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# IR UPDATE

THE VOICE OF THE INVESTOR RELATIONS PROFESSION **SUMMER 2020**

## FINDING THE BREATH TO FIGHT RACISM

**“I can’t breathe!” were the last words spoken by George Floyd as he lay dying on a Minneapolis street in late May. Since then, corporate leaders, IROs, and others have found their voice in opposing racism in America, setting the stage for real change.**

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*IR Update* welcomes letters to the editor. Please send feedback to arickard@assocvision.com.

## 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 3,000 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.

## About IR Update

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The gender pay gap in investor relations decreased by 80 percent during the past two decades and that trend continued in 2019.

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### Finding the Breath to Fight Racism

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# Open a Door to Lasting Change



**Melissa Plaisance**

NIRI Chair  
Group Vice President,  
Treasury & Investor  
Relations  
Albertsons Companies

In recent months, we have all had a heightened awareness of racial injustice in our country, and it has increased the spotlight on the need for greater diversity and inclusion in the business community.

As the Chair of the NIRI Board of Directors, I was recently approached by several Board members about NIRI's responsibility and actions to encourage diversity and inclusion in the investor relations community.

As I discussed this with NIRI President & CEO Gary LaBranche, I learned a lot about the efforts we have already made, but we both agreed we can do much more.

Gary recently shared a weekly column about Team NIRI – meaning the NIRI staff – highlighting how diverse our small staff is, with eight women and five men, hailing from Austria, Lebanon, Nepal, the Philippines, and the United States – living in four states – and married, single, gay, and straight. They all work well together to support the success of NIRI.

The NIRI Board recently established a task force to consider how NIRI can advance and support diversity and inclusion. We look forward to hearing ideas to advance awareness and prompt open conversations and change at the chapter and national level, and we hope you will share your thoughts with the task force if they reach out to you. Also feel free to reach out to the task force at [diversity@niri.org](mailto:diversity@niri.org) to offer your ideas.

Early ideas include providing educational programming and forums to share your company's best practices and encouraging new diverse membership and leadership across the organization.

This issue of the *IR Update* magazine presents many thoughts from our members and leaders about personal experiences and efforts within their companies, and I want to share a little about my own company's efforts.

I am proud to work for Albertsons Companies, a company that has taken a strong stand on diversity and inclusion. We recently saw a dramatic change in the C-suite with the addition of more women and people of color. We also issued a statement about the need to provide courtesy, dignity, and respect to all people in the communities we serve. Our President & CEO, Vivek Sankaran, recently said, "Racial justice and equality cannot be achieved by people returning to the status quo. We must intentionally open a door to lasting change in our country."

While we all continue to navigate the "new normal" of working from home and participating in virtual investor meetings, roadshows, and conferences, I hope you all are staying safe and healthy. I look forward to the day we all can gather in person again. [IR](#)



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# NIRI Announces 2020 Class of "40 Under 40"

**N**IRI announced its 2020 class of its "40 Under 40" recognition program, which honors the most talented young individuals in the investor relations community.

The 40 Under 40 Program recognizes young professionals who have made noticeable contributions to their companies, NIRI chapters, and the capital markets. The 2020 class of honorees includes members from 10 U.S. states, the District of Columbia, and Mexico.

"This diverse group of outstanding young members will help lead the NIRI into the future," said NIRI President and CEO Gary A. LaBranche, FASAE, CAE.

The honorees, who were selected by a committee of NIRI Fellows, met at least two of the following qualifications:

- Outstanding leadership in business.
- Outstanding engagement in community activities.
- Demonstrated exceptional leadership within a NIRI chapter.
- Provided collegial and supportive efforts for a NIRI National program or project or was engaged in a meaningful way in serving members.
- Exceptional growth and development as an IR professional and an aspiration to pursue investor relations as a career.
- Advancement of NIRI's public policy agenda.
- Commitment to the NIRI Code of Ethics and to advancing best practices in investor relations, corporate disclosure, and informed investing.
- Attainment of the Investor Relations Charter (IRC®) certification.



## NIRI 2020 Class of 40 Under 40 Honorees

- Mark Alexee, Managing Partner, TSR Concepts LLC
- Louis Baltimore, Head of Capital Development and Investor Relations, Nectar Equities
- Grant Bartucci, Corporate Access Origination & Research, Point72 Asset Management
- Jonathan Beigle, Manager, Investor Relations, Newmont Corporation
- Adrienne Brausen, Senior Associate, Investor Relations, C.H. Robinson
- Nicole Briguet, Account Supervisor, Financial Communications & Capital Markets, Edelman
- Adam Bromley, Senior Vice President, Corporate Finance and Director of IR, Boston Private Financial Holdings
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# Corbin Advisors Certified as Women's Business Enterprise



Rebecca Corbin

Corbin Advisors was recently certified as a Women's Business Enterprise (WBE) through the Women's Business Enterprise National Council (WBENC), the nation's largest third-party certifier of businesses owned and operated by women in the United States.

WBENC certification verifies that a company is at least 51 percent woman/women owned and is the most rigorous and sought-after certification of its kind.

"When I founded Corbin Advisors 13 years ago, I had a simple goal: to create a differentiated and impactful brand underpinned by data-driven insights and actionable recommendations that would deliver exceptional value to our clients," Founder & CEO Rebecca Corbin says. "This recognition is a meaningful step in our journey."

"We are delighted that many IR professionals already support WBENC-certified companies and look forward to continuing to partner with organizations that sponsor female entrepreneurs and business owners." [IR](#)

# Gerry Gould Elected to NIRI Boston Chapter Hall of Fame



Gerard J. ("Gerry") Gould, a retired finance executive, was elected to the NIRI Boston Chapter Hall of Fame. He was Vice President, Investor Relations with Haemonetics Corp. from 2011 until his retirement in 2019.

Gould served as a member of the NIRI Boston Chapter Board of Directors from 2014-2019 and was a Treasurer for four of those years. He also represented the chapter as its Advocacy Ambassador to NIRI for two years.

Gould was a member of NIRI for more than 20 years and a member of the NIRI Senior Roundtable for 10 years, twice serving on the Senior Roundtable's Steering Committee and twice serving on the Annual Conference Committee. He also served on the NIRI IR Competency Framework Committee, IR Certification Program Development Committee, and Ethics Council.

Mr. Gould earned a Master of Science degree in Accountancy from the Leonard N. Stern Graduate Business School, New York University, and a Bachelor of Arts degree, cum laude, from Saint Michael's College. [IR](#)



## IR Update Honored with Association "Trendy" Award

The special 50th anniversary Fall 2019 issue of *IR Update* magazine was honored with an Association "Trendy" Award.

The awards program honors the best marketing and communication pieces in the association and nonprofit community. *IR Update* received a Bronze Award in the Commemoration/Tribute category.

The special issue chronicled the history of NIRI; featured a special report on the future of investor relations, "Seizing the Disruption Opportunity," from the NIRI Think Tank on the Future of Investor Relations; highlighted perspectives from NIRI chapters; included a view of the future from a member of the inaugural "50 Under 40" Class of young IR professionals; and more. [IR](#)

# NIRI Think Tank Publishes Report on AI

**T**he NIRI Think Tank on Artificial Intelligence in Investor Relations published a report, “Artificial Intelligence in Investor Relations.”

Established by the NIRI Board of Directors in 2019, the Think Tank on AI and its work is an outgrowth of the initial NIRI Think Tank on the Future of Investor Relations, which produced an environmental scan last year called “The Disruption Opportunity.”

The Think Tank on AI comprised 15 volunteer NIRI members. Sam Levenson, Chief Executive Officer at Arbor Advisory Group, served as Chair and Dennie Kimbrough, Investor Relations Manager at Microsoft, and Darrell Heaps, Chief Executive Officer at Q4, Inc., served as Vice Chairs.

Both Think Tank reports were based on a foresight process to examine the evolving dynamics of the IR profession and identify specific recommendations regarding IR practice. They considered a range of plausible futures and the implications for IR practitioners, rather than predicting a specific “official” future.


“This report brings to light how AI is being applied in the capital markets today and how corporate issuers are well be-

hind our counterparts on the buy side and sell side in its use. It serves as a call to action for IROs to expand their understanding of the application of AI, natural language processing, and machine learning and the implications for both communications and valuations,” Levenson says.

While the use of AI technologies in adjacent functions, and in society overall, has increased in the past decade, there is not yet widespread adoption of AI in investor relations.

“With this report, its associated facilitation guide, and resources, we urge all IR stakeholders to take up the conversation about AI and what it means for our profession,” Levenson adds.

The Artificial Intelligence in Investor Relations report was made possible by the generous support of Computershare|Georgeson and Q4.

The report can be accessed and downloaded at [www.niri.org/thinktank](http://www.niri.org/thinktank). 



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## ON THE MOVE



**D.J. Vogt** is the new Senior Director of Corporate Communications at Digimarc Corporation. He joins Digimarc from Swire Coca-Cola, USA, where he served as Director of Public Relations and Government Affairs.

Vogt has spent his career in government affairs, public relations, and corporate finance. He also previously led government affairs as Vice President at the Oregon Business & Industry Association. Earlier, Vogt worked in corporate finance and investor relations for Schnitzer Steel Industries in Portland, Oregon. Before relocating to Oregon, he served as Senior Advisor at the U.S. Department of the Treasury in Washington, D.C.



**Darren Lehrich** was appointed Chief Investor Relations Officer at Magellan Health. He was previously Senior Vice President, Strategy and Investor Relations for American Renal Associates Holdings, Inc. His career

has spanned 17 years as an equity research analyst for several leading Wall Street investment banks covering healthcare services companies. Lehrich takes on the IR role formerly held by Joe Bogdan, who is now Senior Vice President, Actuarial & Underwriting. As the company invests in its growth strategy, Bogdan will continue his focus leading the actuarial and underwriting team and expand his responsibilities to include medical economics and analytics in support of the company's strategic priorities and growth initiatives.



