NIRI Virtual Chapter

Program Wrap-Up

Program Title: Investor Relations in an Evolving World of Social Media

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The earnings release is the highest-impact event that a corporation conducts on an ongoing basis, yet it's one of those processes that is generally fraught with inertia; "it worked last time so it'll work again this time," or some variant, has probably been heard by most IROs with even just a couple years' experience in producing earnings releases. That said, there are some companies that have moved deliberately to modernize the earnings release, use management and investors' time better, and help make both directions of the communication process more efficient.

NIRI Virtual presented its February program, *Earnings Call Group Therapy*, to share strategies and ideas for improving the process, featuring four IRO's that have been more progressive about their approach to earnings:

-William "Sandy" Harrison – Director of Finance and Investor Relations, Semtech (moderator)

-Bill Seymour – Vice President of Investor Relations, Entegris Corp

-Justin Horstman – Vice President of Investor Relations, TCF Financial

-Jeff Goeser – Head of Investor Relations, TD Ameritrade

Here's a few points we picked up from the conversation:

-**Streamline the prep process with technology.** Any standard project management tool can help you "pass the ball" between each individual involved in the process, make edits, and receive the formal signoffs you need. Further, if several individuals are working closely together on the same docs at the same time, move your communication to a synchronous format (Slack, Microsoft Teams) to save problems with versioning and sharing.

-**Don't be afraid to record your prepared remarks.** A poll of attendees showed 25% of participants currently pre-record the prepared section, with another 15% looking at it. Some IR teams even put the prepared remarks out in advance prior to the call (potentially in both audio and text format) to save investors' time and focus more call time on Q&A. Timing is important on any release of information though – if you're putting out multiple formats, make sure investors have the time to read them prior to the call.

-**Match your formats to your content –** Prepared remarks are a great opportunity to restate the company's overall strategy goals, and advantages in plain English without needing to have them written in more formalized tone. While not all companies use a slide deck for an earnings presentation, visuals do let

the company tell stories in a different way from written MD&A, and can be helpful in distilling the view of a market, for example. That said, managing multiple formats does risk the possibility of disconnection and versioning between documents, so make sure you adjust timing for changes appropriately.

-**Measure the impact of your work on the release** – While there's no perfect way to measure the "success" or "failure" of an earnings release, analyzing feedback from investors post-release can get you much of the way there. Identify a small number of key messages you're trying to get across – then, review analyst notes post-release to see of those messages make it into the reporting out to the buy-side. Separately, keep your notes on any buy-side follow-up calls and highlight areas where the delivery was successful. About 50% of participants on the call directly measure their earnings releases through buy-side feedback in this sense.

-**Collaborate and measure the impact of the prep work on Q&A** – Q&A is generally where the bulk of IR time is spent; IR teams should be able to come up with a set of the ten or so most likely questions to arise on the call, and for each have appropriate response materials and the right individuals prepared to answer the question on the call. Q&A is another area that can be measured period-to-period – if you're consistently prepping your management team for questions that do come up on the call, then IR can say it has a good grasp of the story.

-**Finally, let's get this out of the way. No, quarterly reporting is not going away**. Yes, the SEC has a comment period underway, and may be looking at ways to streamline disclosures, but it's not likely that we'll see any movement towards a semi-annual or other less-frequent cycle. One angle from the panel questioned whether a longer-term cycle is even compatible with Reg FD: "how comfortable would you feel out on a roadshow when you haven't reported results in five months?" Limitations to SEC-required filing would still mean companies can communicate using the 8k instead of the 10-Q, for example.