantages former analysts have is understanding how sell-side analysts and investors think and being able to anticipate certain topics that investors will want to discuss.

“I’ve noticed over the years analysts and investors will ask a question of a management team and the team may not fully grasp why the analyst thinks the question is important,” Jacobson observes. “If your perspective is only from within the company, you might miss nuances or perspectives because analysts come from a different world and often look at information from a different viewpoint.”

Jacobson adds that in addition to their Street perspective, former analysts bring a network of relationships with them. They also bring a perspective of how other companies did things – good and bad.

“Investor relations is somewhat of an art form – there’s no wrong or right way to do it, but I have a bigger picture view,” Jacobson says. “Rather than the experience of working at one or two other companies over my career, I’ve analyzed how many companies conduct business and observed many IR practitioners, and it gives me a good mosaic of how to navigate different situations.”

Clegg says being in sync with his counterparts on the buy and sell side and able to put himself into their mindset allows him to tailor messages specifically for their needs. “It might be as basic as providing information in a certain format that’s more useful to analysts,” he explains. “Being sensitive to nuances also helps you understand if you’re stepping into a trap – one you might have set yourself back in the day.”

## Joining a Corporate Team

Despite all the financial and Wall Street experience they brought with them, all three former sell-side analysts concur that the biggest difference in transitioning to IR was giving up their individual fiefdoms

**"The management team has direct contact with investors maybe three or four weeks out of the year but the rest of the time, it's all you and you always have to be on."**

**- Jim Lucas, senior vice president, investor relations and treasurer, Pentair**

“On the sell side, you cover a company, and one day you’re for them and one day you’re against them – you have no specific loyalty or skin in the game. It feels really good to be part of an organization that’s building something and making a significant transformation.”

- Paul Clegg, vice president of investor relations and communications, SPX Corporation

to become part of something bigger – a team.

“As an analyst, you run your own tiny business; you work with a number of people in your firm, but ultimately, you are conducting and publishing your own research,” Jacobson admits. “But in the corporate world, so many more people, from across different departments – legal, accounting, operations, internal communications, media – are involved, that you can’t help but feel more involved and part of a team working for the same goal.”

“When you’re on the sell side, everybody has their own franchise, promoting their own brand, you see a problem and see a solution, there’s not a lot of consensus building, or discussions looping people in and making sure everyone’s on the same page,” Clegg says. “If you took that approach in the corporate world, you’d get yourself in trouble. In the beginning, it can be a challenge just knowing whom to copy, or not copy, on an email.”

Email copies were just one aspect of corporate life that Clegg had to familiarize himself with, along with managing teams and helping to write the annual report and oversee its design.

“Another change for me was getting used to writing scripts and putting myself in someone else’s shoes so I could write the way they think and in their voice,” Clegg points out. “And, I had to learn how to synthesize different points of view, if, for instance, the human resources or legal departments had input.”

Clegg says one of the issues he heard from people transitioning from the sell side was the difficulty of keeping straight what was public information and what was not. But, he says for him, that was something for which he very quickly developed good instincts.

“The things newest to me involved the proxy process and discussing governance issues with investors, as well as being plugged into the accounting function,” Clegg notes. “I came to understand some of the complexity that goes on behind the scenes to arrive at the numbers that appear on the 10-Q. It looks so easy from the outside, but lots of people’s time goes into that and a lot of discussions take place to figure out what were the primary drivers of change, quarter to quarter.”

Clegg adds that coming from the sell side, he naturally had a lot of the skills required for IR but

nonetheless, he spent a lot of time informally interviewing different NIRI members to help fill in his knowledge gaps. And, he adds, he bought a few books.

“You learn a new language in the corporate world,” says Lucas. “It’s interesting how Wall Street and corporate have different terminology for saying the same thing. In effect, you become bilingual.”

“You have an opportunity to share the company’s message with the world and that’s something you have to be constantly aware of,” Lucas adds. “For better or worse, you are the public spokesperson and an extension of the CEO and CFO. The management team has direct contact with investors maybe three or four weeks out of the year but the rest of the time, it’s all you and you always have to be on. Quite frankly, that’s something that keeps you on your toes.”

