

Senior Perspective:

IR Career Reflections Through Song — a Three-Part Series

Part Two: Expectations and Fit



BY PAMELA STYLES

Expectations and perception of investor relations can vary significantly from company-to-company. It is critical for IR practitioners to actively update mutually understood expectations with your management team. It is also important to personally watch out for “fit,” which can ebb and flow, depending on the company’s situation, composition of its management team and other dynamics.

Part one of this **Senior Perspective** series developed the premise that IR is a broad and complex field that takes many years to master. In part two we look at how senior practitioners avoid feeling lonely in IR positions, particularly stretched by currently increasing public policy and regulatory reform activities and rapidly changing ways of mass communications that include social media.

In developing part two I introduced the song “Eleanor Rigby,” made famous by The Beatles, to evoke thoughts and comments. Lyric excerpts: “All the lonely people, where do they all come from?//Where do they all belong?//Eleanor Rigby died in the church and was buried along with her name. Nobody came.// Father McKenzie wiping the dirt from his hands as he walks from the grave. No one was saved.” (*Complete lyrics available through Google*)

Overview

“Eleanor Rigby” evoked a lively and spirited exchange of interesting comments during luncheon at the Senior Roundtable meeting in December. We talked about how we maintain personal

and professional credibility and relevance in our very visible and exposed role as company spokesperson, how we try to dispel misconceptions of IR as a narrow field and avoid feeling lonely in typically small IR departments. Comments converged on how important it is for IR professionals to manage *expectations* and continually assess one’s own *fit* within a company.

Expectations

The contemporary fluid IR environment requires all of us to keep our own expectations current and maintain alignment of expectations among the senior management team as to the priorities on which IR will provide leadership or support. One cannot anticipate all implications of emerging topics, turns of event for a company or industry or critical turnover within a management team, but mutually understood expectations are particularly important for IROs to protect your own position and credibility.

Social media is a classic example of an emerging topic where IR professionals need to get ahead of the curve and establish appropriate expectations or risk potentially serious [internal] misunderstanding. The need for formal expectations may vary widely for this subject. It appears the closer a company is to serving individual consumers (retail) the more likely that it may be an early adopter of social media. Those with whom I spoke broadly espouse the need for IR to collaborate with the company’s general counsel, IT and HR to develop robust policies and practices related to social media to protect the company. However, the



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appropriate timing to dive in for use of social media is less universally clear for IR-specific purposes. Meanwhile, most agree that expectations of IR should still emphasize personal interaction with investors.

- “As an online university, we are embracing social media. The question for IR is how quickly to move. We have a very detailed plan for approaching social media, but we are still entering slowly and carefully. Because of disclosure concerns, our position is to use blogs only for non-financial and non-IR related communications purposes. IR stays away from producing or commenting on blogs.” – *Heide Erickson – Director of IR, Capella Education Company (Years in IR: 18)*

- “A fair number of our IR constituents are not allowed to access social media websites. While we follow blogs and social media sites, we do not use them for outreach to investors, nor to comment. I answer questions over the phone about things that appear on these platforms, just as I do about things that appear in print media or established electronic sources like Bloomberg. While social media is becoming meaningful in some spheres, it is still unclear as to its meaningfulness for my company or sector.” – *Nils Paellmann – VP IR, Deutsche Telekom, Inc. (Years in IR: 12)*

Social media is just one example. If you feel lonely facing the challenge of evolving expectations, determine if you have appropriate internal channels to tap for help. If not, look to NIRI and other appropriate

external resources, including: professional IR counselors, business coaches, vendor client-only networks and industry trade association IR sub-groups. Always maintain professional discretion any time you seek sounding boards, whether internal or external.

“Fit”

Credibility is critical to success and can be undermined by poor *fit*. We must constantly consider *fit* within any company, due to the nature of our IR position. Active assessment of *fit* involves not only functional positioning of IR, but also individual positioning within the overarching culture of the company and management team. Remember, assessment of your *fit* is evaluated by others too.

