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NIRI-Chicago 2012-2013

Prove Your Mettle to Your Analysts and CEO: Effective IR Programs

October 4, 2012

Panelists:
Daniel Hamburger, President & CEO, DeVry
Jane McCahon, Vice President of Corporate Relations, TDS
Farand Pawlak, Director of Investor Relations (and former junior IRO), TMK Ipsco
Reena Bajwa, Director and Investment Analyst, UBS Global Asset Management

Moderator:
Larry Larsen, Principal, Sard Verbinnen

Key Takeaways

NIRI-Chicago members and guests gained valuable insights on meeting the expectations of both executive management and the Street from a diverse panel with deep experience.

The value of IR:
- Raises corporate visibility among investors, analysts and all other constituencies;
- Improves and protects credibility;
- Solid relationships support accurate understanding of the investment proposition;
- Helps achieve full value of the company, highest sustainable stock price.

What CEOs value most from IROs:
- Timely free flow of market information;
- Productive working relationships with buy- and sell-siders;
- Preparedness – fully armed with accurate information.

What the Street values from the seasoned IRO:
- An IRO that communicates in a "tactful, actionable, anticipatory" manner;
- Strong company, industry and capital market knowledge;
- Accessibility and forthright communication; proper prepping of both the executive and the analyst.

Gaining credibility as a junior IR executive:
- Develop relationships with the Street by being responsive and providing balanced/fair access to management;
- Earn management's respect through consistency, dependability and responsiveness beyond the work day. Use all available information to learn about your company, the industry and market. Outperform.

What the buy-side values from IR:

- Timely, equal, best-access responses to queries – in other words, transparency;
- Candid discussion of business strategy;
- Solid information / guidance in financial modeling; of note, it's easily apparent when a company internally models;
- Spend time educating new investors/analysts;
- Face time with management outside of conferences; headquarter visits with a breadth of management increases credibility.

High points from the Q&A:

- The Street expects management to be able to anticipate missed or exceeded expectations, so changes in outlook should be communicated promptly. Most important: Communicating, explaining when long-term drivers have changed.

- If a published analyst report contains factual errors or wrong assumptions, proactively reach out to clarify and correct factual misinformation and understand modeling assumptions.

- Gain the CEO's respect by delivering bad news promptly and with as much available detail as possible. Don't sit on bad news – it's more like cheese than wine. It's doesn't get better with age.

- With the potential of a looming economic fiscal cliff, anticipate the possible effects on your company and be prepared to disclose those equally to all your constituents. Especially, know how your balance sheet might be affected should credit markets get tighter.

Finally, we asked our panelists – What frustrates you?

- From the buy-side: Lack of information/communication in challenging times. "When times get bad, don't hide and don't be antagonistic. It behooves to you to get out there if there are issues." Also, when times are tough, know your long-term investors.

- From management: When investors or analysts don't have an open mind or their views are short-sighted. And, when they don't do their homework before meeting with management. IROs should adequately prep investors/analysts before executive meetings, so there is an "enriching" conversation.

– Janine Warell
October 2012