**Jim Storey**, the Vice President of Investor Relations at Premier, Inc. for the past seven years, has retired. A NIRI member since 1992, he has served as President of the NIRI Atlanta and Charlotte chapters. Storey says he had three careers

— as a journalist covering the stock market before 1992, as a consultant to public companies on reputation management and related issues, and as a corporate IRO. “My plan is to enjoy life without deadlines and my wife and I look forward to traveling and exploring new places,” he says. [IR](#)

## IN MEMORY OF



**Larry Bishop**, a longtime IRO who served as Vice President of Communications at Frontier Airlines, Vice President of Investor Relations at Lockheed, and Vice President of Communications at Boeing, passed away in Indio, California, in February 2020. Following his retirement from Boeing, he

was a senior consultant with Beacon Advisors. He also served on the National Board of Trustees and Executive Council for Camp Fire USA.

Bishop is survived by his loving wife of 48 years Nancy, daughters Renée Jennings (David), Michelle Flam (Daren), and grandchildren Sean, Taylor and Jackson.

He loved golf and spending time with his family and friends. He and Nancy often planned trips to include visits with the many dear friends he made throughout his career. Once retired in Indio, he and Nancy became active in their church, Shepherd of the Valley United Methodist Church.

Bishop was a proud University of Southern California Trojan fan and alumni. He graduated from USC in 1961 with a degree in Journalism and Public Relations.



**C. Tait Ratcliffe**, a member of the NIRI Senior Roundtable since its founding, passed away in Tokyo, Japan in July 2019.

He was a graduate of Glynn Academy, Harvard University (A.B. with honors in Philosophy), and the University of California at Berkeley (M.A. and Ph.D. in Economics). Ratcliffe first visited Japan in 1959 as a member of the Harvard Glee Club, he was later awarded a Fulbright Scholarship and studied at the East-West Center (Hawaii) and Keio University (Japan), becoming fluent in Japanese. He taught at the Department of Economics at Stanford University before moving to Tokyo, where he lived for more than 50 years.

Ratcliffe began his business career at The Boston Consulting Group in Tokyo and was considered the pioneer of modern investor relations and public relations in Tokyo. He founded IBI, Inc., in 1974, where he served as President and spearheaded the development of a full suite of IR services. In 2003, IBI was acquired by WPP plc and operated as part of Ogilvy PR Japan, where Ratcliffe became Senior IR Counselor.

In 2012, the management of the IR team at Ogilvy PR Japan conducted a leveraged buyout to establish independently owned Investor impact, Inc. where Ratcliffe was a board member and principal shareholder. [IR](#)



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## NIRI Fellows Advise on Managing Investor Expectations

The NIRI Fellows program ([www.niri.org/fellows](http://www.niri.org/fellows)) recognizes distinguished NIRI members who epitomize the leadership, integrity, involvement, IR knowledge, and contributions of professionals engaged in, advancing, or supporting the investor relations profession. This new “Ask the Fellows” column will feature some of their answers to topical questions about practicing IR.

How do you manage investor expectations in this era of extreme market volatility and economic uncertainty, which has prompted many companies to stop giving guidance?

“One thing that hasn’t changed in the midst of the turmoil: investors want transparency. Like you, they’re trying to manage their business in an environment of uncertainty. It’s okay to say, ‘We don’t know,’ when responding to questions, but remember, you’re closer to your business than they are. Rather than giving ‘guidance,’ try painting various scenarios. For example, ‘If we assume a reopening, it might look like this. If not, it might look like this.’ But keep the lines open!”



**Lee Ahlstrom, IRC**  
SVP and CFO  
*RigNet*

While guidance practices are still fluid in this ‘new normal,’ active investors are increasingly seeking more qualitative clarity on intermediate expectations. Managing these expectations will take understanding critical data points the Street is measuring as well as more robust quarterly disclosure, including clarity on the macro picture. Consider updates via 8K filings, an increased level of proactive investor engagement, and leveraging a virtual investor event with divisional leaders to help align the narrative in times of uncertainty.”



**Hala Elsherbini**  
Senior Managing  
Director  
*Three Part Advisors*

“Being responsive in uncertain times is extremely important, even if you can’t provide specifics. We suspended annual guidance on adjusted EBITDA on our Q1 call but provided the latest equipment rental volume and revenue trends and a revised estimate of 2020 net fleet capital spending to help investors update their earnings and cash flow models. We plan on continuing to communicate with investors through virtual conferences, ‘fireside chats,’ and company-initiated one-on-one calls for the near future.



**Elizabeth Higashi, CFA**  
Vice President,  
Investor Relations  
*Herc Holdings Inc.*

“I think the key to successful IR is to maintain consistent transparent communication in good times and especially in bad times. Transparency also means being clear on what you don’t know and what is uncertain. Be upfront on assumptions underlying your growth outlook, such as the percentage of store closings due to COVID-19 to cite one example from the wireless service provider industry. And, of course, always keep close track of analyst expectations.”



**Nils Paellmann**  
IR and Finance  
Professional

“During challenging moments, the central tenets of investor relations – transparency, openness, and integrity – are heightened. We see many companies that have withdrawn guidance, but a selection of those companies are now issuing some form of scenario analysis to provide a guideline to the investment community. The specifics will be different for each company and industry, but many of the early leaders have found the metrics or updates on which they can communicate with certainty.”



**Ian Richman**  
President  
*IR Media Group*

“We withdrew guidance in early April, citing extreme uncertainty. At the same time, we stepped up our IR activities, attending virtual conferences and hosting virtual NDRs. On our 1Q call we also provided April results to give an indication for how our business was trending. In a nutshell, be honest, proactive, and accessible even if you have no new information to provide. The result: after dropping 77 percent in March, our stock rebounded and hit a new 52-week high in June.”



**Tabitha Zane**  
Vice President,  
Investor Relations  
*TopBuild*

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## The SEC Moves to Gut 13F Transparency

**O**n July 10, 2020, the U.S. Securities and Exchange Commission (SEC) proposed amendments to its Form 13F disclosure rules, which would dramatically reduce the number of institutional investors that disclose their holdings after each quarter.

Under the proposal, the minimum 13F filing threshold would increase by 35 times – from \$100 million in U.S. equities under management to \$3.5 billion. As a result, 4,500 investment managers overseeing \$2.3 trillion in assets (89 percent of current filers) would no longer have to provide disclosure.

“This proposal is a step backward for transparency and investor engagement,” says NIRI President and CEO Gary LaBranche.

Many IR teams rely heavily on 13F data to determine the effectiveness of their investor outreach efforts, allocate scarce C-suite time among shareholders, and detect activist funds that may be plotting a proxy contest.

The SEC proposal does not include any of the 13F reforms that NIRI and other corporate organizations have suggested to improve ownership transparency, such as reducing the 45-day reporting period, changing the reporting frequency to monthly, or requiring the disclosure of short positions.

Commissioner Allison Herren Lee voted against the 13F proposal, noting that the SEC had not fully considered the impact on companies, particularly smaller issuers. In her dissent, she cited NIRI’s arguments for greater 13F transparency.

NIRI and its chapter advocacy ambassadors are mobilizing the IR community to oppose the SEC proposal. NIRI held a webinar on this rulemaking and is asking issuers and counselors to sign on to a joint comment letter that will be submitted to the SEC. NIRI also urges chapters and companies to write letters to the SEC by September 29 and to share their concerns with members of Congress.

For more information on 13F, please visit the NIRI Advocacy Call to Action page at [www.niri.org/advocacy/call-to-action](http://www.niri.org/advocacy/call-to-action).

## SEC Adopts Final Proxy Advisor Rules

**I**n a long-awaited victory for public companies, the SEC voted 3-1 on July 22, 2020 to approve new regulations on proxy advisory firms and additional guidance for the institutional investment managers who hire them.

While the SEC did not mandate a pre-publication draft review process, the final rules will require a proxy advisory firm to provide all issuers a copy of its proxy voting advice, at no charge, no later than the time the research is disseminated to the proxy firm’s clients. The rules also will require proxy advisors to provide notice to their clients that a company has filed, or has informed the proxy advisor, that it intends to submit a response to that proxy advice.

These new standards are a significant improvement over current practice, whereby one of the major proxy advisory firms (ISS) provides a review opportunity only to S&P 500 companies, while the other major proxy advisor (Glass Lewis) has charged issuers for access to its research.

“After more than a decade of advocacy work by dozens of members, NIRI applauds the SEC rulemaking to modernize proxy advisor regulation and to provide institutional investors with more transparent and complete information,” LaBranche says. “This landmark decision will ensure that all issuers and their IR teams will receive appropriate access to proxy reports before proxy firm clients vote and will be able to provide responses that will be shared with those clients.”

The rules, which take effect in December 2021, also require proxy firms to provide more disclosure of conflicts of interest. In addition to the new rules, the SEC Investment Management Division released new guidance regarding the use of automated voting platforms by institutional investors. NIRI was the first corporate group to raise concerns about “robo-voting” by proxy firm clients in 2017. [IR](#)

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**Ted Allen** is Vice President for Communications and Member Engagement and oversees NIRI’s advocacy efforts; [tallen@niri.org](mailto:tallen@niri.org).





## NIRI Recognizes Recipients of the Investor Relations Charter (IRC®) Certification

**New program innovations offer added value to IRC holders.**

BY IMAN HANNON, CM

**T**he Investor Relations Charter (IRC®) Certification program, overseen by the NIRI Certification Council, continues to offer a valuable credential to help IROs perform at a high level and advance their careers.

NIRI congratulates the following IRC holders who successfully passed the IRC exam in March or June. They include:

- Tina (YT) Chang, IRC
- Katherine Durant, IRC
- Matthew J. Lazzaro, IRC
- Karen D. Litzler-Hollier, IRC
- Jonathan B. Mairs, IRC
- John C. McNamara, IRC
- Terri Anne Powers, IRC
- Ahmed Mohy Sabry, IRC
- Gary F. Santo, Jr., IRC
- Brian S. Siegel, IRC
- Randy A. Wilson, IRC

So far, 203 IR counselors and IR professionals from 147 publicly held companies have earned the IRC credential. They represent nine countries on four continents (Africa, North America, Asia, and Europe).

### IRC Program News

NIRI Collaborates is a new initiative recently launched by NIRI. NIRI partners with IR organizations around the world to provide greater access to programs and education. These partnerships promote awareness of the IR profession, improve the standard of IR excellence across the globe, and make it easier for members of different societies to access the Investor Relations Charter (IRC®), the IR Competency Suite™ and various educational and informational resources.

