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IR UPDATE

THE VOICE OF THE INVESTOR RELATIONS PROFESSION | JULY/AUGUST 2018

1,100

Discover the NEW NIRI Conference

What innovations drove the 2018 NIRI Conference? Plenty. Which top financial market leaders led the sessions? The best ones. Learn what made this event special and why you can't miss the 2019 conference.

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About NIRI
Founded in 1969, the National Investor Relations Institute (www.niri.org) is the professional association of corporate officers and investor relations consultants responsible for communication among corporate management, shareholders, securities analysts, and other financial community constituents. NIRI is the largest professional investor relations association in the world, with more than 3,300 members representing over 1,600 publicly held companies and $9 trillion in stock market capitalization. NIRI is dedicated to advancing the practice of investor relations and the professional competency and stature of its members.

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Honoring the new Investor Relations Charter (IRC) holders was a highlight of the 2018 NIRI Conference. **READ MORE ON PAGE 10.**

The NIRI Conference Mojo

Lee M. Ahlstrom, IRC
Chair, National Investor Relations Institute
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I've just returned from the 2018 Annual Conference in Las Vegas and if you missed it, you missed out. This year's Annual Conference Committee deserves major kudos for having "re-imagined" the conference to truly make it a "must-attend" event.

For the first time in history, both major U.S. stock exchanges are being run by women, and both were at the conference to give their perspectives and advice. We had great panels on activism, harnessing the power of financial media, MiFID II, and what is probably one of the hottest topics in IR today, ESG, as well as plenty of time for networking. You should already be making plans to attend next year's NIRI Annual Conference on June 2-5, 2019 in Phoenix, Arizona where we'll celebrate the 50th Anniversary of NIRI with a salute to our past and a look to the future.

I had an opportunity in one of the sessions to outline some of the many initiatives that are keeping your NIRI Board extremely busy. In the weeks leading up to the conference, the banner of long-termism in investing was hoisted in the media as Warren Buffett and Jamie Dimon published a commentary in *The Wall Street Journal* urging companies to abandon the practice of quarterly EPS guidance. NIRI was ahead of the curve on this issue, having convened a Board task force earlier this year to review and revise our Policy Statement on Guidance Practices. Published during the conference, our recommendations are well-aligned with those of Buffett, Dimon, and others in our capital markets ecosystem, including non-profit organizations such as FCLTGlobal. You can find the updated policy statement on the NIRI website and in the sidebar to the article in this issue, "Going Long," where *IR Update* interviewed FCLTGlobal CEO Sarah Williamson on long-termism. The article begins on page 14 and the sidebar appears on page 20.

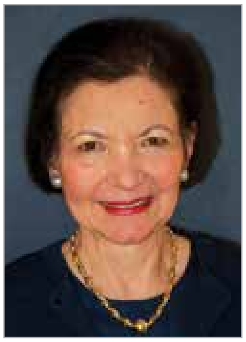
Speaking of the capital markets ecosystem, the Board also approved a new long-term strategy, which is focused on expanding the membership of NIRI to better reflect the diversity of the community engaged on capital market issues, from C-suite executives at member companies to associations in adjacent professions to executives working in privately held companies. Our vision is for NIRI to be an essential participant in the key conversations about how we engage with the markets, from Main Street to Wall Street. More is coming on this in the months ahead.

As you can see, there's a lot of momentum at NIRI. Our next big event is Leadership Week in Washington, D.C. in September 2018. Make plans now to attend a great series of events that will include visits to the Securities and Exchange Commission and Capitol Hill where we'll continue to advance NIRI's advocacy efforts. It's an experience you won't forget.

It's your NIRI – get involved!

June Filingeri, Smooch Repovich Reynolds, and Lynn Antipas Tyson Named NIRI Fellows

The NIRI Fellows Recognition Program announced its 2018 class of three new Fellows.



June Filingeri

Smooch Reynolds

Lynn Antipas Tyson

The new NIRI Fellows include:

- June Filingeri, President, Comm-Partners LLC
- Smooch Repovich Reynolds, Managing Director, IRO & CCO Practice Group, ZRG Partners, LLC
- Lynn Antipas Tyson, Executive Director, Investor Relations, Ford Motor Company

Tyson is profiled in an article on page 28 of this issue of *IR Update*, and Filingeri and Reynolds will be profiled in future issues.

Those selected as NIRI Fellows are highly engaged individuals who have elevated the profession during their careers and whose sustained commitment has led to continued service as subject-matter experts, selection-committee participants, authors, and thought leaders within NIRI and the field of investor relations.

The NIRI Fellows now include 28 individuals. For more information about the NIRI Fellows Recognition Program, including a list of those who have received this honor, visit www.niri.org/fellows.

NIRI Board Approves New Ethics Codes

In early June, the NIRI Board of Directors approved new Codes of Ethics for NIRI regular and associate members. The revised codes were drafted by the NIRI Ethics Council. The updated codes can be found on the NIRI website at www.niri.org/membership/code-of-ethics.

NIRI also adopted an updated Code of Conduct for eGroups, a member-only online forum. The new code, which includes a new penalty section, seeks to improve the eGroups experience for all users and ensure high-quality dialogue in a non-commercial environment. The new Code of Conduct can be found at: community.niri.org/p/cm/ld/fid=4.

For more information on ethics, please see the "Spotlight on Ethics" section on page 30 in this issue of *IR Update.*

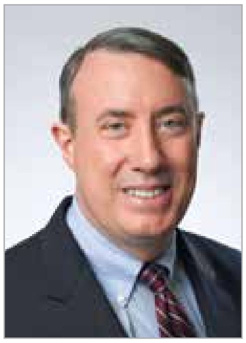
NIRI Launches New Member Portal

NIRI launched a new customer portal that makes it easier for members to engage with each other and NIRI. After logging into the NIRI website at www.niri.org, members can visit the "Member Center" and select "My Profile Information" to access their accounts.

NIRI encourages members to upload a photo, highlight their professional IR expertise (by selecting among the 10 Investor Relations Charter domains), and add links to their LinkedIn pages, Twitter feeds, and other social media accounts.

The new portal allows members to search for other NIRI members by industry, IR expertise, and chapter in the member directory. The portal can also be used to renew memberships and print receipts. IR

Mike McGough Retires From NIRI



Michael C. McGough, CAE, has retired from his position as chief marketing officer at NIRI. He joined NIRI in 2005 and centralized marketing and branding activities during his 12-year tenure.

"I will miss my NIRI family, including staff, the Board, and members, but retirement in the mountains now beckons," McGough says. "I would like to thank the many members over the years that I have worked with, you made a difference for NIRI and made my job fulfilling."

NIRI President and CEO Gary LaBranche, FASAE, CAE, adds, "Mike was a key player and mainstay for many NIRI programs for a long time, and we all appreciate his hard work and dedicated service to NIRI and its members." IR

CALENDAR

SEPTEMBER 24-25
BOSTON, MA
FUNDAMENTALS OF INVESTOR RELATIONS SEMINAR

SEPTEMBER 26
BOSTON, MA
UNDERSTANDING EARNINGS SEMINAR

SEPTEMBER 27
BOSTON, MA
ESG 101 SEMINAR

SEPTEMBER 28
BOSTON, MA
BEST IN CLASS INVESTOR PRESENTATIONS

Simon Neubauer Rejoins NIRI as Director of Marketing

Simon Neubauer rejoined NIRI as director of marketing. He previously worked at NIRI as manager of digital marketing. Neubauer was most recently digital strategist at StayNTouch, Inc., and before that served as manager, marketing and user experience at the Professional Risk Managers International Association.

