



Senior Perspective:

IR Career Reflections Through Song — a Three Part Series

Part One: Position and Access

BY PAMELA STYLES

Investor relations is a broad and complex field that is part science (finance, accounting rules and regulations), a lot of art (relationships, positioning, practice), and takes many years to master. It is a challenge to see past the quarter-after-quarter routine, keep it all fresh and creatively develop our individual professional niche and value. Just as routine aspects of IR can feel mundane, so can conversations about IR careers. In tackling this subject I decided to take a different approach, drawing on my background (in a prior life) as a professionally trained musician.

I feel passionate that when we think about our IR careers we should not be bored with “more-of-the-same” rubric. So I recently challenged my senior colleagues to refer to song lyrics to evoke thoughts and perspective they wish to convey to others in our field. I presented them with the following three songs:

- “The Gambler,” music and lyrics by Kenny Rogers
- “Eleanor Rigby,” by The Beatles
- “Should I Stay or Should I Go,” by The Clash

In this article, which is Part One of a three-part series on IR careers, we will focus on Kenny Rogers’ well-known country song. Excerpts of the lyrics include: “If you’re gonna play the game, boy, ya gotta learn to play it right. //You got to know when to hold ‘em, know when to fold ‘em, know when to walk away and know when to run. //Ev’ry gambler knows that the secret to survivin’ is knowin’ what to throw away and knowing what to keep.” (*Complete lyrics available through Google*)

Overview

Investor relations is an exciting field in which things are always changing. While I do not want to take the analogies too far, IR has the intensity of a musical performance or a high-stakes card game that requires high levels of concentration, skill and experience. Truly effective IR also requires a level of maturity, sophistication and shrewdness, in the good sense of the word, to know when and how to choose your battles wisely. Companies need to have a clear mandate and regard for IR. But, cutting to the chase, you have to take responsibility for your own professional position and access.

- “How many people go to work thinking *today I’m going to perform?* Many times we don’t see ourselves as performers, but we are. We have to always be “on” and put our best foot forward each day. Like a musician, we must constantly gain knowledge of fundamentals, research, practice, commit information to memory, etc. and bring it all together to transparently produce top performance.” – *John Hyre – Director of IR and Corporate Communications, The Commercial Vehicles Group (Years in IR: 22)*

- “IROs cannot ‘hold’ – you have to give and take information. Nor can IROs ‘fold’ — you really have to be persistent to collect the information. IROs also need to be seen as providing information and being part of the game. It has to be a two-way street.” – *Carol Merry – VP, Director of IR, Fahlgren Mortine Investor Relations (Years in IR: 18)*

Position

Solidifying your IR leadership position takes concerted effort. We all must build credibility – both internal and external. Develop your IR team and build a feeder pool for your company. Share competitive information you obtain from analysts through the company, as appropriate. Set expectations and develop robust policies and practices. Do not forget to design and follow your own personal development plan. Look for growth opportunities within your company. Enhance your skills to bring more value to the organization. Step up to new issues and challenges. Mentor and be mentored. Because IR is such a small field, you may need to look outside your company to NIRI and other resources for good mentor relationships. Through it all, stay savvy to sense if your professional credibility is put in jeopardy, either self-inflicted or due to political or other factors.

- “It is important to have a mentor when you start off to help you put together a strong foundation. Learn to build bridges internally. Always thank people for sharing information and find appropriate opportunity to provide information back so these same people get something in return.” – *Maureen Wolff-Reid – President and Partner, Sharon Merrill Associates, Inc. (Years in IR: 26)*

- “Too many times, young practitioners react quickly and say, do or respond too quickly without thinking. They let their emotions control their decisions in challenging situations. Seasoned practitioners learn to stay calm, use sound judgment and, importantly, to not



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react too quickly. They think before they act. Sadly, when you react quickly you can create negative credibility that haunts you later in your career and can impact all sorts of things, including promotion potential.”

