

BY PAMELA STYLES

There is one constant throughout financial market and economic cycles — there will always be change and things will always be “different,” yet cycles repeat and contain similarities. Conversations with numerous Senior Roundtable colleagues revealed noteworthy perspectives on such cycles, on NIRI, and on the critical advantage that we, as members, all have in this association.

I asked my colleagues to talk about times in their IR careers when the NIRI network and association were vital to aiding them in confronting critical situations. I asked how it applies now.

During the 1980s — the infamous Michael Milken/Drexel Burnham scandal era — companies frequently found themselves

fighting take-over attempts. IROs had to quickly get a handle on investors' stances. Today, as people sense recovery from recession and as credit markets open up, we should expect resurgent and aggressive M&A activity. Raiders and activist shareholders will also likely resurface.

• “As head of investor relations and corporate communications at a major conglomerate during the ‘80s, I experienced three separate takeover attempts. I made phone calls to senior NIRI members and to my fellow colleagues on the NIRI National Board. The calls were tremendously helpful to get a sense of who was connected to whom and to try to get behind-the-scenes insight on the aggressive investors. A similar approach can apply today.”
— Keith Mabee — Vice Chairman, Dix & Eaton (Years in IR: 29)



Navigating IR Through Crisis to Recovery— Cycles Repeat

INTRODUCTION BY EDITOR HANK BOERNER:

As we celebrate NIRI's 40th Anniversary, we are pleased to introduce this new IR *Update* feature, *Senior Perspective*, written by Pamela Styles. This column will regularly share the perspectives and wisdom of senior IR professionals for the benefit of *all* NIRI members. It is written by a Senior Roundtable member, distilled from rotating conversations with other Roundtable members, sharing their insights and perspectives on specific subjects key to our profession and current times.

The NIRI Senior Roundtable was formed in 1994 to respond to the needs and interest of NIRI's growing number of senior members. Membership is limited to those who serve as the senior investor relations person in their corporation or firm with a minimum of ten years of experience in investor relations, or directly related functions.

We look forward to regularly publishing this column and think that you will find it a “go-to” column each month. How will we know the topics of greatest interest? There are several topics in the pipeline, and we welcome your input to make this feature a success. To submit suggestions, please contact Pam Styles via e-mail at pjsstyles@cox.net or phone at 703-864-5711.

INTRODUCTION BY PAM STYLES:

Investor Relations is absolutely fascinating and it gets richer as one gains experience and responsibility. My first IR experience was with a large-cap corporation going through serious “stuff,” like IPOs, proxy fights, hostile take-over attempts, and large lawsuits that threatened the very solvency of the company. NIRI was my lifeline and teacher. I later provided IR for companies in the lodging and leisure, industrial, and aerospace supply sectors. NIRI continued to be of great value, not only because of its educational offerings, national conference, and local chapter activities, but because of many close colleagues and associations. I couldn't wait to qualify for Senior Roundtable membership.

By its very nature, the Roundtable needs to be kept small to facilitate peer-to-peer dialogue. The depth and richness of its members' background is staggering. These members are highly valued by NIRI and give back in many ways. As I tap my Senior Roundtable peers for the purposes of this column, they are equally excited about this *Senior Perspective* column. We have so much to give to those who are coming up behind us in our field.

Starting a “green-field” investor relations program takes significant effort. Add globalization today, and even seasoned IROs with established IR programs find they are navigating new territory.

- “In 1985 I was asked to put together a U.S./European IR program. I found NIRI and spoke with someone who knew exactly what was needed. She provided a few phone numbers and suddenly I had an IR program up and running. The knowledgeable staff at NIRI is a fabulous resource — use it!” — *Margo Happer* — SVP IR, Wyndham Worldwide (Years in IR: 25)
- “A couple of years ago we organized our first European investor conference. I called several NIRI colleagues, who had already gone international with their IR outreach, to get a sense of what they had done. It is a great way to benefit from others’ experience and to avoid mistakes that have already been made.” — *Laura Paugh* — SVP IR, Marriott International (Years in IR: 27)

I asked my colleagues about their investor relations experiences with crises and important lessons that they are using today to weather the current financial market crisis and recession.

Crises may cause significant volatility, shareholder rotation and change in investor concentration. Crises can be triggered not only by external events, but also by sector issues and internal events. As IR practitioners, we must focus on our job and responsibilities, keep steady (almost detached), and try not to get caught up in the current crisis, panic, or stock price.

- “The 1987 market crash occurred just five months after my company went public. This was my first experience with a crisis. Many more crises and recessions followed. I have learned not to alter your larger IR strategy during crisis. You still have to get out there and tell your company’s story, even if the numbers are not good. Companies cannot go into hiding in tough times.” — *Mark Aaron* — VP IR, Tiffany & Co. (Years in IR: 22)
- “Don’t let concerns about the company’s stock price, or a crisis, overshadow your IR strategy and message. The goal should be to help external constituents understand market drivers and dynamics well enough that they arrive at the same conclusion, regarding the outlook for your company and industry, as your senior management team.” — *Dwight Grimestad* — VP IR, Archer Daniels Midland (Years in IR: 17)
- “Be responsive and credible. If you do not know something, admit it and follow-up with the answer later. Credibility is the most important when handling crises.” — *Laura Paugh*

There is always tension monitoring short versus long trading activity, but it can get intense during a crisis. Today there are added considerations, including the evolving nature (hopefully including more transparency and oversight) of hedge funds, dark pools, and the like.

- “Definitely use the NIRI network during crisis. The ability to talk with peers about what is happening can give you ideas on how to handle the situation and can help you cope.” — *Jane McCahon* — Principal, Conway Communications (Years in IR: 25)
- “New investors and trading entities will likely emerge from the current financial crisis. Ongoing dialogue with NIRI colleagues

can be very useful while trying to anticipate and understand the style and strategies of evolving IR constituents.” — *Keith Mabee*

I cannot quote every NIRI Senior Roundtable member or 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.** 

Pamela Styles is principal of Next Level Investor Relations LLC and has been a member of the NIRI Senior Roundtable since 2005. She has 25 years in corporate positions of finance and strategy, with 15 years in investor relations and corporate communications. Tel. 703-864-5711 or e-mail: pjsstyles@cox.net

WORDS OF WISDOM

- **CREDIBILITY** is extremely important at all times and particularly in difficult times. It is built over years but can be trashed in minutes. Always tell the truth and never “waffle” answers.
- **TRANSPARENCY** is always important and especially critical during times of crisis. A crisis requires more communication and more information. Information helps lower perceived risk.
- **DIALOGUE** is critically important at any time. Respond to all calls, even if you suspect the source to be potentially aggressive. Willingness to at least listen can often establish trust and a relationship that ultimately avoids hostile actions against the company. Respond to e-mail.



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