### The Best of IR

“I love speaking to investors about our story, but what I really love that’s different from my previous world is being invested in one company and helping to build it and its identity,” Clegg says. “On the sell side, you cover a company, and one day you’re for them and one day you’re against them – you have no specific loyalty or skin in the game. It feels really good to be part of an organization that’s building something and making a significant transformation. People naturally like to see the products their company makes and the people who make them, you can feel proud of that.”

“In IR, I get to keep up my network from the investment world,” Jacobson points out. “I still get to use the analytical part of my brain and use my same skills in an entirely different way, and it put me on a different career path.”

The transition to the corporate world is everything Lucas hoped it would be. “Analyzing a company is one thing, but being on the inside and making decisions is a lot to learn and takes a whole different mindset. It takes a village and at the end of the day, you’re the chief storyteller.” [IR](#)

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



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# TAPPING THE POWER OF IR

**The 2019 NIRI Annual Conference will draw on “The Power of IR” across the spectrum of the capital markets, offering members unparalleled learning and networking opportunities. It’s also the official 50th Anniversary Celebration of NIRI.**

BY AL RICKARD





**T**he 2019 NIRI Annual Conference (NIRI19) is less than two months away, but already the IR profession is buzzing about “The Power of IR,” the theme of this year’s event. It is scheduled for June 2-5, 2019 at the J.W. Marriott Desert Ridge in Phoenix, Arizona.

Registrations are rolling in at NIRI headquarters and the event is on track to be as successful as the 2018 NIRI Conference.

NIRI19 is also the official 50th Anniversary Celebration of NIRI, marking the rich history and positive evolution of an organization that has developed the IR profession in ways too numerous to count. NIRI will celebrate the 50th anniversary throughout the conference with a variety of unique and memorable events and activities including, for example, a 50th Anniversary video and a special 50th Anniversary Celebration reception on Monday evening. Attendees can also sign a giant 50th Anniversary card and record video testimonials to be included in a time capsule to be opened on NIRI’s 75th anniversary.

Looking to the present and future, NIRI19 is a must-attend event for IR professionals, especially since the world of IR and the capital markets is changing rapidly and dramatically. It is the largest gathering of the investor relations community in the world.

## Enjoy the JW Marriott Desert Ridge

**E**njoy learning and networking with your IR peers in and around the beautiful JW Marriott Desert Ridge in Phoenix. This stunning property offers endless opportunities for entertainment and relaxation outside of the conference activities. Take advantage of the five sparkling pools, lazy river and waterslide, children’s activities and on-site fitness facility. This premier resort also impresses with the award-winning Revive Spa and championship Wildfire Golf Club.

## Keynoters From Capital Markets and More

NIRI19 will deliver actionable takeaways and critical insights from leading industry professionals. General Sessions and speakers include:

- **Capital Markets Today** – Brett Redfearn, director, division of trading and markets, U.S. Securities and Exchange Commission, followed by a panel including Redfearn; legendary investor Lee Cooperman, chairman and CEO of Omega Family Office; and Joe Saluzzi, [artner and co-founder of Themis Trading; moderated by NIRI19 Conference Vice-Chair Tim Quast, president of Modern IR.
- **Artificial Intelligence and the Future of IR** – Malcolm Frank, executive vice president, chief strategy officer, and chief marketing officer, Cognizant, followed by a panel including Evan Schnidman, founder and CEO of Prattle; Jonathan Neitzell, former chief data officer at Goldman Sachs Asset Management; moderated by NIRI Fellow Sam Levenson, CEO of Arbor Advisory Group.
- **Findings of NIRI’s Think Tank on the Future of Investor Relations** – Think Tank committee members and NIRI Fellows Lynn Tyson, executive director of investor relations for Ford Motor Company; and Smooch Reynolds, managing partner global IRO & CCO practice leader, ZRG Partners.
- **Corporate Culture and a Look Ahead** – Jim Donald, former CEO and now co-chairman of Albertsons Companies, followed by a panel including Donald, BlackRock Managing Director Michelle Edkins and Guggenheim Partners Managing Director John Heinbockel, moderated by NIRI Board Chair-Elect Melissa Plaisance, GVP, treasury and investor relations, Albertsons Companies. RBC Technical Strategist Bob Dickey will also analyze stock market trends.
- **What Stock Prices Tell Us About Investors** – Gina Martin Adams, chief equity strategist, Bloomberg Intelligence.