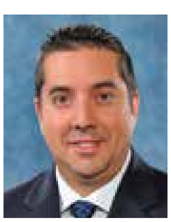
Neubauer has extensive experience in digital marketing strategy and implementation, design, and brand marketing. IR

ON THE MOVE

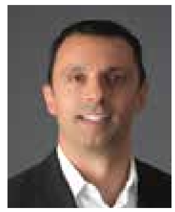
Victoria Hyde-Dunn joined 8x8, a provider of global cloud communications and customer engagement solutions, as senior director, investor relations. She was previously director, investor relations at Visa Inc. for 10 years, where she helped establish the company's IR program and investor positioning prior to an IPO. Before Visa, Hyde-Dunn was senior manager of investor relations at McAfee Inc. (acquired by Intel) and manager, investor relations at Providian Financial (acquired by Washington Mutual/JP Morgan Chase). She shared the best IRO (large cap) award at the *IR Magazine* Awards US 2017. Hyde-Dunn is a member of the NIRI San Francisco Chapter Board of Directors and previously served on the NIRI Silicon Valley Chapter Board for four years.

Deb Wasser, IRC, was named vice president, investor relations for Etsy, an online marketplace for unique and creative products. She was previously executive vice president, financial communications & capital markets at Edelman. Wasser has also served in IR positions at Veeco and Immunomedics. Before that she worked for Citigate, an IR consulting firm. She serves on the NIRI Senior Roundtable Steering Committee and the NIRI New York Chapter Board of Direcors.

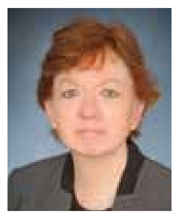
Jennifer Beugelmans joined Dollar General as vice president of investor relations and public relations. She was previously vice president, investor relations at Etsy, where she built an investor relations team following the company's initial public offering in 2015. Before that Beugelmans was managing director at Joele Frank, Wilkinson Brimmer Katcher. She has nearly 25 years of investor relations, corporate communications, Wall Street and related experience.



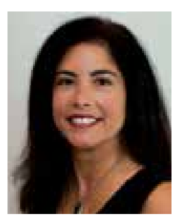
Aly Bonilla is the new vice president of investor relations at ORBCOMM Inc., a provider of industrial internet of things solutions. He has more than 20 years of experience in investor relations and financial management, including financial planning and analysis and operational finance, with several Fortune 500 companies. He joins ORBCOMM from Office Depot, where he served as director of investor relations and held corporate finance management roles since 2007. Earlier in his career, Bonilla held financial roles at ADT, Tyco, and AutoNation.



Pierric G. (Eric) Senay joined Eaton Vance Corp. as treasurer and director of investor relations. He succeeds Daniel C. Cataldo, who was recently appointed chief administrative officer for the company. Eric has broad experience leading corporate treasury and finance functions, including at General Motors, GE Capital, Hyundai Capital America, and Tesla. Most recently, he was assistant treasurer at Aetna.



Heather Wietzel, IRC, is the new vice president of investor relations at Horace Mann, a provider of insurance and financial products to educators. She previously had in-house IR roles at Corning, Inc. and Cincinnati Financial Corporation and extensive agency experience. She earned the IRC charter from NIRI in 2016 and has had leadership roles with the NIRI Chicago and Cincinnati chapters.



Rebecca Gardy joined GreenSky as senior vice president, investor relations. She was previously investor relations officer at SecureWorks, a Dell Technologies company. She has more than 30 years of experience in finance and investor relations.

Lambert, Edwards & Associates acquired financial communications firm Owen Blicksilver Public Relations, Inc., creating a national investor relations, transaction, and financial communications firm and a private equity-focused public relations firm that rank among the largest in the United States in their areas. IR

1,100

Discover the **NEW** NIRI Conference

By the time economist and business trend analyst Brian Beaulieu stood before attendees on the final day on the 2018 NIRI Annual Conference to deliver his financial forecast, NIRI members had learned much of what's ahead on several fronts of the increasingly complex IR profession. (For the record, Beaulieu predicts an economic stall in 2019 – to be followed by several years of healthy growth before potentially dramatic economic troubles ensue.)

The conference theme of "Discover: See Around the Corner" reflected a fresh approach to the event that pushed attendance to more than 1,100. New forums for engagement such as the IR Situation Room, Career Development Hub, IRC Lounge, Live Media Training, and even an IR Family Feud with NIRI chapter teams testing their knowledge gave members new ways to add value to their experience.

Views From the Top

A bevy of high-profile speakers delivered insights and forecasts that showed IR professionals how to master what's ahead.

Adena Friedman, President and CEO of Nasdaq, spoke about the need for proxy advisor reform as well as evolving market technologies. She called for new long-term investing approaches coupled with federal legislation and a regulatory environment that supports

PHOTOS TOP ROW (left to right): Several new Investor Relations Charter holders were honored onstage; NIRI Chair Lee Ahlstrom, IRC, talks with NIRI members; the IR Showcase attracted a crowd; Tim Sedabres, IRC, of TCF Bank faces off against Rob Bradley, IRC, of LogMeIn, Inc. in the NIRI Family Feud.
PHOTOS MIDDLE ROW (left to right): Nasdaq President and CEO Adena Friedman was interviewed by Liz Cohen, managing director, Kekst and Company; NYSE Group President Stacey Cunningham was interviewed by NIRI Chair Lee Ahlstrom, IRC; media training was offered in the IR Showcase.
PHOTOS BOTTOM ROW (left to right): Lisa Hartman, president-elect of the NIRI San Francisco chapter, receives makeup from Luisa Puma before having her portrait photo taken in The Headshot Lounge in the IR Showcase; NIRI Chair-Elect Ron Parham leads a session; NIRI President and CEO Gary LaBranche speaks onstage.

What innovations drove the 2018 NIRI Conference? Plenty. Which top financial market leaders led the sessions? The best ones. Learn what made this event special and why you can't miss the 2019 conference. BY AL RICKARD, CAE

PHOTOS TOP ROW (left to right): NIRI Conference Chair Victoria Sivrais, Vice Chair Brian Rivel, and Vice Chair Mike Conway welcome attendees to the conference; CNBC financial journalist Brian Sullivan speaks.
PHOTOS BOTTOM ROW (left to right): Apollo Otika of West, Janette Junker of EQT Corporation, and Terri Perry of Radian Group show off the stuffed animals they received in the exhibit hall; veteran search consultant Smooch Reynolds leads a discussion in the NIRI Career Development Hub.

this, which could spark new IPOs and make public companies more competitive.

NYSE Group President Stacey Cunningham advocated for increased market transparency and proxy advisor reform. She also talked about NYSE networking programs to educate companies earlier about going public and urged IROs to actively engage through NIRI, the Securities and Exchange Commission (SEC), and on Capitol Hill regarding the critical issues facing the profession.

Buy-siders delivered valuable insights on how they value companies, their preferred methods of IRO engagement, and how environmental, social, and governance (ESG) factors are increasingly driving investment decisions. They also offered their views on new MiFID II regulations and how they are reshaping the equity research marketplace.

Activist Mason Morfit spoke candidly about how he targets companies, the approaches he takes to drive change, and the critical role that IROs play in crafting unified corporate messages and investor engagement that can help companies succeed in the face of activist pressures.

Corporate board members offered their views on the value of IR and the role of IR professionals as essential players in corporate management teams.

Brian Sullivan, the veteran financial journalist known for his prescience in spotting economic troubles ahead, gave a spirited assessment of the financial landscape and previewed his new role as anchor of the early-morning Worldwide Exchange program on CNBC.

Through it all, IR professionals stood front and center at what Morfit called “the nexus of the investment world,” learning what it takes to fully understand rapidly evolving market dynamics driven by MiFID II, initial coin offerings, blockchain technology, and more.

“The feedback from this year’s Annual Conference has been incredibly positive,” said NIRI Conference Chair Victoria Sivrais, founding partner at Clermont Partners. “Participants told us they left feeling empowered and armed with a deeper understanding of the dynamic forces impacting our profession today.

"Charged with re-imagining the Annual Conference, the 2018 NIRI Annual Conference Committee and NIRI staff clearly exceeded expectations. I am so proud to have worked with such an amazing committee, including my vice chairs Brian Rivel and Mike Conway, as well as the NIRI staff led by Gary LaBranche, along with Matt Brusch and Shannon Potter.”

NIRI Board Chair Lee Ahlstrom, IRC, called the conference “outstanding in terms of content and networking opportunities. Our new approach offered something for everyone, from historic general sessions with the first two females heads of national exchanges, to education sessions that provided practical, immediately applicable tools and techniques.”