In addition to the NIRI Collaborates initiative, NIRI set up a new Virtual IRC Lounge, which is a place for IR professionals to connect and interact with experts from the industry. The periodic, interactive, video conferencing sessions will also be open to the broader IR community. Capacity is limited, and registrations are on a first-come first-served basis. Check the NIRI Events Calendar at [www.niri.org](http://www.niri.org) for future sessions.

### Upcoming IRC Exams

The initial application deadline for the next IRC exam is September 19, 2020 and the final application deadline is October 17. The testing window is November 14 – 21. Visit [www.niri.org/certification](http://www.niri.org/certification) to begin the application process. [IR](#)

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**Iman Hannon, CM**, is Director of Governance, Leadership Services & Certification at NIRI; [ihannon@niri.org](mailto:ihannon@niri.org).

## Testimonials from IRCs

**IRC holders have high praise for the IRC program and how it has helped them as IROs.**

“Preparing for the IRC exam and completing the continuing professional development requirements each year since have helped me improve my skillset as an IR professional and enhanced my ability to perform my job effectively.”



**Jessica Hansen, CPA, IRC**  
Vice President of Investor Relations & Communications  
*D.R. Horton, Inc.*  
**UNITED STATES**

“Having the IRC credential is a powerful testimony to an individual's commitment to the investor relations profession. The charter demonstrates proficiency in a broad set of skills, such as finance, communications, and securities law, necessary to successfully navigate through the world of modern investor relations. The IRC has ensured that I am well-equipped to face the perpetual changes in the investment industry and gives me the skillset to implement best practices in all aspects of my career.”



**Shahroz Hussain, IRC**  
Senior Manager, Investor Relations  
*Rogers Communications Inc.*  
**CANADA**

“As the importance of IR role is emerging in Asia, [the] IRC credential demonstrates the highest professional standard for IR practitioners in the region. I'm glad I achieved it!”



**Leung Shu Tak, IRC**  
Manager, Investor Relations  
*COSCO SHIPPING International Co., Ltd.*  
**HONG KONG**

“Obtener la certificación IRC muestra con ejemplo el compromiso con el desarrollo profesional y en el campo relación con inversionistas, ha impulsado mi carrera en el camino de convertirme en el asesor confiable y estratégico de la empresa.”  
*“Accomplishing the IRC certification shows by example the commitment in your professional development and in the investor relations field. It has boosted my career on the path of becoming the company's trusted strategic advisor.”*



**Ricardo Martínez Gutierrez, IRC**  
Head of Investor Relations  
**MEXICO**

“Ahora los practicantes de Relación con Inversionistas en Latinoamérica tienen a su alcance el Investor Relations Charter (IRC®). Esta es una certificación del NIRI (Instituto Nacional de Relación con Inversionistas estadounidense), que cuenta con más de 3,300 socios y más de 50 años siendo la asociación de RI más importante del mundo.”  
*“As soon as I heard about the IRC, I was aware of its value. Later after discovering that geographical location was not a restriction, I became an IRC holder. Today we have partnered up with NIRI to facilitate becoming an IRC with our members.”*



**Maximilian Zimmermann, IRC**  
President  
*INARI (Mexican National Institute of Investor Relations)*  
**MEXICO**



“Even though it’s still in its early years, the IRC credential has quickly become the standard for investor relations officers. Obtaining it represents not only a testament to the competencies a professional possesses in key disciplines including strategy, finance, securities regulation, and communications, but also a commitment to a career in investor relations.”



**Sherif El-Azzazi, IRC**  
Head of Investor Relations  
*TerraForm Power*  
**UNITED STATES**

“Achieving the IRC certification communicates to others that I see IR as a long-term career rather than just a steppingstone to something else. It shows how seriously I take this profession.” It has opened doors to leadership opportunities that may not have been there otherwise. Almost immediately after receiving the credential, I suddenly found myself being invited to join industry working groups and committees alongside some of the most experienced and capable IR professionals in the world.”



**Bryan Dunn, IRC**  
Director, Investor Relations  
*Pfizer Inc.*  
**UNITED STATES**

“I sat for the IRC exam because I wanted to add credibility to my position as an IR Director, enhance my knowledge of the rules and regulations governing the U.S. stock markets, and to successfully comply with the best practices of the IR profession. The time and effort required to pass the exam is well worth it. I would recommend earning the IRC to my IR colleagues. I believe it will be an important differentiator in the coming years.” [IR](#)



**Ahmed Mohy Sabry, IRC**  
IR & Corporate Affairs Director  
*Arabian Food Industries (Domty)*  
**EGYPT**

“Every great dream begins with a dreamer. Always remember, you have within you the strength, the patience, and the passion to reach for the stars to **change the world.**”

—HARRIET TUBMAN

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# Sam Levenson and Matthew Stroud Speak About Value of Senior Roundtable

**T**he NIRI Senior Roundtable (SRT) was formed in November 1994 to respond to the needs and interest of NIRI's growing number of senior-level members. SRT maintains an informal, small group atmosphere requested by this group of leading IR professionals who each have at least 10 years of experience in the profession.

Benefits include:

- Annual SRT Meeting in late November or early December to discuss trends and issues in the profession mixed with engagement time with other senior-level IROs.
- Local and virtual SRT-exclusive events and networking opportunities.
- Senior Roundtable-only eGroups forum where SRT members can post questions to peers, share documents, and connect one-to-one or one-to-many.
- Reduced rates on NIRI education programs, including a special registration rate for the NIRI Annual Conference.
- Special programs at the NIRI Annual Conference that offer more networking time with peers.

If you have at least 10 years of experience in the IR profession as an IRO and/or IR counselor, visit [www.niri.org/srt](http://www.niri.org/srt) to learn more about the benefits and application process to join SRT.

To provide more insight into SRT, *IR Update* interviewed two Senior Roundtable members to learn more about the value they derive from participation and some of their professional experiences.



**Sam Levenson**

**Founder & CEO, Arbor Advisory Group**

**Years in Investor Relations: 33**

**Joined NIRI in 1987**

**Joined Senior Roundtable in 1997**

**Why did you join Senior Roundtable?** Ten years into my IR career, I knew that there would always be more for me to learn and I wanted to surround myself with the most experienced individuals in our profession.

**What have you found most valuable about being a member of the Senior Roundtable?** One of the most compelling and powerful aspects of NIRI membership is the unselfish willingness of members to help one another – to share experiences, be a sounding board, and to engage with others who understand the day-to-day challenges that we face. The SRT elevates that to another level. You get to engage with very experienced colleagues with whom you can share your experiences for mutual benefit. Over the years many SRT members have become close friends.

**Where did you go to college and what did you study?** I graduated from Boston University with a major in accounting and a ton of optional coursework in computer science. My first job out of college was as an auditor at one of the preeminent accounting firms. After becoming a CPA, I was recruited into an accounting and finance position in a private company to help prepare them for an IPO.

**What is the toughest IR challenge you've faced in your career?** This should be a multiple-choice question! The answers could be:

**A.** A battlefield promotion to my first IR job the day after the market crash of 1987 (our CFO tried to burn his house down for insurance money to cover his levered losses). We had been public less than six months at that time, and I was 26 years old.

**B.** The 10-month long battle with the Federal Trade Commission to approve the merger of Staples (where I was the IRO) with Office Depot, during which the risk arbitrators plagued my everyday existence.

**C.** Choosing to take the global IR job at a Fortune 100 company that had found fraud after a merger in what was then the largest shareholder class action suit in history. My first day on the job was the (twice postponed) annual meeting. We had a 21-member armed security force and had to sneak the CEO in through the kitchen of the hotel where we were holding the meeting due to death threats.

**What is the best thing to happen in your IR career?** Taking risks and pursuing innovative and challenging opportunities such as those noted above. Also taking on the role of overseeing North American IR for a large Japanese company (Sony). Committing to achieving extraordinary results, with specific quantifiable goals. All these things gave me a valuable vault of experiences.



**Matthew Stroud**  
**VP, IR, SeaWorld Entertainment, Inc.**  
**Years in Investor Relations: 25**  
**Joined NIRI in 1997**  
**Joined Senior Roundtable in 2004**

**Why did you join Senior Roundtable?**

I joined SRT when I became a NIRI National Board member. I joined because I wanted to learn from and network with some of the more experienced IR professionals who were part of SRT.

**What have you found most valuable about being a member of the Senior Roundtable?** I believe the networking element of SRT has been the most valuable aspect of membership. Particularly the SRT Annual Meeting and the opportunity to meet face-to-face with other SRT members. There is no other organization in the U.S. or the world that brings together some of the most seasoned and experienced IR professionals than the SRT.

**What is the toughest IR challenge you've faced in your career?**

Working for a company that was the focus of three separate activist investors that were not working together but were simultaneously targeting the company. It was a long 16 months, but I learned a lot about activist investors and IR.

**How did you get into investor relations?** I was working in FP&A as a senior financial analyst and our business segment was being

spun from the parent company. The spin-co IRO come from the parent company and they needed someone who could support IR and strategic planning, including the M&A financial analysis and I was asked to fill the position. Two years after the spin-off, the IRO left and I was promoted to lead IR for the company. I never looked back and though I had several opportunities to rotate into other areas of the business I stayed in IR as I truly enjoyed what I was doing and wanted to make that my career.

**What is the one quality you feel best describes you?** I don't know if it's a quality, but I have had several Wall Street analysts tell me I'm a straight shooter who doesn't bull\*\*\*\* around, I tend to tell it like it is without any sugarcoating. If I don't know the answer, I'll gladly say so and either tell them I'll find out or we can't/don't disclose that information.

**Is there a memorable moment you've experienced as part of the SRT?** There have been many great memories from the SRT, and I enjoyed meeting many other IR professionals in some spectacular locations in the United States. Lifelong friendships have been created that go beyond our investor relations ties. I've had several opportunities to dine with SRT colleagues while overlooking the Pacific Ocean on a cool December evening and those occasions with good food and good conversation stand out as memorable experiences and are due entirely to the SRT. [IR](#)

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# FINDING THE **BREATH** TO FIGHT RACISM

**“I can’t breathe!” were the last words spoken by George Floyd as he lay dying on a Minneapolis street in late May. Since then, corporate leaders, IROs, and others have found their voice in opposing racism in America, setting the stage for real change.**

BY AL RICKARD, CAE

**T**he tragedy of George Floyd's death and the death of other Black people set in motion a movement that has shone a bright light on racial injustice and systemic racism. Americans of all racial backgrounds have voiced the need for change.