More than 50 educational sessions from Saturday through Wednesday – all grounded in the 10 knowledge domain areas of the IR Competency Framework – and other opportunities throughout the conference allow attendees to address unique



Brett Redfearn



Malcolm Frank



Jim Donald



Gina Martin Adams





Mike Conway



Remy Bernarda, IRC



Tim Quast

challenges, discover solutions, and create customized learning experiences. Session tracks include:

- IR Strategy and Planning
- Business Insights and Capital Markets
- Marketing Outreach and Stakeholder Communications
- Corporate Governance, Board Relations, and Strategic Collaboration
- Financial Reporting and Regulatory Compliance

### The Power of IR

“NIRI is delivering benefits in three key areas at NIRI19,” says NIRI19 Chair Mike Conway, director, investor relations/corporate communications at Sherwin Williams. “These include the Power of Community, the Power of Knowledge, and the Power of Advocacy. Plus, when we say ‘community,’ we are not talking just about the IR community – we are talking about the larger capital markets community where IROs operate. We are central to the markets, and NIRI19 is drawing outstanding speakers and attendees from multiple sectors of the financial world. The 50th anniversary celebration of NIRI and our look forward into the future of IR makes this a powerful must-attend event. We hope to see you in Phoenix.”

NIRI19 Vice Chair Remy Bernarda, IRC, president of Sage IR, adds, “NIRI19 is an opportunity for every member to reflect, renew, and explore opportunities to reinvent themselves. NIRI has been vital to my IR career, and the annual conference is important not only for individual professional development, but also for the growth of NIRI and the IR profession.”

NIRI is also recognizing the value of the service provider community and the learning potential these companies offer. “This year the IR Showcase will include new ‘Express Talk’ sessions, sponsored by leading service providers,” explains NIRI19 Vice Chair Tim Quast. “This adds to an already strong opportunity for informal learning throughout the IR Showcase, where NIRI members can discover new products, view live demonstrations, and access other resources to amplify the capabilities of their IR programs.”

A number of chief financial officers are expected to attend the conference, reinforcing the value of learning opportunities that support all

## NIRI Offers Two Pre-Conference Seminars

The 2019 NIRI Annual Conference is an opportunity to gain up to two valuable days of learning before the conference officially begins. NIRI is offering the following two pre-conference seminars, each led by David Yates, partner, FinanceTalking, Ltd.

### Finance & Capital Markets 101

Learn the essentials of capital markets, corporate finance and accounting. This course provides the jargon and concepts needed to participate in financial discussions and enable attendees to engage with investors, analysts, the business media and the C-suite.

*Saturday, June 1, 2019, 9:00 a.m. – 5:00 p.m.*

### Telling a Great Investment Story

Understand what shareholder value really means both to shareholders and for companies. This course will tackle key corporate finance issues such as cost of capital and company valuation and demonstrate, with examples from companies who do it well, how to tell a great investment story.

*Sunday, June 2, 2019, 9:00 a.m. – 3:00 p.m.*

Separate registrations are required to attend each of these seminars.

members of corporate teams that participate in and support investor relations. A new, informal roundtable geared to their interests will be held.

### Creative Learning

Back by popular demand, a late-afternoon general session on Monday will feature “IR Family Feud,” a rollicking event that will set the stage for the 50th anniversary of NIRI celebration to

## Prepare for the IRC Exam

**W**hether you are studying for the IRC exam now or considering taking it in the future, you'll get all the resources you need at NIRI19. Meet with IRC credentialed peers, learn the criteria for certification and maintenance, and ensure you have the knowledge you need. NIRI19 education sessions are grounded in the 10 domains of the IR Competency Framework upon which the exam is based.