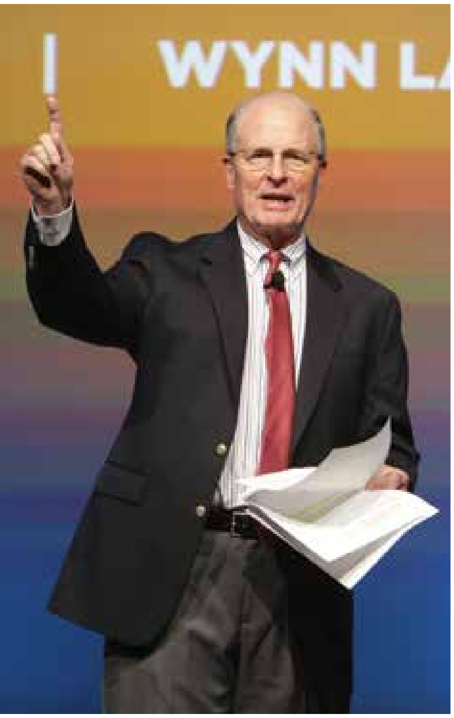


PHOTO TOP ROW The NIRI Silent Auction raised $10,000 for the Route 91 Strong Foundation. **PHOTOS BOTTOM ROW** (left to right): NIRI 2019 Annual Conference Chair Mike Conway delivers his pitch for attending the event in Phoenix on June 2-5, 2019; "Rat Pack" impersonators and Las Vegas showgirls pose with NIRI members Loren Dargan (third from left) and Cyndi Holt (third from right) of Tanger Outlet Centers.

Honorifics

Professional recognition was bestowed on three new NIRI Fellows: June Filingeri, president, Comm-Partners LLC; Smooch Repovich Reynolds, managing director, IRO & CCO Practice Group, ZRG Partners, LLC; and Lynn Antipas Tyson, executive director, investor relations, Ford Motor Company. A total of 28 NIRI members have now received the prestigious designation as NIRI Fellows.

The newest Investor Relations Charter (IRC®) holders who earned their credentials since the 2017 NIRI Annual Conference were recognized onstage by IRC Certification Council Vice Chair Mark Donohue, IRC, NIRI Chair Ahlstrom, and NIRI President and CEO Gary LaBranche. A total of 152 IR professionals have now earned the prestigious IRC credential.

Giving Back to Las Vegas

NIRI raised $10,000 in a new silent auction filled with autographed sports and music memorabilia to benefit the Route 91 Strong Foundation, founded in the wake of the 2017 Las Vegas mass shooting, which promotes awareness about gun violence and raises funds for survivors and families.

The *Las Vegas Review* Journal interviewed LaBranche for an article it ran about the auction. "When the horrific shooting took place, we just felt compelled to find some way to give back," LaBranche said. "I immediately thought, 'We've got to do something to support the community."

The IR Showcase

The powerful energy and exchange of knowledge carried over into the IR Showcase, where dozens of exhibitors spent two-and-one-half days networking with customers and demonstrating the latest range of products and services to help IR professionals succeed.

The Showcase even featured a new Headshot Lounge, where hundreds of attendees took advantage of the opportunity to have a free professional portrait taken.

Others honed their on-air skills in the new Live Media Training booth in the Showcase.

50 Years and Counting

NIRI has come a long way since its founding 50 years ago, and 2019 will be an opportunity to recognize achievements and look toward the next 50 years as NIRI rolls out a multifaceted celebration campaign culminating with the 2019 NIRI Annual Conference on June 2-5, 2019 in Phoenix.

"The first 50 years of NIRI set the stage for the next 50," declared LaBranche. "All the arrows are pointing up for IR professionals. But the future will be different from the past. NIRI will be there to support this new era of shareholder engagement in the capital markets. Save the dates and join in the next chapter of advancing the profession." IR

AL RICKARD, CAE, is president of Association Vision, the company that produces *IR Update* for NIRI.

GOING LONG

How can IROs generate more long-term investing in a world dominated by financial markets often geared to reward short-term investing? Sarah Williamson, CEO of FCLTGlobal, has some ideas.

BY AL RICKARD, CAE

Short-termism. IR professionals and corporate management teams are constantly battling the tendency of many investors to buy or sell shares based on short-term quarterly earnings rather than long-term results.

Companies thrive when investors are with them for the long-term, yet financial markets seemed geared to reward short-term results, exacerbating and perpetuating the status quo.

How can this problem be solved?

Focusing Capital on the Long Term began in 2013 as an initiative of the Canada Pension Plan Investment Board and McKinsey & Company. In 2016 together with BlackRock, The Dow Chemical Company, and Tata Sons, they founded FCLTGlobal, a not-for-profit organization that works to encourage a longer-term focus in business and investment decision-making by developing practical tools and approaches to support long-term behaviors across the investment value chain.

In addition to the FCLTGlobal founders, nearly 45 member organizations from across the investment value chain, including asset owners, asset managers, and corporations, are committed to accomplishing long-term tangible actions to lengthen the timeframe of capital allocation decisions.

To learn more, *IR Update* interviewed FCLTGlobal CEO Sarah Williamson, who is an outspoken advocate of long-term investing and the need to change the financial system. She spent 21 years at Wellington Management Company LLP, where she was most recently a partner and director of alternative investments. Earlier in her career, Williamson spent five years at McKinsey & Company, two years at the U.S. Department of State, and was a mergers and acquisitions investment banker for Goldman, Sachs & Co. for three years.

IR Update: The problem of the quarterly mindset among investors is a persistent problem. You have a goal to change the way capital markets work and create more productive strategic dialogue with investors. At the 2017 NIRI Senior Roundtable you talked about three constituencies you are trying to reach with this message. Who are they and what actions do they need to take?

Williamson: We're talking about asset owners, asset managers, and corporations. Each of those groups would like to be long-term, but they often feel pressure from one of the other three.

- Corporations need to focus on the long-term shareholder, providing a strategic roadmap, and eliminating quarterly guidance.
- Asset managers need to focus on long-term performance and aligning their interests with those of with their clients.
- Asset owners need to engage with companies about long-term value creation, hire managers who prioritize long-term value creation, and have a long-term mindset during the hiring process.

So rather than blaming another party, there's opportunity for each of those three groups to ask, "How can we change our behavior to be longer-term and make this whole ecosystem work a little better?"

IR Update: FCLTGlobal held a summit earlier this year to discuss long-termism. What are your big takeaways from that event, and how will it shape your research efforts and the practical solutions you hope to deliver to encourage long-termism?

Williamson: The big takeaway from the summit for me is that there is a huge opportunity to work across the investment value chain. When you get asset owners, asset managers, and companies at the same table they can come up with solutions that make sense to all sides, rather than something that makes sense to one but doesn't make any sense to another.

There is good evidence that long-term companies outperform short-term companies, and there is good evidence that long-term investors outperform short-term investors. So why isn't everybody doing this? We all understand it makes sense to be longer-term and we all understand it creates more value over time – but how? We're shaping our work around practical toolkits to help people answer that question. The point of the summit was to get the right people together to focus on the "how."

IR Update: You reported that 60 percent of CFOs admit they would delay a project to not miss their quarterly earnings target. This seems to epitomize the type of internal pressure that IROs face in shaping investor dialogue. Also at the NIRI Senior Roundtable, you asked IROs there if they feel like they have to hit consensus numbers even though they are not guidance numbers. Nearly everyone raised their hands. These responses appear to illustrate the pressures that many IROs face. What other big pressures do they fact and how can they overcome them?

Williamson: IROs are clearly on the front lines of these pressures. It's their role to explain the long-term strategy and the short-term metrics. The experienced IROs I know understand that their goal is to shape the conversation, not just deliver data.

The bottom line is that one of the most valuable resources of any company is its executives' time. Most executives spend a reasonable amount of their time focusing on their investors, and it's the IRO's job to make sure that that time is well-spent. It's a two-way street that leads to long-term value creation, which is the executive clearly explaining the strategy over the long-term to shareholders, and the executive team hearing what the long-term shareholders have to say and encouraging them to give them some feedback, tuning out some of those short-term pressures that they will inevitably hear in the market as well.