The financial sector in the United States and investor relations are among the professions facing scrutiny.

In early June, the NIRI Developing Leaders Roundtable (DLRT) met and prepared a compilation of company statements and earnings call commentary speaking out against racism and advocating for racial equality.

"The IR function will undoubtedly be impacted by these developments, and can be a powerful platform for raising awareness to this important cause and driving change," wrote Sean Silva, IRC, Vice President, Investor Relations at Prosek Partners, as he posted this compilation on the NIRI eGroups forum. (See the sidebar, "Corporate Leaders Speak Out Against Racism," on page 21 for more information.)

### Calling for Change

"NIRI represents thousands of IR professionals in public companies and is in a great position to influence its members and advocate for equality and fairness for all," says David Dixon, President of the NIRI National Capital Area Chapter.

"Just as NIRI advocates on regulatory matters to the SEC and Congress, the same type of focus and attention should be given to diversity and inclusion in corporate America."

Lynn Antipas Tyson, Executive Director, Investor Relations at Ford Motor Company, observes, "What has come to the fore is the disparity along racial divides, and the increased consciousness makes us realize that you can miss key aspects of diversity."

Gary A. LaBranche, FASAE, CAE, President and CEO of NIRI, wrote in his *IR Update Weekly* email message, "The senseless and brutal murders of Mr. Floyd and so many others for so long demands a response by business leaders to eliminate inequality and injustice."

He noted that NIRI supported a U.S. Chamber of Commerce Town Hall event in June that

"addressed inequality of opportunity through education, employment, entrepreneurship, and criminal justice reform."

Dixon adds that diversity extends beyond the ranks of corporate employees.

"What diversity and inclusion really means to me is giving minority-owned firms access to bid on the many contracts that public companies dole out every day," he says. "This goes beyond just hiring more people of color for jobs, which is part of what is needed but does not go far enough by itself."

"Then companies should report the percentage of minority-owned firms they hire in their Form 10K/annual reports. This should be reported and audited just like ESG and sustainability reports. Providing this equal access and economic equity can produce real change in corporate America. It has always been talked about but never enforced. That needs to change."

### Personal Experiences

Some NIRI members related personal experiences regarding diversity in their professional careers.

"I started doing IR in 1995, four years before Google was founded and almost 10 years before Facebook came on the scene. I got to know people by phone," Tyson explains. "When I was finally in their presence, people would look around to see where I was, not expecting me to be Black. My race was antithetical to what they expected. People will look at you and have a preconceived notion of who you should – and should not be – based on their own bias. This is a microcosm of society; similar to every other day in my life where my abilities and intellect are underestimated."

Jason A. McGruder, Head of Investor Relations for Cantor Fitzgerald's public subsidiaries, is the son of a Black man and a Mexican American woman. He notes, "On the sell-side, seeing another Black or Latino face in a professional role was infrequent but not surprising. In IR, it is exceedingly rare to find another Black or Latino face, whether it is in one-on-one meetings or at large conferences."

Dixon explains, "As a black man in America I have numerous examples in my life where I have experienced systemic racism, double standard

"IROs are empowered to be diversity and inclusion advocates given our seat at the table."

- Deb Wasser, IRC, Vice President, Investor Relations  
Etsy, Inc.

**"IR is a very visible role within an organization. So one thing we can do is leverage that through mentorship or sponsorship which can promote diversity."**

**- Katie Royce, Global Head of Investor Relations, Cognizant Technology Solutions**

treatment, bias, injustice, and bigotry. This is real, not only for me but for every black person that I know who have expressed similar sentiments about their experiences."

### **IROs as Advocates**

How can IROs be internal advocates for change at their companies?

Darin Arita, CFA, IRC, Senior Vice President and Head of Investor Relations at Prudential Financial, Inc., suggests, "We can make sure our management team and board are aware that investors care about diversity and will voice their thoughts by how they vote during proxy season. At Prudential, as a result of our engagement with our investors (both active and index), we receive feedback and relay the importance of diversity to the Board. We then reflect the progress the Board and company is making in our proxy statement and sustainability report."

"It makes natural sense to the extent that it overlaps with our growing mandates with respect to ESG," McGruder offers. "Outside of that, I think IR should be no different than managers and executives in other areas when it comes to pushing for diversity in hiring. And in general, executives and managers need to foster a diverse and inclusive workplace to thrive in an increasingly diverse world."

Deb Wasser, IRC, Vice President, Investor Relations at Etsy, Inc., believes, "IROs are empowered to be diversity and inclusion advocates given our seat at the table." She reports that her company has made significant strides to support diversity.

"Making a positive economic, social, and ecological impact is embedded in our DNA and a part of all we do," she says. "In fact, Etsy was one of the first companies to disclose SASB metrics in its 2019 10K, including our D&I metrics. I try to learn as much as I can about our diversity and inclusion initiatives."

"As a member of both the Disclosure and Impact Committees at Etsy, I can bring the investor lens to the discussion of our goals, priorities and activities. We consider how Wall Street thinks about human capital management, the latest trends and expectations from top investors, how we might

continue to improve our reporting and inclusion of this content in earnings calls, at our investor days, and in other investor-facing content.

"For example, we recently used Nasdaq's ESG Advisory Group to do a deep dive into our disclosures from an E&S perspective to ensure that we are as 'best-in-class' as we think we are. But there is so much more work to do and we can't rest on our laurels – we want to keep pushing the envelope."

Katie Royce, Global Head of Investor Relations at Cognizant Technology Solutions, adds, "As we all know, IR is a very visible role within an organization. So one thing we can do is leverage that through mentorship or sponsorship which can promote diversity."

"As more investors ask about and push for public disclosure of metrics and targets around diversity, IR can be an advocate not for disclosure for disclosure sake but to thoroughly understand why and how investors use data around diversity (among other ESG items) as another piece of the puzzle in finding high quality companies that attract the best talent and outperform over time (creating value and leading with values)."

Tyson also notes the importance of broad-based support for change across the financial sector.

"Economic and political systems have to change," she declares. "In order to get change White people have to change. Anytime we effect change it is a multiracial and multicultural effort. It won't happen just because people of color want it to happen. We are the not the majority in the financial sector. Change can only happen if leaders in those arenas say enough is enough."

### **How NIRI Can Help**

NIRI members offered ideas on how NIRI can help drive change.

Arita suggests, "NIRI can promote a message of the value of diversity and how that can strengthen the IR community. Perhaps NIRI could also connect with ethnic professional organizations, such as the National Association of Black Accountants, to make them aware of the investor relations profession and show how it could be an attractive career option."



# Corporate Leaders Speak Out Against Racism

In the immediate aftermath of the death of George Floyd, many U.S. corporate leaders spoke out forcefully against racism in America and advocated for racial equality. A few excerpts from these statements are shown below, and the complete compilation is available at <https://bit.ly/3iOrJNs>.

"This is a painful time for our nation. As a white man, as much as I can try to understand what others are feeling, I know that I cannot really appreciate and understand what people of color experience and the impacts of discriminatory behavior others must live with. . . . Part of our journey is about being able to listen to the experiences of others and having honest, open dialogue across differences. I plan to do so as part of my diversity work, and I hope you do so as well." **Charlie Scharf**, CEO, Wells Fargo

"No organization is immune from the challenges posed by racial bias. As a firm committed to racial equality, we must also consider where racial disparity exists in our own organizations and not tolerate our shortcomings. We can only heal these wounds – building a more diverse and inclusive firm and contributing to a more just society – if we talk to each other and cultivate honest, open relationships and friendships."

**Larry Fink**, Founder, Chairman, and Chief Executive Officer, BlackRock, Inc.

"Racism continues to be at the root of so much pain and ugliness in our society – from the streets of Minneapolis to the disparities inflicted by COVID-19. As long as that's true, America's twin ideals of freedom and equality will remain out of reach. . . . These systemic problems will not go away until we confront them head on. So we must continue to speak up and speak out whenever we witness hatred, racism or injustice."

**Mark Mason**, CFO, Citi

"It is sickening to me to watch people targeted and persecuted again and again for the color of their skin. Like many of you, I am also horrified and outraged by all these recent events. . . . So, what do I do, as a fellow human being, a white male, and someone in a position of privilege, power and influence? What I know is that our Black colleagues need my action, and not just my empathy. I can and will do more."

**Mark Clouse**, CEO, Campbell Soup Company

"We stand in solidarity with our employees and communities who are voicing their anguish, anger, and deep frustration with systems that oppress and devalue Black lives. We stand against police brutality in all forms. We stand against a criminal justice system that disproportionately targets Black Americans. We stand against the widespread disenfranchisement of Black and Brown communities whose voices are silenced at the polls."

**Josh Silverman**, CEO, Etsy

"To create change, we have to reexamine our own views and actions in light of a pain that is deeply felt but too often ignored. Issues of human dignity will not abide standing on the sidelines. To the Black community – we see you. You matter and your lives matter."

**Tim Cook**, CEO, Apple

Tyson observes, "You receive the pool of people created by companies. We know that IR is not a well-understood profession or something that college students aspire to. Using outreach into academia, we should expose diverse people to

the profession."

McGruder believes that NIRI could work with organizations that have databases of underrepresented minority college students to create internship programs to proactively introduce

# A Real Conversation With a Sell-Side Analyst

**T**wenty-two days after George Floyd died, I had a scheduled call with a leading sell-side analyst in my industry. Just one of those regular intra-quarter calls IROs have every day with the Street.

I was expecting to talk about how the U.S. auto industry was preparing to restart manufacturing in the wake of the COVID-19 pandemic. Instead, the analyst led off by asking, “Lynn, how are you doing?” It took a few seconds – he actually wanted to know how I was feeling as a Black person in the wake of what had transpired over the previous few weeks. Then he apologized for asking, concerned that he might have offended me.

He had not.

The analyst went on to say that, as he looked at his meeting schedule for the week, he realized I was probably the only Black person he was going to speak with in his work that entire week. The realization threw him for a loop. But, after 35 years in corporate finance, that likelihood was not a surprise for me.