Already earned your IRC? Maintain your IRC credential by earning up to 4 professional development units (PDUs) per day at NIRI19. NIRI19 attendance is typically accepted for CPE credits as well. Stop by the NIRI booth to learn more.

follow immediately afterward. Brian Rivel and the Rivel Research Group team have again graciously agreed to provide the data and content that is key to producing this live-action gameshow.

The ability of IROs to think on their feet will also be tested in the new "Let's Play 20 Questions" session, where attendees will divide into small groups and try to answer randomly selected questions, sparking informative discussion. Jenny Kobin of IR Advisory Solutions will facilitate.

The Career Development Hub and Headshot Lounge, both new and very popular features of the 2018 NIRI Conference, are also returning to NIRI19.

This year's Silent Auction will feature a huge variety of items including valuable luxury hotel stays, signed sports memorabilia, signed musical instruments, and more, and will benefit UMOM New Day Centers, a Phoenix-based organization dedicated to preventing and ending homelessness.

### Building Networks and Relationships

Attendees will find NIRI19 to be a source of new connections to expand their networks, and op-

## The Committee Behind the Conference

**T**he 2019 NIRI Annual Conference Committee consists of volunteers who were carefully selected to represent the entire IR community. Committee members include corporate IR practitioners, consultants, and service providers. NIRI thanks the committee members below for their ongoing efforts in planning the event.

### Chair

Mike Conway, *The Sherwin Williams Company*

Martin Jarosick, *IRC, CF Industries*  
Dave Martin, *Harsco Corporation*

### Vice Chairs

Remy Bernarda, *IRC, Sage IR*  
Tim Quast, *ModernIR*

Megan Patterson, *ONEOK, Inc.*  
Brian Rivel, *Rivel Research Group*

### Committee Members

Michele Backman, *IRC, Deutsche Bank*  
Andy Detwiler, *Virtua Research*  
Paul Donnelly, *Nucor Corporation*

Angela Rodenhauser, *Dix & Eaton*  
David Rosenbaum, *IRC, Brighthouse Financial*  
Zach Rothberg, *AlphaSense*  
Amy Wakeham, *ResMed*  
Jim Zeumer, *PulteGroup*

Bryan Dunn, *IRC, Pfizer*  
Sherif El-Azzazi, *IRC, Brookfield Property Partners*

Joseph P. Hassett, *Gregory FCA*

Victoria Hyde-Dunn, *8x8, Inc.*

### NIRI Board Liaisons

Melissa Plaisance, *Albertsons, NIRI Board Chair-Elect*  
Ron Parham, *NW Strategic Communications, NIRI Board Chair*

portunities to share experiences and best practices with peers in the IR community. Numerous networking receptions, sessions, and even unexpected informal meetings during coffee breaks offer opportunities to collaborate, hear new ideas, and validate or change perspectives. Best practices are learned and developed, mentoring relationships established, and many other related benefits await. [IR](#)

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**Al Rickard** is president of Association Vision, the company that publishes *IR Update* for NIRI.

## MiFID II, Passive Investing, and Activism Were Top Issues at NIRI Southeast Regional Fall Conference

The inaugural NIRI Southeast Regional Fall Conference conducted by the NIRI Atlanta chapter addressed several key issues of concern to IROs.

BY DAN A. ALDRIDGE III

**T**he NIRI Atlanta chapter held its inaugural NIRI Southeast Regional Fall Conference in Atlanta in November 2018, attracting 75 attendees. The agenda covered some of the most pressing topics for IROs that are having a direct impact to IR strategy in 2019 and beyond, including the changing face of passive investing, ESG, activism, MiFID II, and market structure.

Keynote speaker Dana Telsey, CEO and founder of Telsey Advisory Group (TAG), discussed the state of the American consumer and the impact MiFID II has had on her firm and others like it. Clients are taking a hard look at how they allocate resources to sell-side research, and many are cutting back. In the wake of MiFID II, sell side firms are looking for alternatives to add value to their clients, and TAG announced that it is launching paid company research and corporate access starting in 2019 for small and midcap firms.