IR Update: FCLTGlobal has a number of member companies. What steps have these companies taken to back up their stated desire to foster more long-term strategies and break the cycle of short-termism?

Williamson: Just being a member is a big first step. We are a 501(c)(3) nonprofit organization and all our research is open; we have a totally open architecture. So, the first thing that our members are doing is devoting resources to this issue. They have recognized that this is a problem and they are devoting financial resources as well as their own time, to solving this problem in a way that will be made available to everyone.

Every organization's context is different, so it won't make sense for everyone to do the same thing. But what I do think makes sense is for people to share experiences as to what's worked well in their country or their context and then experiment with some of the ideas that have been generated through this group and see if they will work somewhere else.

So, for example, we have talked about strategic engagement – how do people really engage between the company and an investor? Some people are engaging on just a few issues across a wide number of companies, others are trying to engage broadly and deeply with a small group. So it's the experimentation as to what works, but it may be different for different organizations.

One thing that has already taken hold is flipping the order of performance numbers. For example, investment reports will show performance against a benchmark – quarterly, year-to-date, one-year, three-year, five-year, seven-year, whatever it is – and many organizations are turning that around. Maybe you start with the seven-year number and go seven, five, three, two, one, and you still show the quarterly number – but you are trying to focus on the longer-term numbers. I think that those cues are quite important for people and how we think.

IR Update: You have compared sell-side analysts to the news media in terms of their coverage, which sets the tone of short-term and long-term conversations with investors and other constituencies. With the ongoing changes in the sell-side, what opportunities does that open up to shift the focus more to long-term coverage?

Williamson: There's a lot of opportunity right now. For better or worse, MiFID II is the real catalyst. It's an inflection point for research. MiFID II requires companies in Europe to unbundle their payments for research so they have to write a check for research, rather than bundling it with trading fees. It's too hard to separate what's happening in Europe from what's happening in the United States or somewhere else, so the implications are not confined to Europe.

That creates a real opportunity to have deep research that is worth writing a check for. Some research is more media-like, which you can get from TV or a newspaper for free. So if a research group wants investors to write a significant check to pay them for those efforts, then obviously that needs to be much, much deeper and much more extensive than what clients can read in a newspaper.

I think that's a great opportunity for quality research that has long-term insights into a country or really understands some disruptive technology. Research like this can answer questions such as, "How long is that going to take? How much of an impact is it really going to have? Who are the long-term winners and losers in a particular industry?" That insight is extremely valuable.

IR Update: Your research has found that the management sections of earnings calls are more short-term-oriented than the Q&A. Meanwhile, you have said that buy-side investors do not ask long-term-related questions on earnings calls "because they don't want to give away their clever question" and give competitors the unique knowledge that might be revealed in the answer. How can these dual issues be addressed to make earnings calls more focused on the long term?

Williamson: George Serafeim and Harvard Business School have done research showing that the management sections of earnings calls are more short-term than the Q&A sections. This surprises people again and again. We polled the audience at our summit and most people got this question wrong when asked which was longer-term – the management section or the Q&A.

What's interesting is that the management section can be controlled. So that's a huge opportunity for IROs to review their opening statement and even if it sounds a little redundant, start with, "As you recall, our long-term strategic goals are A, B, and C, and our key challenges right now are in the following markets are D, E, and F – and we see long-term risks in the following areas." With that backdrop, continue with, "You've seen our recent results," (which should also be displayed in advance on the website, so all the numbers are already out there). Then ask, "Can we answer any questions about our long-term strategy?"

What we've learned from behavioral psychologists is that people who start a meeting can frame it and set the tone and we can anchor off that. Anchoring that conversation on the long-term with questions such as, "What is our long-term strategy? What are the risks we're dealing with?" will go a long way.

Managing the people who are asking the questions is also important. Most good IROs know who's going to ask a long-term question and who's going to ask a short-term question, and you can start with the former.

If someone asks a detail-oriented question, the CEO can ask the CFO or IRO to answer that. They can make it clear that if someone wants the CEO's attention they need to ask long-term questions. Questions on short-term data can be answered offline. It's really about anchoring the whole conversation to the long-term strategy.

IR Update: How will the use of consensus earnings estimates and guidance evolve in the future? FCLTGlobal reported last year that the share of S&P 500 companies issuing quarterly guidance has declined from 36 percent in 2010 to 27.8 percent. Your organization also found that 75 percent of surveyed investors say companies should move away from quarterly guidance.

Williamson: There is no real benefit to providing quarterly guidance. The things that are typically thought to be advantages – such as reducing volatility or creating a valuation premium – don't exist in our findings and there are real costs to providing quarterly guidance. These costs mainly have to do with the feedback loop that can encourage management teams to make short-term decisions – and attracting short-term shareholders.

It's clear that companies that provide short-term metrics tend to attract short-term shareholders. We'd love to see those guidance numbers go down to zero. We feel that new companies that go public should understand that they do not need to issue quarterly guidance. Sometimes there's a misperception that they should do so, although many of the large and successful tech companies that have gone public recently have not done this.

Consensus numbers will evolve as research evolves, but quarterly guidance is something that a management team can control. The other question we also get asked is, "What about quarterly reporting?" But that's a regulatory question in this country, it's a regulatory requirement. So that's not our hunt. Our hunt is eliminating forward-looking quarterly guidance issued by companies, and we do think that (with very few exceptions) it should disappear.

IR Update: How do you see the hiring patterns for fund managers affecting long-termism? How can the buy side structure compensation for its fund managers and take other steps to encourage long-termism?

Williamson: When most asset owners hire a manager, they start with very short-term compensation plans. We'd like to see them shift to start with long-term plans unless there is a reason it should be short-term (such as a short-term cash account).

They should start the basic conversation with a long-term mindset. How does an asset manager go about hiring and incentivizing an individual? A lot of it comes down to things like the alignment of interests with the clients, the investment philosophy, having the long-term culture, and having long-term incentives.

Also, it's common in the investment management business to place a manager on a watch list if they underperform. That's not really productive; it's much better to be periodic in reviewing a manager, whether they're outperforming or underperforming. This helps set up a relationship for long-term success, so that the asset owner does not get into the pattern – which is unfortunately common – of investing in something that has just done well, only to see it not do so well, and then they sell it and do it again. That sort of "buy-high, sell-low" pattern is not a successful one.

IR Update: On the corporate side, you have raised concerns about what you perceive as the relatively short average duration of CEO compensation packages. How can this change to support more long-termism and put less pressure on quarterly results?

Williamson: There are two schools of thought on CEO compensation. One school of thought is to try to pay for performance – measure their performance and pay the CEO for the value they added relative to their peers or relative to the market.

A DEEPER DIVE

FCLTGlobal has published two reports that provide more information and analysis on long-termism:

- Moving Beyond Quarterly Guidance: A Relic of the Past was published in Fall 2017 and is available at www.fcltglobal.org/research/publications/guidance.
- Summit 2018: Focusing Capital on the Long Term is a summary report of the February 2018 FCLTGlobal Summit and is available at www.fcltglobal.org/research/publications/summary-report-2018-focusing-capital-on-the-long-term.

Additional FCLTGlobal publications are also available at **www.fcltglobal.org/research/publications**.

A different mindset recognizes that the CEO is going to make a hundred decisions every day that affect the value that the shareholders ultimately receive. So rather than trying to pay the CEO for performance, you should pay him or her in stock, and therefore make them an owner, make them think like an owner.

The *Journal of Finance* published a paper arguing that CEOs should be as much like owners as possible, and compensated in stock, which is locked up for a long-term period even beyond their tenure – maybe 5-7 years after their tenure. What I see in this area of compensation is a lot of interesting discussion –some of it somewhat philosophical – about how CEOs are compensated. Our conclusion (at least to this point) is simply that boards should think carefully about that and look at what timeframes they're compensating them over, and whether that is appropriate. They should ask themselves this question: "Are we giving them an incentive to build long-term shareholder value in the best possible way that we can?"