We spent 30 minutes talking about race in America. About how my brothers and I were raised to survive – including how to behave around the police. About how I was fearful every time I sent my son out – worried that he would be profiled and possibly killed because he was a young Black man.

The analyst shared with me that, as he and his wife grappled with how to explain to their young sons what was going on in our country, he realized that we don’t really teach our children about slav-

ery. He cited that, in Germany, the Holocaust and the Nazi era, including visiting concentration camps and Holocaust museums, are mandatory parts of the academic curriculum. This analyst believes we have to fundamentally change how we talk about and teach slavery and its aftermath, along with atrocities like the systematic eradication of Native Americans.

Like so many Blacks in corporate America, I’ve become a docent of sorts as some of my white colleagues wrestle with a new and burgeoning awareness of racial injustice. While it can be emotionally draining, I am accustomed and committed to it. Still, to date, this sell-side analyst is the only white person from the Street to ask me how I was feeling, much less engage me in a conversation, about race.

What sticks with me – and I appreciate – is this analyst went right to the root. Perhaps we are still grappling with racial injustice in the United States – in 2020, more than 155 years after the Emancipation Proclamation and last shots of the Civil War – because we have forgotten the lessons our past.

Or never adequately learned them in the first place.

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**Lynn Antipas Tyson** is Executive Director, Investor Relations at Ford Motor Company. She is also a NIRI Fellow, Chair of the NIRI Think Tank on the Future of Investor Relations, and a past member of 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; ltyson4@ford.com.

them to the IR profession.

Wasser adds, “NIRI can encourage open dialogue and engagement to further build our sense of community, develop new leaders, and amplify diverse voices. NIRI has programs already in place to educate, acknowledge, and support emerging talent in our profession, including NextGen, 40 under 40, and the Developing Leaders Roundtable. Building upon these initiatives with a focus on diverse talent should be a top priority.

“We can also all do better to encourage chapter volunteerism, participation and engagement among our diverse members, which will ultimately lead to more seats being filled by our under-rep-

resented professionals.”

Royce recommends conducting engagement surveys to capture demographic data. She says filtering responses through different (or multiple) lenses of diversity may reveal patterns in areas of concern by specific groups.

The NIRI Board of Directors has established a task force to consider how NIRI can advance and support diversity and inclusion within NIRI, the profession, and society. [IR](#)

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**Al Rickard, CAE**, is President of Association Vision, the company that produces *IR Update* magazine for NIRI; arickard@assocvision.com.



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# COMPENSATING THE **WOMEN** OF

The pay gap is narrowing and the trajectory is up, but there's still room for progress in IR compensation.

BY ALEXANDRA WALSH



**T**he gender pay gap in investor relations decreased by 80 percent during the past two decades and that trend continued in 2019, according to the most recent NIRI/Korn Ferry IR Compensation Study.

In addition, the pay gap between what the most senior-level male and female IROs (defined as VPs, SVPs, and CFOs) earn has narrowed to less than 5 percent. Average base compensation at this level for female IROs is \$283,571, and for male IROs it is \$298,260.

“It’s the right trajectory, but there’s always going to be work to be done,” says Peter McDermott, Senior Client Partner, Global Corporate Affairs and Investor Relations at Korn Ferry and part of the IR compensation study team.

“We can do better but change doesn’t come overnight. The industry needs to continue to evolve and diversify its boards and leadership teams in addition to conversations about salary and incentive packages.”

Among the most senior-level IROs, there are more than twice as many men as women, according to the study. At mid-level (defined as Senior Directors, Directors, and Senior Managers), the gap begins to close and then the trend reverses at the staff level (defined as Managers, Analysts, and Associates).

Ruth Venning, IRC, Executive Director of Investor Relations at Horizon Therapeutics and a NIRI Board Member, says while there are a fair number of women in IR, there seem to be more men in senior-level IRO roles than mid-level positions. She wonders how the growing number of sell-side analysts joining IR will affect that going forward.

“From my experience, investor relations is a lot more diverse than the buy side or sell side,” she notes. “Of the nine analysts that cover my company, only one is a woman, and most of the associate analysts are male.”

McDermott notes that the overall IR population has about a 50/50 male/female ratio. “The fact that the population is diverse is really encouraging,” he says. “We need to work harder to keep it that way and bring some of these other data points around, like pay equity, and bring racial

and ethnic diversity into the conversation.”

While there is not much difference in equity range as a percentage of base salary among senior-level IROs, female mid-level IROs are far more likely to have zero equity than male counterparts. In addition, the compensation study indicates twice as many male mid-level IROs are in the highest equity range than female.

### Willingness to Relocate

The compensation study indicates that the most senior-level male IROs are about 15 percent more likely to relocate for their career than their female peers. However, mid-level male IROs are 30 percent more likely to relocate than their female colleagues.

“For many women IROs, there are tradeoffs if they want to have a family and compensation might be one – the reality is, you can’t have everything all of the time,” contends Smooch Repovich Reynolds, Managing Director, IRO & CCO Practice Group, ZRG Partners.

Rebecca Gardy, IRC, Vice President of Investor Relations at Campbell Soup Company, has not let her career be restrained by a willingness to relocate.

“I’ve moved from Atlanta to Portland, Oregon, back to Atlanta and am now in the midst of relocating to New Jersey,” she says. “Some of the moves were a disruption to my family but also resulted in the opportunity to join great organizations. It’s a calculated risk and reward equation and the moves taught my children to be resilient.”

McDermott points out that this trend might shift after COVID-19. “To some degree, CEOs might be willing to be more flexible about telecommuting but investor relations will never become a remote position as there is too much relationship building built into the role.”

### Mastering Business

Of all IROs surveyed in the study, 78 percent have an MBA with little disparity between men and women at the most senior level. However, among mid-level IROs, men are twice as likely as women to have an MBA.

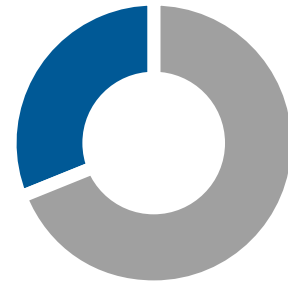
Gardy shares that she received her MBA 10 years after she began her career and her boss was supportive. However, he also told her that getting her MBA at that point was like getting a ticket into the theater when she was already sitting front row center – but he supported it.

Although she was also raising a family and working fulltime, she studied evenings and weekends and received her degree in a year and a half.

“Working on my MBA when I was already in my career allowed me to explore topics, get other points of view and have a forum to investigate, away from my business colleagues,” explains Gardy. “It gave me a platform to ask questions I wouldn’t raise with my boss and expose where I needed to shore up my understanding.”

As McDermott views the IR role as a potential steppingstone to the CFO position, an MBA impacts how to position oneself for that role. He

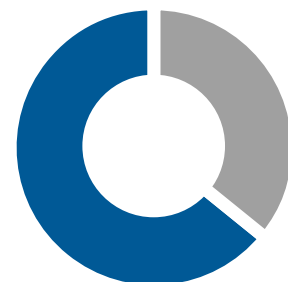
## Composition of Women and Men in Three Levels of IR



**SENIOR-LEVEL IROs** (SVPs, VPs, CFOs)  
**69% Men 31% Women**



**MID-LEVEL IROs** (SENIOR DIRECTORS, DIRECTORS, SENIOR MANAGERS)  
**60% Men 40% Women**



**STAFF-LEVEL IROs** (MANAGERS, ANALYSTS, ASSOCIATES)  
**36% Men 64% Women**



notes the historic IRO model traditionally came from a public relations and communications background, and a 30-year veteran who has proven corporate success probably does not need an MBA.

“While recent trends are towards a more formal business education, it still might not be the most practical route to take two years off to get an MBA,” McDermott contends. “Find other ways to prove your commercial acumen. Look internally within your industry, look at the Investor Relations Charter (IRC) and Chartered Financial Analyst (CFA) credentials and other developmental courses and leadership groups.”

### Selling Your Story

One of the strongest skills any IRO needs is the ability to craft their company’s story for Wall Street and other investors. But are women IROs as adept at telling and selling their own story to current and future employers?

“I think one of the reasons for the compensation disparities is we don’t always aim high enough,” suggests Venning. “We’re supposed to be strategic communicators but when it comes to promoting ourselves, we sometimes struggle with trying to do that in a way that feels authentic.”

Her advice to women IROs is to focus more on their assets than on what they perceive as liabilities. “Think of how someone you admire would handle the situation. And be clear about the outcome you want. If your goal is a great compensation package, know what the industry standard is so you don’t undersell yourself, determine what you want and negotiate hard to get it.”

She adds, “That’s one of the benefits of the NIRI compensation study; it has a lot of information you can use in this regard.”

Reynolds agrees that IROs need to empower themselves with the right intelligence and data points if they think they are compensated under their market value. And, they need to understand what package they offer the company.

“Ask, ‘What is your story, where are you heading, and how have you invested in yourself?’” Reynolds advises.

## Women vs. Men by Industry Sector, Management Roles, and More

**INDUSTRY SECTOR:** The most common industry sector for female IROs is consumer products (15%) followed by financial services (11%). Only 6 percent of women were in the combined hardware and software technology sector. The most common industry sector for male IROs is combined technology hardware and software (17%) followed by financial services (14%). Only 5 percent of men were in consumer products sector.

**MANAGEMENT ROLES:** While there was little difference between men and women in the type of other functions managed at the senior level, 41 percent of female mid-level IROs were also responsible for communications versus just 12 percent of mid-level male IROs. Thirty-two percent of mid-level female IROs are also responsible for ESG versus 41 percent of mid-level male IROs who also manage ESG functions.

**NEXT CAREER MOVES:** At the senior level, there is little difference between men and women IROs and their desire to stay in IR (40% vs. 44%). However, 26 percent of men aspire to be CFO vs. only 15 percent of women. For mid-level IROs, 37 percent of men want to stay in IR vs. 46 percent of women. Also at the mid-level, 14 percent of men aspire to be CFO one day vs. 0 percent of female IROs.