– *John Hyre – Director of IR and Corporate Communications, The Commercial Vehicles Group (Years in IR: 22)*

• “In order to be effective in the IR role it is important to build a broad network both internally and externally. You must have good information sources. Contact people directly, such as division management and business experts, but be judicious. Consciously develop your relationships in the process. People will be more helpful and forthcoming if you reciprocate by providing service to those who help you. I have created a regular email distribution list to my internal resources to provide market intelligence. I am careful not to use this list to communicate anything terribly confidential, as the list has grown quite large over the years.”

– *Nils Paellmann – VP IR, Deutsche Telekom, Inc. (Years in IR: 12)*

Access

Establishing access to executive management or the board is not an automatic right for the IRO, IR counselor, investors, analysts, etc. Sometimes people are impatient and think they are entitled to access just because of their IR title, or position with a major investment house or research team. IROs need to develop key relationships with the CEO, CFO and others on the executive team, as well as across the organization. It is a darn sight easier to build these relationships if you are careful to work for a company with a culture that allows you to maintain your integrity. Access must be earned. It is a critical measure of the IROs professional effectiveness.

Investor relations is unique in that there are not many positions, other than CEO or CFO, where one can be a contextual resource for the company and through whom the company communicates to help constituents see the big picture. If you truly cannot gain access and inclusion in pertinent confidential discussions or your input into message development is not revered, then you are not able to be effective at the particular company and you should consider leaving when you are able.

• “Access has more than a few dimensions. Networking across the organization is so important, whether you are internal IR or IR counselor. The need for access has been evolving and has become more far-reaching, largely due to the interactive web. People throughout the company are developing web content, so they need to be in the loop too. They must understand disclosure rules and regulatory requirements. They must have access to you and others on the exec-

utive team. On top of this, there is social media and other emerging issues like ESG (environmental, sustainability, governance) and CSR (corporate social responsibility) about which IR will have to have a good understanding even if not direct control.”

– *Carol Merry – VP, Director of IR, Fahlgren Mortine Investor Relations (Years in IR: 18)*

• “You need access to management, period. Not just the CEO and CFO, but also operating unit management and subject matter experts. Without this access it is often difficult to truly understand complex issues and respond effectively to questions from investors, particularly if you are dealing with hot topics. Various audiences internally can use the information that IR synthesizes and the high level answers and talking points IR develops to talk to the investment community. This can help you build your reputation internally and increase your effectiveness externally.”

– *Heide Erickson – Director of IR, Capella Education Company (Years in IR: 18)*

• “Crises are great learning experiences. They can help you prove yourself and earn a seat at the table.”

– *Maureen Wolff-Reid – President and Partner, Sharon Merrill Associates, Inc. (Years in IR: 26)*

• “It is a fine line as to when IR should expose executive management to individual investors and analysts. IR needs to be the ‘gatekeeper’ and ‘educator.’ Both sides must be prepared for such meetings. IROs must start the conversations, develop the understanding and provide proper expectations for all parties. While large individual investors may seek access to meet with the CEO without anyone else there, the IRO needs to make sure the CEO discourages this situation. Importantly, there should be a policy that you always have someone from IR with company executives during meetings with investment constituents. It is always far preferable for you to have established credibility and a relationship with executive management such that they would never dream of talking with an investor without you present. If they do choose to meet without IR present, you need to make it very clear that they are responsible for what transpires.”

– *Debbie Lorenz – in transition, most recently Senior Director of IR and Corporate Communications, Molecular Insight Pharmaceuticals, Inc. (Years in IR: 29)*

WORDS OF WISDOM FROM SENIOR PRACTITIONERS

- **Professional value** development requires concerted effort.
- **Credibility** is a pre-requisite to gain access to executive management and boards. It is earned through hard work and delivery. It is not an automatic right of IROs because of title.
- **Thought leadership** is an important dimension of mature IR professionals. IR is much more complex than simply knowing how to tactically execute specific communications and initiatives, or how to use the latest communications tools and platforms.
- **Access** is multi-dimensional.