- “You need to maintain a sounding board and have a cadre of folks you can turn to. Don’t let yourself be lonely or isolated in a position. Utilize NIRI. Senior Roundtable is so important for many reasons and something to aspire to as one gains years of experience in IR.” – *Marian Briggs - SVP, Padilla Speer Beardsley Incorporated (Years in IR: 29)*

- “IROs spend so much time talking to investors and analysts and gathering IR-specific data that it is easy to get myopic and lose sight of the broader business context for corporate decisions. It is important to spend at least a few hours each week networking with functional business unit heads to broaden your span of thinking. Make an effort to network outside your immediate IR circle and beyond what you

might do for traditional IR purposes.”

– *Tara Dhillon - Senior Director, Investor Relations, NetApp (Years in IR: 14)*

- “There are a lot of benefits to a small IR department, such as direct interaction with the executive team and direct involvement to understand a lot more about the business. The negatives of a small IR department include that you are overworked. You need to work smarter. It is pretty easy to make the argument to buy subscriptions and vendor services, and to engage senior IR consultants, as needed, instead of hiring staff. A lean IR department is seen as efficient from the outside [investors’] position.” – *Carol Merry – VP, Director of IR, Fahlgren Mortine Investor Relations (Years in IR: 18)*

- “The benefit of working at an IR consulting firm is that you are never alone – you are always working with a team of IR pros. For internal IR, a great benefit of NIRI is that you are never alone either — take advantage of the NIRI team. You can always call someone at NIRI for help.” – *Maureen Wolff-Reid – President and Partner, Sharon Merrill Associates, Inc. (Years in IR: 26)*

- “Management will be inclined to scrutinize who it has in the IR leadership role following this immediate financial crisis. I see companies wanting ‘athletes’ — IROs that are poised and flexible in crisis and who have the financial background, business acumen, interest and experience to contribute laterally across the company. I believe management will not aggressively add human capital when the uptick comes, but may switch players. Most will be reluctant to support a singular focus IR track.” – *Smooch Reynolds – CEO, The Repovich-Reynolds Group, Inc. (Years in IR:24) – see also the July column of Senior Perspective – Intelligent IR in Challenging Time.*

WORDS OF WISDOM FROM SENIOR PRACTITIONERS

- **KEEP PERSPECTIVE.** The needs, expectations, priorities and timing for IR involvement can vary widely from company-to-company.
- **ADJUST EXPECTATIONS.** Actively evolve your IR position and priorities as appropriate to align your support and leadership role with contemporary issues and concerns.
- **REMAIN FLEXIBLE.** Constantly consider your fit within any company. Situations do change.

Both *expectations* and *fit* naturally evolve. In his recent article, “The Expanding Opportunities for IROs,” Lou Thompson points out huge opportunities for IROS and executive teams to capitalize on the position and relationship development expertise of senior IR professionals to provide strong leadership and support in emerging topics of corporate governance, corporate sustainability and social responsibility.

• “Clearly, the increasing investor attention given to corporate governance provides the IRO opportunities to play an active role in dealing with this trend [ESG, CSR] and enhance their value to the company.” – *Lou Thompson – former president & CEO of NIRI (1982-2006), principal of Thompson Value Creation & Governance Strategies, LLC and partner with Beacon Advisors (full article reference below.)*

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.

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**.

Referenced Articles

1. *Senior Perspective: IR Career Reflections through Song, Part One: - Position and Access (Jan10)* – <http://www.niri.org/IRUpdates/PStylesFeb10.aspx>

2. *Senior Perspective: Intelligent IR in Challenging Times (July 09)* – <http://www.niri.org/Main-Menu-Category/resource/publications/IRUpdates/IR-Update-Articles-2009/Intelligent-IR-in-Challenging-Times-P-Styles-Jul-09.aspx>

3. *The Expanding Opportunities for IROs (Jan 10)* – <http://www.niri.org/Main-Menu-Category/resource/publications/IRUpdates/IR-Update-Articles-2010/Opportunities-for-the-IRO-LThompson-Jan-10.aspx> 

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