IR Update: How do you see the trend toward passive investing affecting long-termism? Are active investors more concerned about share price and are passive investors focused more on governance? If so how do you manage these two different conversations?

Williamson: There is no one right way or wrong way to manage money. No matter how an investor is investing, the question for them is, "What tools do I have to be longer-term, and what tools (as an investor) do I need to be longer-term?"

Active managers, on average, can vote with their feet. If they don't like what the company is doing, they can sell the stock. Passive investors cannot. They typically can't sell their stock, but they typically own a lot of stock. So they can't vote with their feet, but they can vote with their votes because they have so many of them.

A company may have a different conversation with a passive manager than with an active manager, but I think in both cases IROs can ask investors questions about how they would encourage long-term value creation. It's also important for the IRO to understand how an investor is holding their stock and who is the decision-maker.

IR Update: Every company faces external factors beyond their control that affect their business. When one of these factors springs up – such as a hurricane that can disrupt manufacturing and the supply chain – how can IROs best position their advice to investors to weather these events? Also, how can IROs prepare investors in advance for these external events?

> "IROs should understand that with a lot of these things, they're really in the driver's seat – and that's a huge opportunity. Those who can do this well and help their company focus on long-term strategy and attract the long-term shareholders they deserve can really have a huge impact on their company."
>
> - Sarah Williamson, CEO, FCLTGlobal

Williamson: This a really interesting question. Investors are very good at taking in new information and changing their minds. So if a company gets hit with a hurricane, or interest rates do something we didn't expect, or somebody announces unexpected geo-political news – markets move. Oftentimes I see companies who are afraid to show that things have changed, and I think normally that fear is misplaced.

For example, Glencore – a FCLTGlobal member – is a commodity-driven firm. Commodity prices can be very volatile and essentially, they're beyond company control. Glencore has made their assumptions about commodity prices very explicit. In their investor communications they're very explicit about "assuming this price, here's what we think will happen," and the flip side is, "if this price is wrong, this is not going to happen." So they're very clear about how something that is an uncontrollable factor will flow through their performance – and so I think IROs can think more about uncontrollable factors. If you're a builder, and we go into a recession, people don't buy as many houses. Every business has factors that it can't control.

IROs also have to resist the temptation to attribute every-

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NIRI UPDATES POLICY STATEMENT ON GUIDANCE PRACTICES

In June 2018, the NIRI Board of Directors updated the NIRI policy statement on guidance practices. This update reflects the reality that providing quarterly earnings-per-share (EPS) guidance has become less prevalent as more companies have shifted to providing guidance on long-term strategy and value drivers. In the most recent (2016) NIRI survey on guidance practices, only 29 percent of respondents said their companies furnish quarterly EPS estimates.

Excerpts from the policy statement include:

- If a company chooses to provide guidance, NIRI recommends that it provide long-term guidance (i.e., one year or longer) on a consistent set of financial and non-financial metrics that, together, constitute the key long-term value drivers of its business.
- When providing any form of guidance, NIRI encourages companies to provide a range of reasonable potential outcomes for each timeframe and metric (versus single-point or an unreasonably narrow range) to help investors and analysts better understand the inherent variability of its business and to drive discussion related to the strategies management is employing to capitalize on opportunities.
- While companies are encouraged to provide longer-term guidance, NIRI acknowledges that there will be circumstances when a company may need to furnish short-term guidance, for example, to address seasonality or an unexpected market development, or to be consistent with the practices of industry peers.
- NIRI recognizes that changes in companies' guidance practices alone will not reduce the short-term focus of the marketplace. However, NIRI strongly encourages companies to focus on long-term strategy and value drivers when providing guidance to market participants in order to foster and promote long-term perspectives.

In addition to the revised policy statement, NIRI has prepared a set of FAQs and a list of supporting resources that can be found on the NIRI website at **www.niri.org/resources/publications/standards-of-practice-for-investor-relations**

thing to an external event, saying, for example, "Oh, we got hit by a hurricane, so, our numbers are going to be bad – let's blame all the other problems on that hurricane." Obviously, that loses credibility over time.

Investors don't tend to blame companies for things like hurricanes, but they may blame them for their reaction to the hurricane.

IR Update: What would you say to IROs about the potential they have to make a difference?

Williamson: IROs have a challenging job. They are on the front lines, interfacing internally with their company and externally with all types of different constituents, some of whom are long-term in nature, and some of whom are not. The world of investor relations and research is changing very rapidly and changing differently around the world. So IROs are have tough jobs, but they're also a really impactful jobs, because they can influence all of those things. They can influence how their executives spend their time, they can influence how their executives understand their shareholders, they can influence how their shareholders understand their company, they can diminish the attention paid to the short-term participants in the market.

So they should understand that with a lot of these things, they're really in the driver's seat – and that's a huge opportunity. Those who can do this well and help their company focus on long-term strategy and attract the long-term shareholders they deserve can really have a huge impact on their company. They have the ability to create long-term value for themselves, investors, employees, and other communities they serve. IR

AL RICKARD, CAE, is president of Association Vision, the company that produces *IR Update* for NIRI.

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Contact Aaron Eggers at **aeggers@niri.org** for 2019 Annual Conference sponsorship and exhibiting questions

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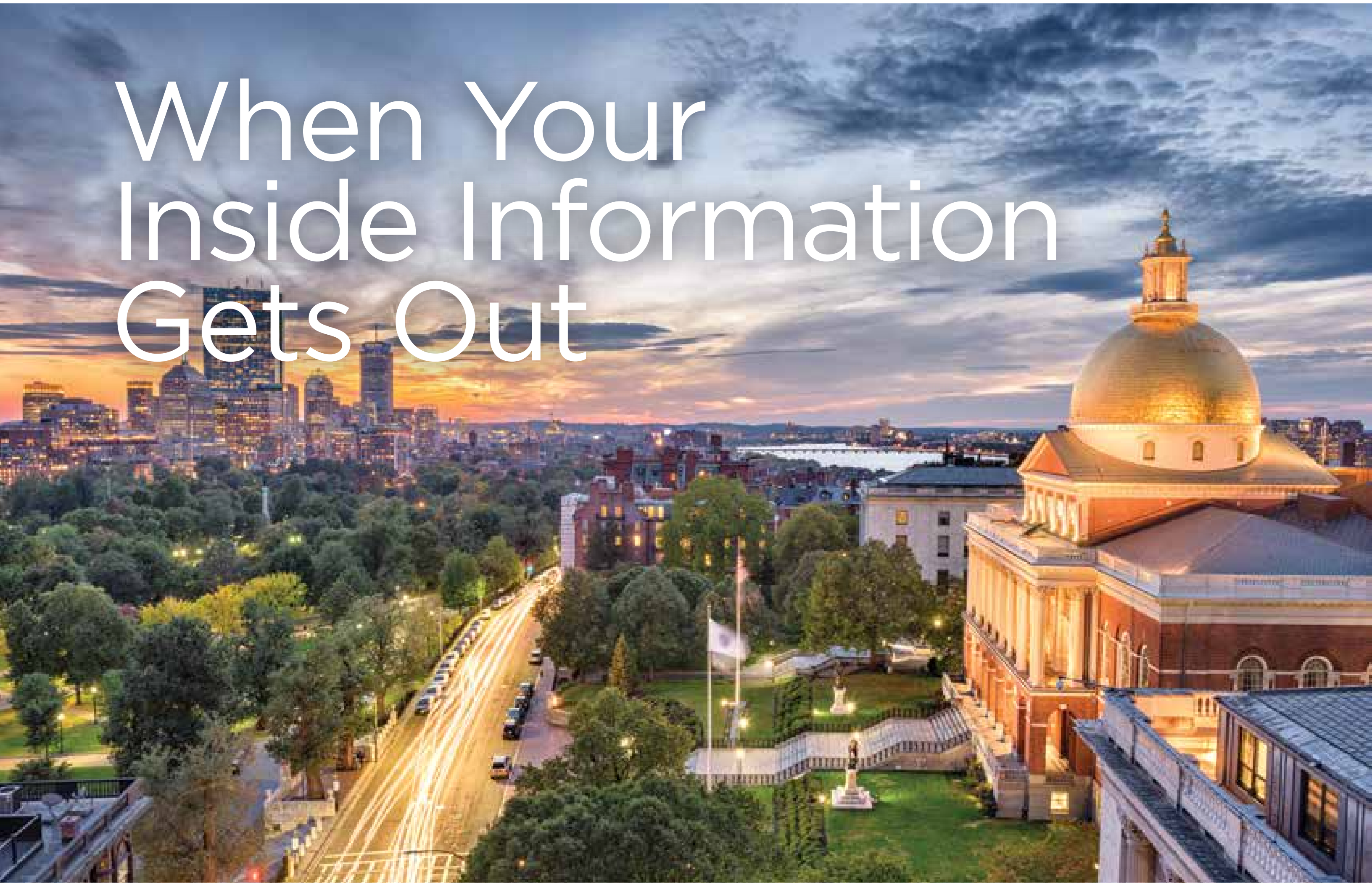


NIRI Boston explored the dangers and pitfalls of insider trading at a recent event.