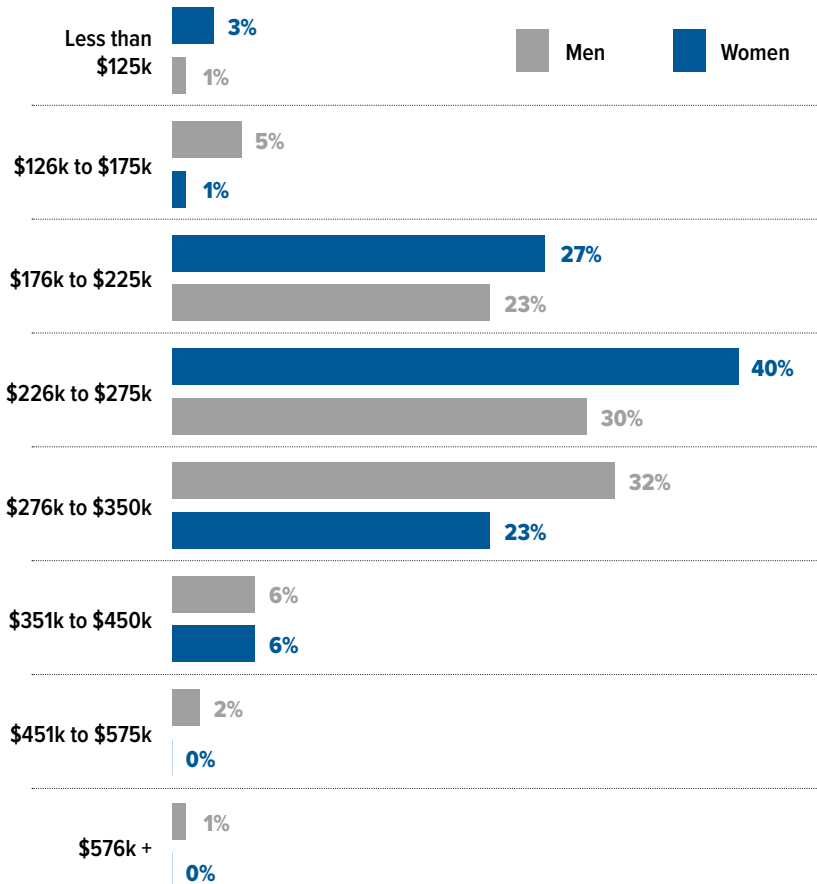
**WILLINGNESS TO RELOCATE:** Among senior-level IROs, 64 percent of men vs. 48 percent of women would relocate. For mid-level IROs, 68 percent of men vs. 38 percent of women would relocate.

“It’s important to know how others view you so you can build an understanding of your gaps, build market intel about your value, and build your confidence. I suggest asking five people who have known you for the last 20 years for their feedback and what they see you doing next. You might discover the one gap that prevents you from moving forward. Take that assessment every couple years because it’s very challenging to have a clear objective lens on ourselves.”

Reynolds points out that the answer is always “no” unless you ask. “Have an intentional conversation with the two most important people in the company – the CEO and CFO – and make them aware that you want to grow and broaden, and ask what they envision for you next.”

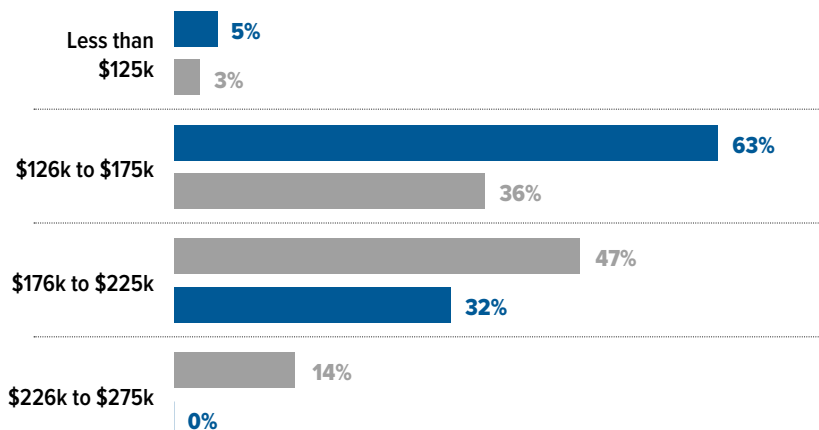
## Base Salary for IROs

For senior-level IROs (SVPs, VPs, CFOs), base salaries are higher for men than women.



### The trend is similar for mid-level IROs

(Senior Directors, Directors, Senior Managers)



She also advises women IROs to not be reluctant to broaden their responsibilities. “When your boss asks you to do something outside of your knowledge base or area of expertise, the answer is always “Yes!” A lot of people think they do not have the ability to do something because they’ve never done it – that is a truly limiting headset.”

Reynolds recommends having a frank talk with the supervisor about the new responsibilities and the reasoning behind the request as well as their long-term view. “Your boss might have grander plans for you that you don’t recognize.”

### Mentoring for Success

McDermott says mentoring is more important than ever.

“Over the past few years there are more instances of females and people of color being hired based on their potential for future leadership opportunities within the company,” says McDermott. “This paves the way for their mentorship and for others to seek leadership opportunities within the company and pave the way for future generations – a true snowball effect.”

Gardy had a female boss who ignited a passion to mentor other females. “I’ve mentored young women for years, but I also coached peers, and most recently a senior executive who was struggling to have her voice heard at the C-suite table, and I was able to help her with that.”

Gardy says while mentoring is extremely important to her, she doesn’t want young women to feel like they have to center their future on having the right mentor. “You still have to be your own strongest advocate and you’re still accountable.”

She adds that while she did not have a mentor herself, she has her own personal board of directors – her own “posse” of strong professional women, and a few men, with experience across multiple disciplines, who she knows will offer guidance and be there for her.

Venning recommends mentoring with people who idealize what success means to you. “Another real benefit of NIRI is that you can network with a variety of IROs on both the chapter and local levels. I found my mentors through NIRI and

also developed great relationships with fellow NIRI colleagues who've had important roles in my success."

## Outlook is Bright

The compensation study asks whether respondents are optimistic about their profession – 20 percent more senior female IROS were very optimistic about IR than their male counterparts.

McDermott thinks there is a lot to be optimistic about.

"Challenging times like now are usually positive for the IR function," he says. "Whoever is in that position becomes an even more integral part of the executive team with an even greater need to know what's going on internally and externally as they prepare the company's response. In addition, you might also start to see a lot of mergers and acquisitions activity as a result of COVID-19."

In March, McDermott says his executive searches went on hold for a few weeks and then came roaring back in April and May. "We have been doing digital onboarding and it was a pleasant surprise that there have been a number of new top-level IRO positions that have opened up since April."

McDermott adds that some of the openings are from companies that are pre-IPO, others are creating an IR deputy role as a new function, and others are a result of companies expanding the IR function to take on wider responsibilities.

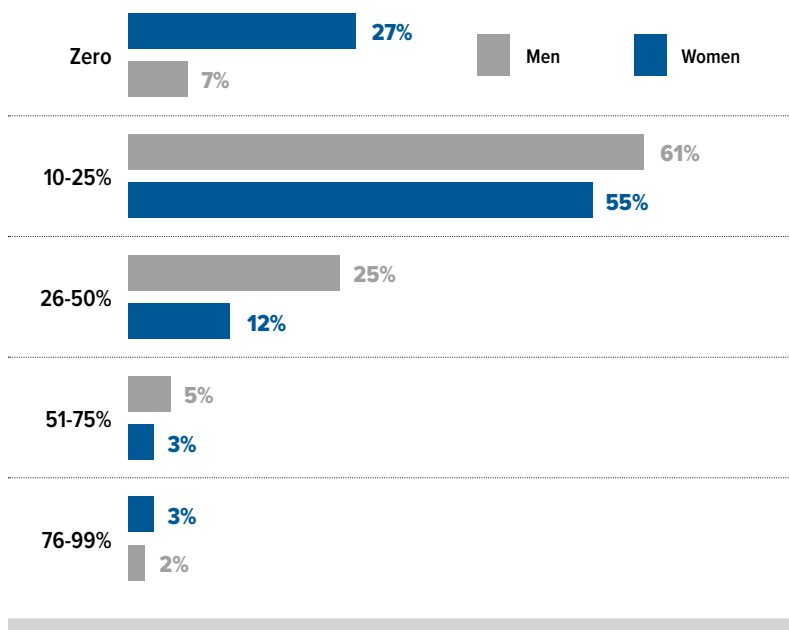
Gardy's advice to women IROs looking to make a career move to increase their compensation is to know what to look for. "You're looking for the difference between a management team that hires a woman to check a box versus a management team that recognizes somebody who can aptly maneuver the company's strategic roadmap and craft the right message," she says.

"It's with the latter that you're likely to get more compensation. A CFO or CEO who has public company experience is a good first filter. And then have your questions and be discerning."

McDermott notes that there is ongoing industry discussion around pay equity and diversity, but a lack of action points and who needs to get involved

## Equity Compensation Range

Equity compensation was analyzed as a percentage of base salary. While there is little difference in equity range among senior-level IROs, female mid-level IROs (Senior Directors, Directors, Senior Managers) are far more likely to have zero equity than male counterparts and twice as many male mid-level IROs are in the highest equity ranges than female. The chart below shows equity compensation for mid-level IROs.



to bring about the change that will right inequities and elevate women in the industry. "Coming up with a plan is the real next step," he says.

He observes that IR is a very lonely function because of a lack of resources and notes how vital it is for IRs to lean on peers and NIRI.

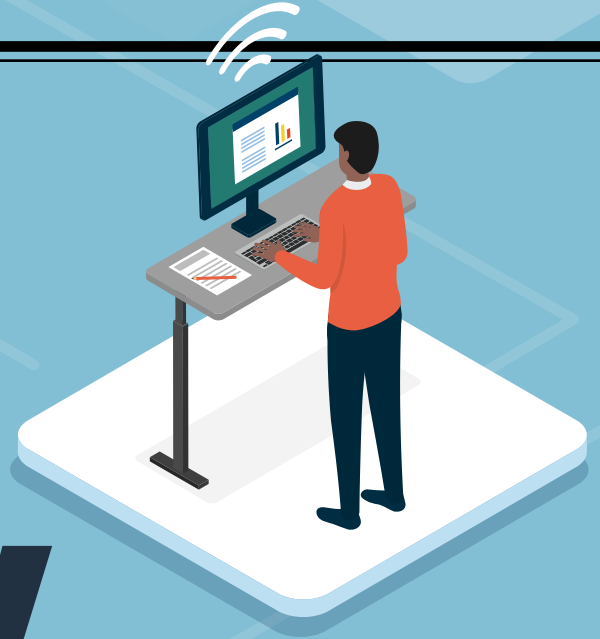
"It is so important to have a formalized network of rising stars within IR like those in NIRI Next Gen and strong female leaders dedicated to diversifying the population," McDermott explains. "We need more of them in NIRI chapters and as volunteers driving real change – and then we will see better data the next time we do this compensation study."