Larry Tabb, CEO of Tabb Group, gave a less-than-optimistic overview of market structure and the detrimental impacts it is having on public

capital formation, whether through increased legislation such as MiFID II, to the rise of private equity, and liquidity issues for small and midcap companies. Over the last few years, according to Tabb, “cheap money and issuance challenges have many companies almost running away from the equity markets.”

### Feeling the Effects of MiFID II

The discussion around the impact of MiFID II was led by Mary Turnbull, head of corporate access for Raymond James, and provided unique viewpoints from sell-side analysts, the buy side, and a small-cap IRO who is managing through its difficulties on a daily basis. The consensus is that there has already been a direct impact in the United States.

The largest impact has been seen by small and midcap companies, as the number of sell-side researchers covering these firms has decreased, and overall research for all companies has been impacted by consolidation and dilution. This



has left many small companies struggling to find quality research coverage and has placed an increased burden on IROs to increase their investor marketing resources as many sell-side firms will no longer provide corporate access without direct compensation from corporations. As this unfolds during the next several years, it will provide unique opportunities for boutique firms and even organizations like NIRI and the exchanges to fill the void.

### Action Needed on Passive Investing

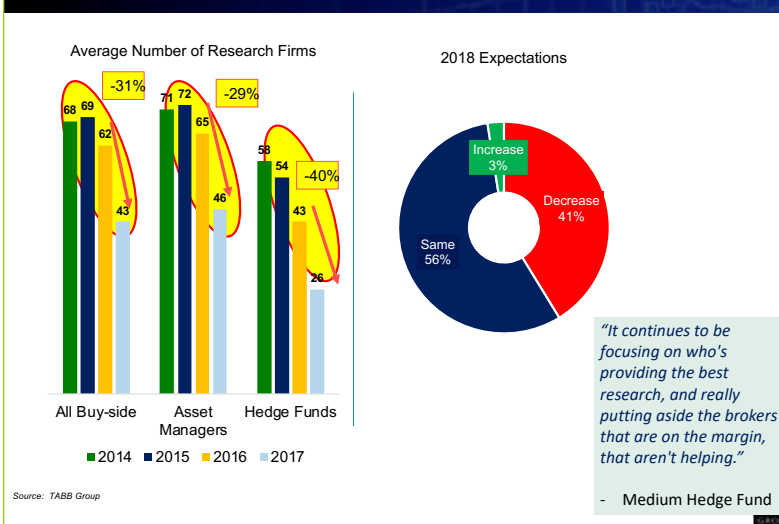
The continued rise of passive investing is another trend affecting all public companies. There is currently more than \$6 trillion invested through exchange traded funds and this figure is expected to double in the next 4-5 years. Doug Yones, head of exchange traded products for the New York Stock Exchange, moderated a panel of key passive fund managers from BlackRock, State Street and Invesco.

All three firms agreed that the traditional definition of passive investing no longer holds true, as many fund managers are making active decisions to screen companies for their funds; many of which are based on metrics such as ESG compiled by third parties that may or may not have been tabulated with insight from the companies themselves.

Panelists noted it is imperative for IROs and CFOs to actively engage in dialogue with these investors throughout the year, and not just as part of the annual proxy process. They explained that best-in-class organizations will be proactive in establishing a passive outreach program as part of their annual IR strategy as these investing strategies take on added importance as generational shifts in investing occur over the next decade.

For example, the following excerpt from BlackRock CEO Larry Fink's annual letter to company CEOs stated, "Millennial workers were asked what the primary purpose of businesses should be – 63 percent more of them said 'improving society' than said 'generating profit.' In the years to come, the sentiments of these generations will drive not only their decisions as employees but