BY PAULINA BROWN

In March 2018, NIRI Boston held an event to shed light on insider trading – and the potential risks for both fund managers and investor relations professionals.

Moderated by Walt Pavlo, a consultant and lecturer on white collar crime, the event focused in part on the story of fellow speaker Todd Newman, a former Diamondback Capital portfolio manager who was tried and convicted of insider trading before his conviction was overturned and vacated on appeal. Pavlo and Newman were joined by Michael Fee, a partner with the law firm of Latham & Watkins, who discussed how insider trading cases are investigated, prosecuted, and defended.

In November 2010, Newman's office was raided by government agencies following suspicions of potential insider trading. Spurred by a tip from a younger analyst in his team, two small trades executed by Newman led to five years of litigation, 4.5 million subpoenaed documents, hefty legal fees, and ultimately, an overturned conviction. As Fee recounted, the extensive litigation triggered by this type of white collar offense frequently destroys careers and can damage company reputations.

The story of Diamondback Capital highlights the need for institutional safeguards in hedge fund/IR relationships. What may seem like an innocent conversation between two parties can result in serious legal implications and can be a violation of Regulation Fair Disclosure. The panel discussion recounted how the piece of information that triggered Newman's trading in this case came to him "fourth-hand" during off-hour conversations between an analyst at another fund and the IRO of a listed company. Newman's analyst shared his tip on a messaging platform, and Newman performed a trade without questioning (or knowing) the initial source of information.

Fee explained that the Financial Industry Regulatory Authority (FINRA) and the Securities and Exchange Commission (SEC) both have market surveillance mechanisms and whistleblower hotlines in place to detect potential insider trading. These organizations frequently contact public companies and investors as part of their initial investigations. If the case merits further investigation, the SEC Enforcement Division staff will proceed with interviews and testimony, sometimes in cooperation with a local U.S. Attorney's Office and/or the U.S. Federal Bureau of Investigation.

Additionally, as of November 15, 2016, the SEC adopted Rule 613 under Regulation NMS (the Consolidated Audit Trail or CAT). With CAT, regulators can easily track securities and options trades throughout the United States using one consolidated database. This increased the market surveillance capabilities of the SEC, but also stresses the general trend towards greater transparency and heightened regulation and data collection regarding broker-dealers and issuers.

Creating compliance policies to mitigate potential risks regarding material non-public information, communications, and relationships is imperative – whether to address the potential conflicts of interests that arise between issuers and investors, or for issuers themselves. Investor relations professionals have also come under fire for insider trading in recent years. The panel touched upon one case in which an investor relations officer played a pivotal role. In 2012, a former vice president of IR at Carter's was indicted for insider trading after working as a consultant for various hedge funds. He was sentenced to two years in prison. In 2014, the SEC brought a case against a partner and account

Weak (or nonexistent) compliance policies can result in civil and criminal liability.

executive of Cameron Associates, an investor relations firm. The defendant was charged with insider trading after executing trades on public companies after assisting with drafting earnings press releases. While Regulation Fair Disclosure is generally well understood among hedge funds, the panel urges IR teams to take extra precaution to ensure that material non-public information remains non-public.

Given the serious nature of these cases, Fee stressed the importance of policies, trainings, and controls within public companies. In the case of a regulatory inquest, being able to demonstrate that compliance and ethics policies exist can be a valuable first line of defense. Weak (or nonexistent) compliance policies can result in civil and criminal liability. They can also negatively impact a company's "culpability score," subsequently increasing the willingness of the U.S. Department of Justice or SEC to prosecute. As a public company, lacking a policy can be considered "reckless disregard."

To mitigate risk, follow this advice:

- Create a free-standing insider trading compliance policy (for example, implement trade pre-clearance procedures, black-out periods, track access to certain company information).
- Make sure that employees are informed of and trained on policies, and that mechanisms exist to flag and resolve potential issues.
- Clearly define "material non-public information" and who is considered an "insider."
- Be aware of risks involved with the misuse of political intelligence. IR

PAULINA BROWN is the Head of U.S. Marketing Communications at EQS Group; **paulina.brown@eqs.com.**

Investor Relations Charter (IRC®) Holders Sing Praises for the IRC Program

143 IR professionals have earned the IRC credential since it launched two years ago. They offer powerful testimonials about how it has helped their careers.

BY IMAN HANNON

IRC candidates are dedicated to advancing the field of investor relations. They're also motivated by personal growth and professional challenges because to earn the IRC, they must meet educational and professional experience requirements, adhere to the IRC Code of Conduct and the NIRI Code of Ethics, pass the rigorous IRC exam. And since the first Investor Relations Charter (IRC®) exam was administered in March 2016, 143 such professionals have earned the prestigious IRC credential, the first professional IR certification in the U.S.

In the intervening two years, NIRI has also enhanced the IRC program to increase the value of the credential, create more awareness, and improve the overall experience for IRC candidates. Among these new features is, for example, a digital IRC badge which allows holders to easily share their accomplishment with their social and professional networks such as LinkedIn, Facebook, and Twitter. NIRI has also introduced instant exam scoring which provides candidates with their provisional exam result before leaving the testing center.

NIRI's awareness-building initiatives within the IR community include, among other things, IRC-related activities at the NIRI Annual Conference. More than 60 IRC credential holders attended the recent 2018 NIRI Conference, and at this must-attend IR event, NIRI held a new IRC Reception to honor credential holders and program volunteers. New credential holders were also recognized on stage by NIRI CEO Gary LaBranche, NIRI Board Chair Lee Ahlstrom, IRC, and NIRI Certification Council Vice Chair Mark Donohue, IRC. NIRI also offers an informational session for prospective IRC candidates at the Annual Conference. And by attending the full NIRI Conference, credential holders met the required number of competencies for renewal, and earned up to 10 Professional Development Units (PDUs) toward their certification renewal.

NIRI offers three one-week testing windows each year for the IRC program, and is now accepting applications to sit for the November 13-20, 2018 testing window. The initial application deadline for the November testing window is September 25th, and program information and applications are available on the NIRI website at **www.niri.org/certification.**

IRC Testimonials

What do IRC holders and other IR professionals have to say about the IRC credential? *IR Update* followed up with several of them to learn about their motivations, views on the credential's potential career impact, its greater meaning for the IR profession, and other thoughts about the credential. Here's what they had to say:

INVESTOR RELATIONS CHARTER®

The IR profession is constantly evolving, and the IRC credential represents the knowledge and skills necessary to be a leader in the field.

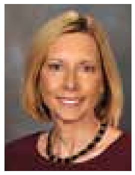
Shawn Southard, IRC
Vice President, Kei Advisors LLC
Chair, NIRI Examination Development Committee
Advisory Board Member, NIRI Philadelphia

I took the IRC exam to validate my knowledge, strengthen my standing in the industry, and to help elevate our industry by supporting certification.