He believes the IR profession will see a continued upward trajectory for women and people of color, but it will take time.

"Younger folks entering the field right now look at best-of-class leaders and see more diverse faces up there than 15 years ago," he notes. "But if everyone noted the lack of diversity at their own employer and board, and directed their energy in that direction, change might come faster." [IR](#)

**Alexandra Walsh** is Senior Publishing Consultant for Association Vision, the company that produces *IR Update* magazine for NIRI.

Virtually everyone is virtual now, at least for the time being. How are IROs adapting?



# A New Remote Paradigm

BY EVAN PONDEL



**M**y wife and I always daydreamed about what it would be like to work from home, shedding two hours of daily commute time from our lives, folding laundry during conference calls, and wearing t-shirts and shorts almost every waking hour.

And then it happened: COVID-19.

The notion of working from home became a reality within a matter of weeks. Office suites with standing desks gave way to laptops in dining rooms. Watercooler talk was replaced by Google chat and Slack.

The daily trip to the sundry store in office-building lobbies across America transitioned to visiting your pantry every couple of hours and eating potato chips because you can.

The good news is that investor relations is one of those jobs that is relatively easy to do remotely. The bad news is that investor relations benefits greatly from in-person contact with management teams, analysts and investors, and that will not likely happen for many quarters to come.

Welcome to the brave new world of working remotely, a shift in workplace culture that is shaping the way many IROs will do business forevermore.

### **Taking Remote to a New Level**

Gregg Lampf, IRC, Vice President of Investor Relations at Ciena Corporation, recalls when he and his colleagues began working from home on Fridays before COVID-19 set in. “The company was becoming increasingly open to people working remotely,” he explains. “Some people thrived and some people struggled.”

Of course, it helped that Ciena is a telecommunications and software company that already employs people who appreciate what a good internet connection means for getting work done.

Starting in mid-March, Ciena went entirely remote. The company’s culture soon followed and Lampf and his colleagues began to adapt to work life on Zoom.

Lampf began sporting more scruff on his chin than usual. Ratty t-shirts were preferred over ironed Oxfords. And perhaps the most important change for Lampf and his team: Earnings season became



more streamlined than it was before.

“We never skipped a beat. Our prep got better,” he says. “We received materials faster. And just got things done.”

### **Dealing With Online Fatigue**

That is until Zoom fatigue set in. Lampf recalls that after a recent earnings cycle and two days of callbacks with the Street, staying fresh and focused while on video became challenging.

Fold in the fact that many IROs begin work as soon as they roll out of bed and don’t stop until evening, and suddenly working remotely takes on an unhealthy dynamic.

To counteract the effects of burnout, Lampf reports that taking time off has been imperative, as boundaries continue to blur between where and when the weekday begins and ends. He recommends taking long weekends to ensure that time off isn’t only relegated to Saturday and Sunday.

Remembering to participate in casual chitchat is also critical to maintaining a healthy remote workplace. Lampf encourages Zoom sessions that have no other agenda than to simply engage in casual conversations with colleagues.

As for virtual non-deal roadshows and investor conferences, Lampf notes he favors starting the conversation with an icebreaker. It’s easy to forget that in-person meetings often start with small talk about traffic or weather. In a virtual setting,



**“The pandemic did more than simply reshape corporate practices; it reshaped their executive leadership’s thinking and infrastructure, and this will carry over to a post-pandemic world.”**

**- Shai Phillips,  
Vice President,  
Berkheimer  
Clayton Inc.**

Lampf suggests noting an interesting article of clothing or maybe a compelling piece of art on the wall where someone is conducting the meeting.

Lampf has a grandfather clock that is often a topic of conversation and also serves as a good timekeeper when meetings stretch beyond the allotted time.

“It helps that I’ve been working with Ciena for 10 years, so understanding the culture of the company and having built-in cohesion with my team has made the transition a lot easier,” he says.

### **Changing Jobs in Quarantine**

Not so for Rebecca Gardy, who began working as Vice President of Investor Relations for Campbell Soup Company during quarantine in late March. She had one meeting with the CEO and CFO at Campbell’s headquarters before the country was gripped by COVID-19, and then she found herself in a new job without any in-person contact with her colleagues.

“Simply put, I felt a little disconnected having my first meeting be at home,” says Gardy, who was also living in Atlanta at the time with plans to move closer to Campbell’s headquarters in New Jersey.

Fortunately for Gardy, the company did an excellent job putting together an abundance of material that helped her acculturate. She had several dozen meet-and-greets via video and phone with coworkers throughout the organization during the first few weeks of her onboarding.

To make the video chats more authentic, Gardy’s preference is to go on camera and really pay close attention to nonverbal communication, including eye contact, posture, tone, and gestures.

“I’m trying to genuinely connect with people, and this is about full transparency,” she explains. Injecting humor into video conversations with colleagues has also been helpful for Gardy.

During an all-hands meeting with the finance team, she introduced herself in a David Letterman-esque way. There are six tomatoes in every can of Campbell’s tomato soup, so during a video call Gardy presented a list of six ingredients that best describe herself. This light-hearted approach gave Gardy’s colleagues a glimpse into her personality.

She even garnered a chuckle among her new colleagues, making her a memorable storyteller – a trait she believes is essential for IR

She also approached the role with pragmatism, as opposed to revolutionizing every procedure already in place.

“People are dealing with enough change right now, and if it’s not broken, there will be time later on to improve things,” she says. “Baby steps are important while everything is so uncertain.”

One change that Gardy did implement is publishing pre-recorded earnings results remarks ahead of the earnings call and instead holding only an extended live Q&A session. She says this method is much more efficient for the management team, and analysts and investors have some time to digest the material before segueing immediately to Q&A.

Gardy also created one post-call document for the Street that combines the earnings call transcript and presentation slides, as opposed to providing two separate documents.

Despite the streamlining of certain activities in a world gone virtual, Gardy does miss the human interaction that comes with the job.

“The ‘relations’ part of the title is super important to me,” she said. “The virtual interaction with people is much more challenging, and the environment is requiring extra effort to build relationships. It’s a challenge for sure. But then again, I’ve never shied away from a good challenge.”

### **A New Remote Paradigm**

Nearly half of 127 company leaders surveyed in June 2020 by Gartner Inc. said they intend to allow employees to work remotely full time going forward.

Shai Phillips, Vice President of the retained executive search firm Berkheimer Clayton Inc., says before COVID-19, corporate policies were already trending toward allowing for more flexible and remote arrangements, although a full-time physical presence was often still insisted upon, at least to begin with, for new heavy leadership positions.

During COVID-19, the thinking of CEOs, chief human resources officers (CHROs), and senior management seemed to change and acclimatize to the effectiveness of remote leadership, as well

as remote work.

Phillips, who heads the firm's corporate and finance practice, observes the following changes:

- Leadership positions are no longer required to relocate, in some instances, to the primary corporate offices if they are based elsewhere in the country, though not in all instances. (Incidentally, relocating a new hire can often be an expensive proposition, especially if real estate transactions are involved, so this change in thinking represents significant cost savings for companies.)
- If relocation is required, even during COVID-19, CEOs, CHROs, and other hiring managers are more receptive to flexible and remote work arrangements. This is of particular significance when hiring a new senior employee who is within a commutable distance but would suffer a long and arduous commute, as reducing the number of commute days makes the prospect feasible. Paradoxically, candidates for senior positions now seem less tolerant than ever of long commutes, as they have now also acclimatized to a largely "commute-less" setting.
- There is plenty of discussion from C-suite executive leadership and their teams that these trends will continue beyond the current pandemic and into "the new normal."

"The pandemic did more than simply reshape corporate practices; it reshaped their executive leadership's thinking and infrastructure, and this will carry over to a post-pandemic world," Phillips says. "While the pandemic may have been merely the catalyst that caused this conversion, its effects are here to stay. We will never work in the same way again, and school classrooms and university lecture halls are slowly following suit."

### A Long-Term Remote Success Story

That makes sense to Theresa Womble, Director of Investor Relations at Overland Park, Kansas-based Compass Minerals. Womble was the first corporate-level executive to work remotely for the company when an opportunity surfaced three years ago for her family to live in the New York area.



Womble already had a strong internal network at Compass to help with the transition. New York is also home to the capital markets, which presented a convenience factor for investor meetings.

"You still have to work hard to keep connections alive at the workplace," Womble says. "Regular check-ins with internal constituents are important."

It helps that Womble has older kids at home who do not require as much attention. Her kids also have a new-found respect for her work now that they can hear what she's saying on the phone.

Womble is mostly doing audio-only calls when speaking with investors, although a big investor recently requested a Zoom call, and she had to instruct executives not to wear baseball caps.

"It turned out to be one of the best meetings we've had with the investor," she reports. "It seems like everyone is more transparent with each other given the environment, and we're also able to allow senior leaders from the team to participate who normally wouldn't make the rounds on an NDR."

That's true for house pets, too. Womble has a large dog that snores like a freight train. The chairman of her company noticed the snoring on a recent Zoom call. "Let's just say he didn't like it," she says. [IR](#)

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# IROS Give Back TO CAUSES AND COMMUNITIES



# From international NGOs to local community groups, investor relations officers engage in a range of philanthropic activities to benefit many groups and individuals.

BY RYAN RICKARD

Investor relations officers (IROs) work hard and put in long hours. But that doesn't stop them from going above and beyond their professional duties to give back to their communities and other causes. Some of their work ties into the current COVID-19 crisis.

Here is what some of them are doing.

## Advancing Human Health

Sally Curley, IRC, CEO of Curley Global IR, LLC, is an active volunteer who has served on nonprofit boards for years. Most recently, she joined the Board of Directors of the Human Health Project, a large non-governmental organization (NGO), where she serves as Treasurer and Chair of the Finance Committee.