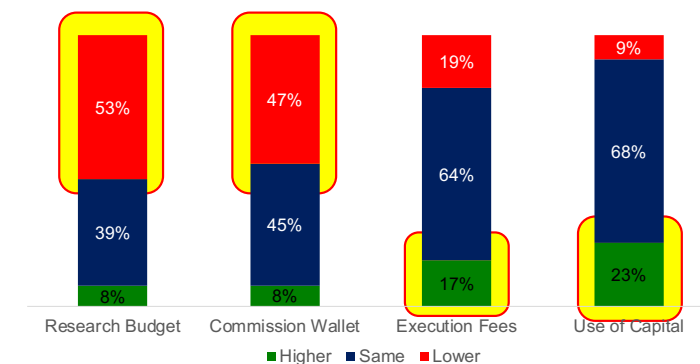
### European research unbundling causing shift in procurement of research in the US. Buy-side firms cutting 1/3 of broker research providers



### Research budgets and commissions are being slashed

*"I expect our research budget goes down in the first year by at least 10 percent, to start. After three years, I think it stays the same. It'll normalize, but I think the number of research providers that we use will go down."*

- Small Asset Manager

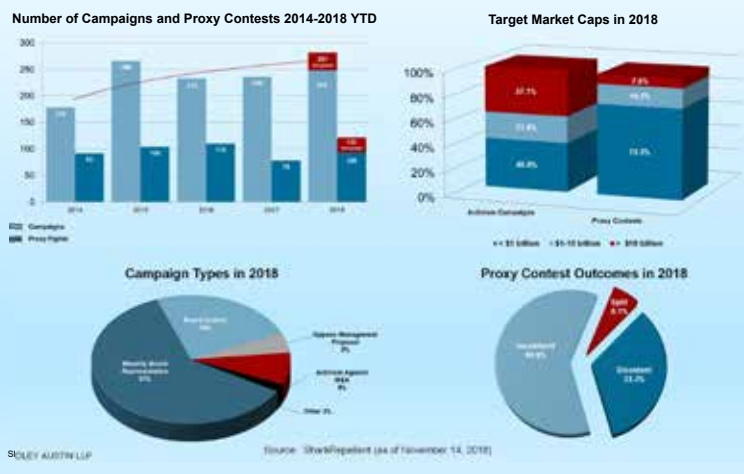


also as investors, with the world undergoing the largest transfer of wealth in history: \$24 trillion from baby boomers to millennials. As wealth shifts and investing preferences change, environmental, social, and governance issues will be increasingly material to corporate valuations."

The final panel of the conference featured several experts who are engaged in multiple ongoing

## The Current Activism Landscape

### Recent Data Points



activist campaigns. NIRI Atlanta President Dan Aldridge, managing partner of Asbury Investor Relations, moderated the discussion with the following panelists:

- Derek Zaba – Head of Activism Defense, PJT Camberview
- Dan Romito - Global Head of Investor Analytics, Nasdaq
- Tom Germinario – Senior Vice President, DF King
- Kai Haakon E. Liekefett – Chair of Shareholder Activism, Sidley Austin LLP
- Lex Suvanto - Global Managing Director, Financial Communications at Edelman

Activism continues to be in the news and takes on greater importance as fund managers look to generate alpha in the face of pressure from passive investing. Corporate governance issues continue to be the top avenue for activists, and it is imperative for IROs to not only be up to speed on these issues, but to proactively prepare management their boards for the possibility of activist campaigns.

Panelists urged IROs to have an open mind and proactively seek to work with and understand these investors instead of taking a more traditional reactive approach.

One of the larger changes to the activism landscape is the increased transparency of involvement

from traditional long-only and passive funds; it is now common to see active involvement from these investors in activist campaigns. IROs should ensure they are working with these types of investors before and during activist campaigns, and not to assume that investors will side with management.

For example, T. Rowe Price's Investment Philosophy on Shareholder Activism, published in June 2018, noted, "Neither companies nor activists have cornered the market on great ideas that could generate value. Therefore, we believe company managements and their boards should exhibit openness, curiosity, and intellectual honesty with regard to serious, well-supported ideas for value creation, even when such ideas originate outside the company."

The panel also reported a comment from Ronald O'Hanley, CEO of State Street Global Advisors, who was quoted in the May 2017 issue of *Institutional Investor* magazine, saying, "Activist investors are increasingly seeking to partner with index providers when they campaign for change at public companies. We take those calls all the time. We are listening to good ideas."