I think over time the IRC will help one's career and be viewed as a mark of distinction. I wouldn't say the IRC is as recognized as the CFA and CPA, for example, but I think the investor relations industry is off to a good start and doing the right things to strengthen itself.

I would recommend that my experienced colleagues study for and take the exam even if they have no intention of changing jobs. It's great self-validation, will aid our business, and should be impressive to CFOs and CEOs.

James Grant, IRC
Member, NIRI Examination Development Committee



The IRC certification tells me the candidate I am interviewing is experienced, knowledgeable, and business savvy. It is a clear-cut advantage for any investor relations job seeker.

Tabitha Zane
Vice President, Investor Relations
TopBuild Corp.
Chair, NIRI Certification Scheme Committee

After 25 years in the IR profession and establishing the investor relations program at four publicly traded companies – none necessarily household names or located within a NIRI chapter geography – I sought the IRC credential as validation and recognition of a high degree of competency in a diverse array of disciplines.

The IRC has also allowed me to further expand my connections within the professional community as I transition to service and counseling opportunities within the public company arena.

Perry Grueber, IRC
Director, Client Services
ModernIR Networks

The IRC exam increased my professional confidence by independently validating the competencies and extensive knowledge I have earned throughout my 20-year career in leading global investor relations programs.

The IRC is a trusted and highly visible professional designation that signals a high degree of competence in the field of investor relations. Investors, analysts and C-suite executives alike recognize the IRC credential as a unique professional achievement that lends greater credibility and trust to the charter holder.

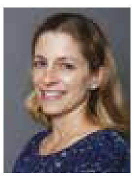
The IRC is substantially more than just a one-time professional achievement – the continuing education and service obligations that are required to maintain the IRC designation are an important sign of professional leadership and commitment to the field of investor relations.

Christopher L. Symanoskie, IRC
Vice President, Corporate Communications
American Public Education, Inc.

I highly enjoy working in corporate investor relations and hope to gain significant experience in this field during my career. There are very few individuals at my company with investor relations experience who can attest to my abilities, and the IRC designation serves to validate my proficiency and experience against a recognized standard.

The IRC designation demonstrates that my expertise is not limited to the situations I've encountered in my current role and that I am prepared to embrace opportunities over the course of my career that require the designation's proficiency. The IRC makes it possible to easily identify professionals that possess the knowledge and experience to apply the skillsets and competencies that are critical to a successful investor relations program.

Lisa Goodman, IRC
Investor Relations
PNM Resources



My work has centered around investor relations for most of my career. While I was never in a corporate IR role, I have advised companies on best practice in IR and been a partner to them in my roles at three European investment banks and at Thomson Reuters.

I decided to sit for the exam as a personal challenge, more than anything. It was important to me that I test my knowledge and identify areas where I could improve and enhance my skills.

The other charter holders have impressive experience, so this was another motivator – being a part of this group showcases the strength of the IR profession and the diverse backgrounds that inform what we do.

There are many ways to describe a career in IR, and I believe that the IRC brings recognition to this. It's a unifying element and creates an even stronger community of people dedicated to the profession. Whether you are in the first few years of IR or a veteran, the IRC highlights the fact that you are well-rounded.

I would recommend earning the IRC to my colleagues in investor relations who plan to pursue IR over the long-term – it's a nice validation for years of hard work and shows commitment to the profession!

Michele Backman, IRC
Director, Depositary
Receipts IR Advisory
Deutsche Bank

I believe the IRC is one of the most important components of elevating the investor relations profession and providing IR professionals with credibility to CEOs, CFOs and the broader investment community. I took the IRC exam because I wanted to support NIRI and the IR profession to be at the forefront of the IRC certification program.

I didn't complete it for personal growth, but I think it does differentiate those who put in the extra effort and have external recognition of their IR experience. For those in the profession with fewer than 10 years of experience I think it is an important differentiator.

Timothy Sedabres, IRC
Senior Vice President, Corporate
Strategy & Head of Investor Relations
Banc of California

With the IRC exam, NIRI has developed a framework that encompasses foundational knowledge such as financial reporting, capital markets, and regulatory compliance alongside more comprehensive and strategic skillsets such as corporate message development, shareholder engagement, and strategy formulation.

As a newly minted holder of the IRC credential, I have no doubt that I am better prepared to successfully navigate a profession that is increasingly demanding and continually evolving. I look forward to maintaining my IRC through NIRI's comprehensive educational offerings and I encourage eligible new IR practitioners as well as seasoned IROs to sit for the exam.

Laura Kiernan, CPA, IRC
Senior Vice President,
Investor Relations
Ubiquiti Networks
Member, NIRI Examination
Development Committee

I sat for the IRC exam because I wanted to earn a credential that would add credibility to the consultative support and guidance I give our IR clients.

I believe my practical experience, coupled with reading and studying the *IR Body of Knowledge*, will act as a litmus test to my current and potential future employers that I can succeed in the various facets of the IR role.

The exam is rigorous, but not overwhelming, and I think IR professionals will appreciate how the exam and material is more based on practicality than some other exams where you have to memorize a textbook or theories which may not hold up in the real world.

Larry Goldberg, CFA, IRC
Director – Global Markets
Intelligence
Ipreo

IMAN HANNON is Director, Certification for NIRI; **ihannon@niri.org**.

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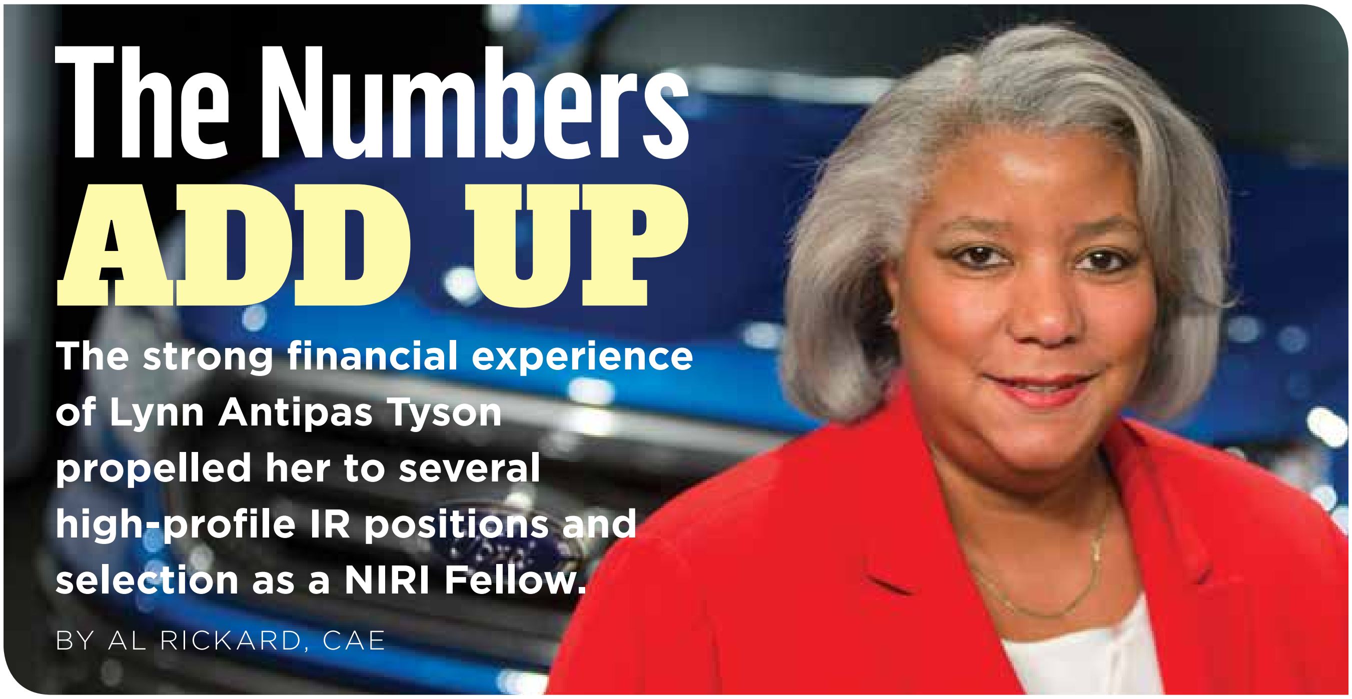

The Numbers ADD UP

The strong financial experience of Lynn Antipas Tyson propelled her to several high-profile IR positions and selection as a NIRI Fellow.