• “IR is a huge relationship business. You get better feedback and give and take when you have good relationships. This is important internally and especially externally with the buy and sell side. The external constituents are more willing to help IR understand what is really behind their investment decisions in your stock when you have made the effort to develop respectful relationships with them. They also need to feel that you won't take their feedback personally. You are a true IR professional when you get to a level of communicating freely (caveat - professionally smart) with your key constituent contacts.” – *Matthew Stroud – VP IR, Darden Restaurants, Inc. (Years in IR: 16)*

Many commented on how important it is to stick with IR long-term in order to develop the relationships and networks to be truly effective. The breadth of subjects an IRO needs to understand can provide many ways of keeping your career options open. Another good way is to be involved with organizations, especially NIRI, for additional visibility. Engage with your local NIRI chapter and definitely join the NIRI Senior Roundtable and industry roundtables as you qualify (see descriptions: www.niri.org/Main-Menu-Category/collaborate/roundtables.aspx). Also consider getting involved with NIRI at the national level.

The richness of this three-part column series on IR careers, positioning, cross-roads, and the like, is the result of group reflections by my peers at our December 2009 annual NIRI *Senior Roundtable* meeting and subsequent one-on-one conversations with several of these same people. Over 50 senior practitioners (roughly one-third of the NIRI Senior Roundtable members) participated in the luncheon conversation dedicated to this *Senior Perspective* column. It is not possible to name all participants in this space — thank you all once again! We sincerely hope these consolidated reflections are helpful.

I cannot quote every Sr. Roundtable member, nor include specific comments from every conversation I have in the process of writing this column. My colleagues have much more to add, which will be shared in subsequent columns of “*Senior Perspective*.” I leave you with some composite *Words of Wisdom*. IRU

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On the Move

Heizer promoted to Director IR at athenahealth



Jennifer Heizer

Jennifer Heizer was promoted to director of investor relations at athenahealth, a leading provider of Internet-based services for physician practices. She joined the company in 2008 as senior manager IR, establishing the first IR program since the company's IPO in 2007. Before joining athenahealth Heizer served in IR positions at Akamai Technologies and Mercury Computer Systems. She's a board member of the NIRI Boston Chapter.

Becker Now Business Wire's Senior VP



Michael Becker

Michael Becker has been promoted to senior vice president-financial product strategy at Business Wire (New York headquarters). He will move beyond his core disclosure responsibilities to focus on developing new partnerships and products with the financial community. He'll also identify new content opportunities as he was a key manager developing XBRL meta-tagging capabilities within the company and serves as Chair of the XBRL-USA Communications Steering Committee. Becker is executive vice president-programs and a board member of the NIRI New York Chapter. IRU

A DRAMATIC CHANGE IN INVESTOR OUTREACH

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spent on investor outreach, making it imperative that companies use their time as judiciously and strategically as possible. In every survey, we ask issuers to estimate the amount of time they plan to spend meeting with institutional investors in the coming year.

On average, regardless of the current year's amount of marketing, issuers forecast an increase. Whether it is the result of economic stabilization, acquiescence to a continued challenging environment, or sheer optimism, issuers forecast a 15 percent increase in company face-to-face marketing to 36 days in 2010. All three primary channels of management access are forecast to increase. However, despite its relative resiliency in 2009 compared to other channels of management access, non-deal roadshows are forecast to show the greatest increase and are predicted to grow 24 percent in 2010. IRU

Cheryl Gedvila, CFA is a partner at Hanley & Associates LLC, an independent, nationwide capital markets firm providing management access opportunities and research resources to investors in a confidential, cost efficient and conflict free manner. She is also a board member of the NIRI NY chapter. You can contact her by phone at 212-201-1205 or by e-mail at cgedvila@hanleyassociatesllc.com.