## NIRI Update

NIRI President and CEO Gary LaBranche spoke about NIRI and explained how it will evolve to meet the new challenges facing the industry, whether from legislation such as MiFID II and proxy advisory reform to the continued shift to passive investing and the importance of ESG.

He also introduced the new NIRI mission statement, which takes a more holistic approach to the way the organization views its reach and impact: "Through its collaborative community, NIRI advances engagement in the capital markets and drives best practices in corporate disclosures, governance, and informed investing."

As a result of positive reception for its debut, the NIRI Atlanta chapter will conduct its 2019 Southeast Regional Fall Conference November 13-14, 2019. More information is available at [www.niriatlanta.org](http://www.niriatlanta.org). [IR](https://www.niriatlanta.org)

**Dan A. Aldridge III** is managing partner at Asbury Investor Relations; [dan@asburyir.com](mailto:dan@asburyir.com).



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## 2019 NIRI SENIOR ROUNDTABLE ANNUAL MEETING

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## Learning Savings Lessons at an Early Age

Leaders of the NIRI Los Angeles chapter recently volunteered at a high school to deliver messages about saving and investing to a group of eager students.

BY KIMBERLY ESTERKIN

**M**embers of the NIRI Los Angeles chapter Board of Directors volunteered in March 2019 with the Los Angeles affiliate of Communities in Schools (CIS) to introduce ninth through twelfth grade girls at Hamilton High School to the basics of savings and investments.

“We are trying to break the cycle of ‘this is what we do,’ and do whatever it takes to take a student we meet in ninth grade to graduate from high school on time,” said Jacquwel Brown, manager, corporate engagement and programs at Communities in Schools (CIS) Los Angeles, talking about the mission of his organization as it works with students from historically underserved communities.

Across the United States, 20 percent of children under the age of 18 live in poverty conditions. Without community support, these children are far less likely to matriculate from high school. That’s where CIS comes in, helping the country’s most vulnerable students in grades K-12 stay in school.

In Los Angeles, the CIS affiliate created a women’s empowerment group called Ladies First. The Ladies First Group at Hamilton meets once per week for workshops on social, emotional and career development. Members can suggest topics for discussion, and recently the students requested information on financial management, asking, “How can we start saving now for our future?”

The NIRI Los Angeles responded to this call through its Board member Jennifer DiGrazia, senior vice president, client services and investor relations at Ariel Investments, who also volunteers for CIS. Fellow NIRI Board member Katie McGlynn, director of global investor relations at Blackrock Tennenbaum Capital Partners, and myself volunteered to speak with Ladies First.

We were provided the unique opportunity to present to the Ladies First Group and discuss everything from compound interest accounting to UTMA accounts and gender pay equity. While we had a formal presentation planned, the students had a



**NIRI Los Angeles Board Members Katie McGlynn and Kimberly Esterkin with the Ladies First Group at Hamilton High School in Los Angeles.**

plethora of insightful questions that drove our discussion, such as, “Should we invest before or after a new Nike shoe drops? Why did Martha Stewart go to jail? Where does a stock go when you sell it?” Before we knew it, all the girls were on their cell phones looking at a stock app and deciding where to invest.

What became clear from our discussion is that even young children are interested in financial management. It is our role as investor relations professionals, parents, and mentors to start financial education young. I urge NIRI members to make a difference in the children in your lives and spread the word that every dollar saved counts towards the future.

CIS was founded in the 1970s in New York City and has since spread to 2,300 schools across 26 states. For more information on CIS or to volunteer for your local affiliate, please visit [communitiesinschools.org](http://communitiesinschools.org). [niri.org](http://niri.org)

**Kimberly Esterkin** is a director at ADDO Investor Relations, member of the Board of Directors for NIRI Los Angeles, and mom of two amazing young boys; [kesterkin@addoir.com](mailto:kesterkin@addoir.com).



Michele Backman, IRC  
Director, Deutsche Bank,  
Depositary Receipts IR Advisory

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