

Senior Perspective:



Pamela Styles

BY PAMELA STYLES

Investor relations has always been a demanding job. Demands are accentuated now by the proliferation of electronic information and communications, contraction in traditional media and evolution of social media. We are inundated with myriad bits of information, but is any of it any good? IR professionals must sort through it all to assess the quality and relevancy of new information sources and simultaneously seek new sources to stay on top of expanding global business considerations and public politics that might impact a company's valuation. Investor relations jobs have expanded as the world has become much larger.

Senior practitioners find ways to embrace this condition — **TMI** — short for **Too Much Information**. You are not alone if you struggle with TMI. It comes with the IR territory. TMI can drive you crazy unless you manage it. In preparing this month's column, I discussed the challenges of information proliferation with multiple NIRI Senior Roundtable colleagues.

This month's column topic is a sequel to last month's *Senior Perspective* column — "Strategic Focus on Time." You may wish to refer to the September 2009 edition of *IR Update*.

Inbound Information Considerations

As I mentioned last month, there are numerous time traps that can get IR professionals off-focus, including the vast amounts of news and information available via the Internet. Delving further, IR professionals are now spending a lot of time exploring new information sources and vetting their integrity and insightfulness. A much larger percentage of IR professionals must now also follow news, economic issues and politics at local and regional levels around the world, because so many more companies are truly global in business activities and investor base.

Senior practitioners learn to focus their time on succinct and impactful news and information sources. We learn to scan for incrementally important information and recognize that a lot of analyst reports and media communications are repetitive. We are

Information Overload

constantly reviewing the best channels through which to receive and focus information. We also develop relationships in such a way that colleagues appreciate the sort of things that might affect us and may be inclined to pick up the phone or send a quick e-mail with a "heads-up." Such relationships can be excellent ways of catching unexpected public news updates.

- "Given the amount of interesting information available it is easy to sit in front of your computer all day, especially today with so many new forms of communication. For example, with social media, I think it's essential to be up to date but the jury is still out on its use and significance to most IR programs except, perhaps, for certain types of companies. It is really essential to limit your time and attention to the external information about the market, current and potential ownership, peers and competitors that you absolutely need to advance your IR program — everything else is gravy." — *Kay Breakstone – President, Breakstone Group, Inc. (Years in IR: 37)*

- "On e-mail management, I look at new things once. I allow items to continue coming to my inbox, if interesting, otherwise I unsubscribe or move them to junk mail. I prioritize time spent on

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e-mails based on the information source. I look for good screeners and clipping services that summarize news and provide pithy updates on government and regulatory issues.” – *Paula Norton* – *Director Investor Relations, United Parcel Service Inc. (Years in IR: 23)*

- “Try to track everything, but quickly. First thing in the morning I check news clips and follow major stories related to

WORDS OF WISDOM FROM SENIOR PRACTITIONERS

■ **NEWS and INFORMATION** is constantly available in many forms. Be disciplined. Prioritize time spent on various sources, based on relevance to your (company’s) situation. Try to set boundaries as to how frequently you check sources to avoid consuming your day.

■ **SUCCINCT COMMUNICATION** provides incentive for overworked analysts to follow your stock, because they can do so quickly. Understand exactly what information and data they need. Communicate this information with as much summarization, correlation and synthesis as possible to make content insightful and useful.

my business. Invest in a clipping service and a service that scours all the blogs and social media. Obviously monitor all analyst reports, press releases and conference calls on your company and peers and summarize unique details, concerns or competitive information for the senior management team. Do not spend so much time following external information that you fail to give enough time to develop internal information and relationships that are good sources to send you need-to-know information.” – *Mickey Foster* – *VP Investor Relations, FedEx Corporation (Years in IR: 24)*

- “I use about a half dozen sources that are truly insightful. I try to stay away from electronic media, as it can waste an amazing amount of time. I have learned to not open about 90 percent of snail mail. Figure out what really adds value, otherwise you can spend your day reading useless information. It’s very personal and very industry specific. Make sure all your sources are very ethical.” – *Mark Steinkrauss* – *VP Corporate Relations, Telephone and Data Systems, Inc. (Years in IR: 32)*

- “Information and insight are two different things. The challenge for IROs is to change information into insight. You can get all sorts of minutia about your stock and trading activity from the exchanges and others, but it may not be impactful. You need to look toward a bigger picture and broader analysis.” – *Tom Richlovsky* – *CFO, National City Bank – a wholly owned subsidiary of PNC (Years in IR: 25)*

Outbound Information Considerations

Rapid changes in traditional professional journalistic and sell-side analyst coverage are also expanding the role of IR professionals. Investors and analysts are overworked and understaffed.

They too struggle with TMI. Differentiate your company information for analysts, who have to review information from dozens if not hundreds of companies and sources, so they are more likely to look at your company before others. Provide useful, insightful and relevant information that is accessible and efficient to use. Sell-side analysts try to develop a differentiable and marketable niche. But do watch-out, in the process they sometimes ‘fish’ for extensive details from a company, which consumes endless amounts of IR’s time.

- “With fewer traditional business journalists, the bar is much higher for a company and its activities to be considered newsworthy. IR needs to substitute the absence of this coverage in other ways to make sure the company’s news gets out. Make sure your company’s Web site is very robust and that it communicates the company’s own position, point-of-view and facts about what is happening. Traditional media is going to have to reinvent itself, but in the meantime IR is picking-up the slack.” – *James Roop* – *President, Roop & Co. (Years in IR: 36)*

- “No matter how much detail sell-side analysts want, they are still looking for the 5-second sound bite that provides a compelling reason to buy the company’s stock. Companies err on “in-speaking” and lose sight that they need to be simple and quick in their messaging. It boils down to what are the investable ideas for your company. Get across 4 or 5 key points.” – *James Roop*

- “You need to put your business in perspective for investors. This doesn’t necessarily mean more data, it means providing meaningful and connected information.” – *Ken Janke* – *SVP Investor Relations, AFLAC Incorporated (Years in IR: 24)*

Finally, here are just a couple related items that you may enjoy reading:

1. Stanford University study on the price multi-taskers pay: <http://news.stanford.edu/news/2009/august24/multitask-research-study-082409.html>
2. Washington Post article on effects of the massive information explosion: <http://www.washingtonpost.com/wp-dyn/content/article/2009/03/31/AR2009033103318.html>

I cannot quote every Senior 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**. 

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 fifteen years in investor relations and corporate communications. Styles can be reached at: p.styles@nextlevelinvestorrelations.com or visit her Web site at: www.nextlevelinvestorrelations.com.