BY AL RICKARD, CAE

Lynn Antipas Tyson, executive director, investor relations at Ford Motor Company, was one of three people honored as new NIRI Fellows at the 2018 NIRI Annual Conference.

Tyson has three decades of extensive finance and strategic communications experience, including 23 years in investor relations.

She started her career at PepsiCo where she spent 14 years, ultimately serving as senior vice president of investor relations. During her career at PepsiCo, Tyson held roles with increasing responsibility in treasury, capital markets and international corporate finance. In 1997, she was integrally involved in the spin-off of Yum! Brands (formerly Tricon Global Restaurants) from PepsiCo and led IR for the new company for three years. After Yum! Brands, Tyson spent almost 10 years at Dell, where she led investor relations and global corporate communications and was also a member of Dell's executive committee.

Tyson came to Ford from Atento, where she represented this Latin America-based company, serving as vice president, investor relations, in New York. Before that, she was vice president, investor relations, at CHC Helicopters, playing a lead role in the company's initial public offering. Tyson was also senior vice president, investor relations at AECOM.

Tyson has held NIRI leadership positions at the national and chapter levels, including serving on the NIRI Board of Directors from 2004-2008 where she was co-chair of the audit committee and chair of the NIRI CEO Search Committee. She has received IR achievement awards from *Institutional Investor* magazine, *IR Magazine*, and Greenwich Associates.

Tyson holds a bachelor's degree in psychology from the City College of New York and an MBA in finance and international business from the Stern School of Business at New York University.

What inspired you to enter the field of investor relations?

I actually had no desire to go into IR. I was building my career at PepsiCo in treasury operations, capital planning, and corporate finance covering Latin America. I was tracking toward a senior-level finance or operating role. Through my work on a diversity initiative I got to know the then-CEO of PepsiCo, Wayne Calloway, and he suggested I consider a rotation into IR. I was very skeptical – I viewed IR as a communications function, not a finance function. I also did not think it could possibly be strategic! But then I met Peggy Moore, who led IR for PepsiCo for many years, and everything changed for me. At the time Peggy was the number-one ranked IRO in the United States and she was an amazing executive, leader, and mentor. Every day I am grateful for learning about excellence in IR early in my career from Peggy.

Your IR roles have ranged from some of the world's largest companies to some smaller firms. What are the most important IR insights and lessons you took from these diverse experiences?

It's less about IR and more about the attributes of a high-performing organization and how IR can add value. Four attributes are key for me. First, it's important to be a part of a leadership team that leaves their ego at the door and focuses their energy on satisfying customers and winning in the marketplace. Second, leadership has to walk the talk relative to high integrity and respect for all people in the organization – no matter the level. Third, part-and-parcel with a high-performing organization, you want to be in an environment that demands accountability and excellence and challenges you to constantly grow. In particular, you should be challenged to be the best possible executive you can be – not just the best IRO you can be. And fourth, you must have fun!

You have a strong background on the finance side of IR. What would you say to IR professionals who come more from the communications side of IR about the importance of financial skills and how to gain those?

If you want to optimize your credibility and effectiveness both internally and externally, you must understand finance and strategy and you must be fluent in finance. A public company exists for one reason: to create value for its stakeholders. IR not an exercise in messaging – it's about helping your company stay true to the mission of creating value while having robust and thoughtful conversations, and even debates, with analysts about how that value is created (or in some cases destroyed). When I led global communications for Dell (while also leading IR) we had "teach in" sessions for the communications team on topics such as strategy, financial statements, and value creation. Something as simple as reading *The Wall Street Journal* every day can help with business and finance acumen.

You have served in NIRI national and chapter leadership roles, chaired the NIRI CEO Search Committee, and are a frequent speaker at the NIRI Annual Conference. How did these opportunities help your career and what does it mean to you to be part of the IR professional community?

I view these as opportunities to give back to the profession, especially helping those who are new to IR. I draw strength from this community. I know that if I am facing something new there is likely someone out there who has been through it before – someone I can reach out to for advice. It is a supportive community.

You and your IR program have earned honors from industry magazines and other organizations. What do you believe sets your program apart and helped you and your IR teams win these awards?

I think it's about credibility, which you must earn over time. Does the market look to your IR department for answers? Does the market know that IR has "a seat at the table" and therefore knows what is going on firsthand in real time? Does IR really speak on behalf of the company? To build this credibility externally, you first need to build your credibility and demonstrate your leadership internally and you also need to place the right people on your team – people who are self-starters, inquisitive, analytical, know the business, and good communicators.

You have mentored many people in the IR profession and helped their careers. How have these experiences helped you?

Each interaction requires me to revisit how important integrity and courage of conviction is for IROs. Many people have shared with me experiences where they felt they were being asked to cross a line – a line they knew they should not cross. And I've given them advice on how to handle these situations. No company or management team is worth compromising your ethics for.

What is the biggest change you have seen in investor relations?

Technology and the speed at which information moves and is consumed. This requires that IR be "on" basically 24 hours per day seven days a week. I will date myself, but when I started in IR email was in its infancy, laptops and even faxes were still fairly new. There was no cloud to speak of – we had a dedicated First Call terminal to get reports. Few companies had corporate websites much less IR portals. No web decks, webcasts, or interactive annual reports. No smartphones. Information moved slowly between the media and the market.

Tell us something most NIRI members don't know about you.

I took time off from college and worked as a Mounted Urban Park Ranger in New York City. I was stationed in Central Park in Manhattan. Our horses lived in a stable on the West Side that had four floors and the horses went up and down the floors via ramps. IR

Graceful Corrections

BY THE NIRI ETHICS COUNCIL

Q. If your CEO or another company executive gives an investor an answer that's not quite correct, what's the proper way to address that, without embarrassing the executive?

A. In general it's your role as investor relations officer to correct any misstatements as quickly as possible, particularly if it's material. As your question suggests, it is important to make the correction gracefully. Put yourself in your executive's shoes: how would you want it brought to your attention? One suggestion is to use the "and" approach (as opposed to the "but" approach, which always sounds negative). For example, you may say, "And to be precise, our latest data actually indicated that the number was X." Or, "What we meant to say was that the number actually was X."

It isn't necessary that you provide the correction before another question is asked; you can, in fact, check your travel book of facts and provide the correction after the next answer ends. This timing has the double benefit of ensuring the correction is 100 percent accurate and reducing the embarrassment as clearly you were able to look it up, whereas the CEO likely was speaking from memory.

If you realize the error after the meeting ends, you should contact all who were in the meeting and provide the corrected information. You also should let your CEO know about the correction so that he or she doesn't repeat the error. Like any negative feedback, it is best if these things are discussed in private, when no one else can overhear.

This recommendation assumes, however, that the correction is worth being made; that is not always the case. If the error is not significant, you should weigh the importance of making the correction in the meeting, as it can interrupt the flow of the session. Would it make a reasonable investor buy or sell the stock? Was the answer misleading, or was it directionally correct and perhaps accurate enough? In some situations, you may elect simply to alert the CEO to the error before the next investor meeting, agree on whether it's worth correcting with the investor, and if so, follow up as soon as practical with the investor with the right answer. Keep in mind that if you correct numbers out to the hundredth decimal point during meetings, you may disrupt the flow of meetings and annoy your CEO.

Last, in accordance with Regulation Fair Disclosure, if the executive's answer (or your correction) may have included nonpublic, material information, you should either interrupt before the answer is provided or, if that fails, discuss with counsel whether the statement was nonpublic and material. If so, you must provide the information to all market participants by issuing a news release or filing a Form 8-K within 24 hours of the statement or before the next market open, whichever is later. IR

Have a question for the **NIRI ETHICS COUNCIL**? Please visit the Ethics Council page at **www.niri.org/about-niri/ethics-council**.

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