NIRI Virtual Chapter

Program Wrap-Up

Program Title: New to Investor Relations

Program Date: March 20, 2019

Ever met someone who majored in Investor Relations in school? Neither have we – there are only a scant few programs out there dedicated to the trade. Most of the membership of today's IR field comes from other parts of the financial and communications world, and everyone starts their first day in the IR chair *without* a deeply-ingrained knowledge base with which to approach the role. Which means, of course, that being "*New to IR"* is something everyone, experienced or not, has gone through, and will also face if they attempt to expand their team beyond a solo practitioner.

NIRI Virtual's *New to IR* program tackles the subject with individuals who sit in different roles today, and each approaches the role with different a background. Moderator Allison Justice (IRO from *Advanced Drainage Systems*) assembled panelists:

-Bryan Armstrong, Senior Managing Director Strategic Communications, *FTI Consulting*

-Barry Hytinen, Chief Financial Officer, *Hanesbrands Inc.*

-Mark Rupe, VP Investor Relations, *Express Inc.*

…to help build a roadmap for both those expanding out their own, or on behalf of their team members', IR careers. Here's what stood out to us from the hour-long discussion:

-**The IR role requires three central skill sets – and only one of those can you prepare for prior to taking the IR role.** First and foremost, *financial acumen* is the required common language for the profession. While a plurality of participants in an in-session survey cited their background from non-capital markets roles, buy-side or sell-side assignments are effective channels for learning to "speak" finance. The second skill set, *intimate knowledge of the company and its business*, is possible to transfer internally from some roles at the company, such as strategy or FP&A, but for anyone taking the role this requires a dedicated immersion effort to get up to speed. The third, *IR best practices*, come only with time and experience, but are easier to attain through plenty of contact with practicing IROs either inside or outside the firm.

-**Learning and executing the earnings process is step one for any new IRO.** Earnings is the highest-profile function of IR both internally and externally, and requires IR to build and maintain trust in both directions. Balancing the internal needs of protecting management time while providing as much information as possible to investors is as much art as science, and balancing the external demands for "fill in my model for me" analysts with telling a compelling equity story is similar. Communicating with other IROs and experts in the earnings process will help you maintain this equilibrium.

-Over time, IROs should learn where to focus their efforts…Panelists noted that external perception studies can help to identify any existing issues with the company, and the formal process of asking for

feedback can serve as a starting point to building trusted relationships with investors. Some buy- and sell-side decision-makers may have a natural aversion to giving negative feedback directly to management for fear of lost access; IROs that have built direct relationships can help capture a more unbiased view, and perception study work can help solidify it to management.

-…and where *not* to focus their efforts…IR is, more than anything, a resource management exercise. Panelists noted that some methods of communication with investors are starting to show diminishing returns over time. Investor days performed on too frequent a cadence, especially those conducted without any incremental changes to the story since the prior such event, may become a productivity drain on the company. Further, corporate access events that simply feed "renters" instead of "owners" of the stock are worth reviewing to make sure they're creating value.

-…and what goals to set and measure, as well as those to avoid…An in-session survey showed 70% of participants come up with their own unique KPIs and goals for their programs. Measurement tools range from the effectiveness of investor targeting efforts, to responses from investors showing key messages are being delivered and understood. Finally – panelists and participants across the globe agree – please, *please*, do not let "stock price" be your sole KPI on measuring IR's contribution to the enterprise. There are far more effective ways of isolating the communication process' results, no matter the allure of following a single number published in the newspaper each day.