She also supports causes in her community. She recently organized an employee benefit fund for her local Publix grocery store on Skidaway Island in Savannah, Georgia.

"We did this to demonstrate the residents' appreciation for all they are doing in their public-facing roles," Curley explains. "We raised \$2,000 and the employees were genuinely surprised and thrilled, and we were delighted we were able to show support for them."

## Supporting Kickstart

Jane Okun Bomba is a member of the Board of Directors and volunteer at Kickstart International

– a Nairobi-based NGO, which has a vision to lift millions of people in Africa out of poverty quickly, cost-effectively, and sustainably by providing irrigation solutions to small-hold farmers.

Kickstart International was at a critical point in its lifecycle and needed business perspective and expertise to help guide organizational strategy into the next stage. The organization is using a proven model to combat poverty by giving people in Africa access to a simple, low-cost tool to irrigate fields and produce crops year-round, rather than just in the rainy season.

Okun Bomba engages in monthly volunteer work, regular board meeting activities, and participates in the organization's multi-day retreat in Africa, which is held at least once every two years. This retreat is where board members work on strategies and meet with beneficiaries and donors.

She has been a board member at Kickstart International for two years and also serves on the University of Michigan Ross School of Business Dean's Advisory Board, and University of Michigan School of Literature, Science, and the Arts Advisory Board.

## Delivering Food in Chicago

Jane McCahon is a member of the Board of Directors and volunteer at The Lakeview Pantry, Chicago's largest food pantry which also offers





▲ **Volunteers with The Lakeview Pantry process food donations for the Chicago community at Wrigley Field.**



social services to address the root causes of hunger. She has served on the board for three years and provides strategic oversight and advice to the leadership team and help with fundraising and awareness.

She also chairs the Corporate Governance Committee, which works on board recruitment, onboarding, board self-assessment, and other governance matters, and serves on the Executive Committee.

During the pandemic, volunteering has meant showing up on Saturday mornings at Wrigley Field, made available by the Chicago Cubs to assist with the pantry's charitable efforts to provide food to citizens in need. Demand for food assistance rose 400 percent during the pandemic.

Board service ranges from 10 to 20 hours per month; McCahon tries to volunteer once a week for a four-hour shift.

## Promoting Architecture to Kids

Lisa Ciota serves on the communications and steering committees for the Chicago Architecture Foundation (CAF) and has also been a volunteer education guide for CAF for the last four years, balancing this involvement with her part-time IR consulting work.

In this role she leads students from Pre-K through high school on tours that focus on the science and art of architecture, the urban (built) environment and Chicago history. Ciota recently collaborated on a virtual summer camp with 18 students, leveraging Zoom and each student's neighborhood to make them aware of how architecture can shape their community.

Ciota also recently joined the Board of Directors of the DuPage Symphony Orchestra. She serves with former Integris Energy IRO Steven P. Eschbach, CFA, Principal and Founding Member of Eschbach & Associates, LLC, who is Vice President of the Board.

## Teaching English as a Second Language

Lois Yurow, President of Investor Communications Services, LLC, volunteers to tutor English as a second language (ESL) for three eight-week sessions each year. Tutors and students convene at a local church for a combination of group activities and one-on-one sessions. As a tutor, Yurow works to help students meet personal goals such as speaking to their child's teachers, improving their job prospects, and practicing grammar and writing fundamentals.

Yurow says, "I think the community is better when everyone can participate in all aspects of society. A language barrier can hamper a person's efforts to help her kids with homework, get a job, challenge an incorrect bill, or make friends. If someone is committed to living in the United States, I think we all benefit when they can be fully engaged."

She typically spends two to three hours preparing for a lesson and meets with students for two and a half hours per lesson.

Yurow started tutoring about 10 years ago, taking a two-year hiatus while in graduate school before returning.



## Free Communications Training for Nonprofits

Ray Thompson, Executive Speech Coach at WPNT Communications, noticed that nonprofit organizations have seen the need for their services grow during the COVID-19 crisis at the same time their funding and volunteerism has fallen off.

In response, his company provides free, virtual on-camera training services to nonprofit leaders. For example, he recently hosted a session for the Community Foundation of Teton Valley, which provides leadership development, support and funding to 48 nonprofit organizations that focus on everything from emergency food services to domestic violence prevention.

His company is also helping clients tell their stories about philanthropy and community support during the pandemic.

## Directing Corporate Philanthropy Support

Matt Eichmann, Vice President, Investor Relations & Corporate Communications at Greif, Inc., participates in a charitable contributions committee at his company that oversees philanthropic donations and community partnerships/volunteering.

Specializing in areas that involve education, health and wellness, or social service, Greif's charitable contributions committee uses volunteering as a means to strengthen community relationships, colleague engagement, and to provide a leadership opportunity to more junior colleagues who can lead some of this outreach.

Eichmann says, "A culture of volunteerism injects resources into a community that may otherwise be lacking. It also helps to generate pride both at the company and within the communities we operate in."

He has been involved in Greif's communications team for the past three out of the five years he's been with the company and spends about 10 percent of his time on philanthropy/community involvement efforts.

## Helping the Homeless

Ian Richman, President of IR Media Group, explains that helping the homeless is an important



▲ Lisa Ciota participating in a "Girls Build" program which encourages middle school age girls to explore STEM topics.



◀ Volunteers for the Coalition for the Homeless in New York City prepare to distribute meals.

cause for him. During the past 12 years he has been a regular volunteer at the Coalition for the Homeless in New York City.

The coalition runs several programs that address the roots of homelessness and help people back get back into housing and obtain jobs.

One major effort is the Grand Central Food Program, which distributes meals and other emergency items to more than 1,000 people on the street every night, among other programs.

*IR Magazine* also supports the coalition and its First Step Job Training Program, homeless and low-income women gain the skills, experience and confidence needed to find living-wage jobs. [IR](#)

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# SHORT SELLING

Don't Fall  
Down the  
Rabbit Hole

# Detecting and combatting short selling of your stock is a daunting task, but not impossible. Learn how to avoid getting caught like Alice in a “Short Seller’s Wonderland.”

BY LAURA KIERNAN, CPA, IRC



As an IRO, there are times you will find your company’s stock price falling more than what seems reasonable based on your relative valuation and all available information.

If you feel like you’ve fallen down a rabbit hole and are taking a trip through Wonderland, you may be right. Here are some tips on how to avoid falling down that rabbit hole and how to climb out of it if you do fall down, down, down into a “Short Seller’s Wonderland.”

## Short Selling 101

Short selling is when an individual borrows stock from an index fund or individual, pays them a specified interest rate for lending the stock, and sells it at the current market price.

Then, presumably when the stock price goes down, they buy the stock back at a lower price. The profit (or loss) that a short seller receives is the difference between the (presumably higher) price at which they sold it, less the (lower) price it was bought back at to return to the lender plus the cost paid to borrow the stock.

Understanding the *economics* of what makes short selling an attractive strategy is important to creating a strategy to unwind it in your company’s stock.

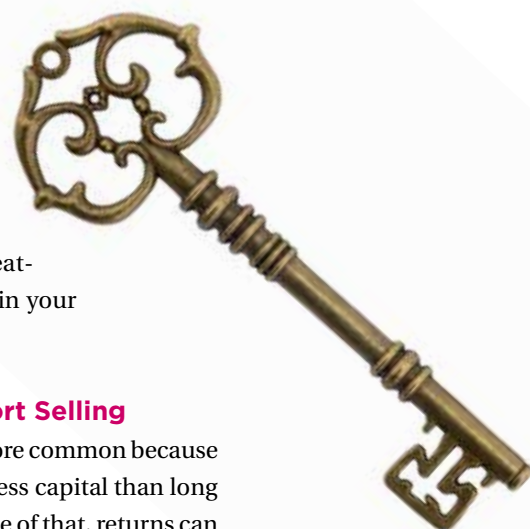
## A Short History of Short Selling

Short selling has become more common because it can require significantly less capital than long investing, and partly because of that, returns can be multiples of traditional long investing.

It is, however, very risky and a bet that goes bad can put a short seller out of business. This is also a type of “investing” that many companies aren’t sure how to manage, for good reason.

In the United States, we began to see short selling in the equity markets during the 1920s and 1930s. After the Great Depression, Congress looked into many factors, including short selling, before enacting the Securities and Exchange Acts. It is important to understand that there were no judgments made at this time on the lawfulness of short selling.

The Securities and Exchange Commission (SEC) implemented Regulation SHO in 2005,



which applies standards to short selling. It was the first time that rules regarding short sales had been updated since 1938.

In 2010, Regulation SHO was amended by changes to SEC Rule 201, which stops short selling on a security when its price decreases by 10 percent or more during a trading day.

Fast-forward to today and we've seen short selling become a primary investment strategy for many individual investors and even index funds. Any company that is a part of an index, or traded in general, cannot avoid being sold short. It is part of the "cost" of being public.

### **Why Lenders Lend**

When looking at short selling, there are two parties: the borrower and the lender. In understanding why someone lends an equity that will be short sold, you need to understand who these lenders are and their investment objectives.

For example, the lender could be a pension fund or index fund, which generally are low risk with low turnover. They hold stocks for a long period of time so it may be considered prudent to lend shares to "juice" the return on an equity since they don't have plans to sell in the near term.

During the last two decades, money flow has increasingly gone toward index funds. They know that they'll have a fairly constant and stable return on investment and will hold onto equities through the ups and the downs. The opportunity to lend their positions to short sellers gives these indexes the potential to generate an additional large return that they otherwise would not be able to achieve.

Even an additional return of 0.5 percent will help their fund stand out among the crowd, because they're generating alpha that other funds are not. This trend has enabled a steady supply of stocks to lend to short sellers.

### **Why Borrowers Borrow**

Things are different from the borrower's side. The main objective of the borrower is to capitalize on an opportunity in the market. Whether it is that the borrowing rate is low enough that they don't

**It is easy to look at the trading of your stock and think that the whole picture is there. However, what you often see is just the tip of the iceberg in terms of the activity in your company's stock.**





see a lot of risk, or that they believe the equity they are trying to short is vulnerable, in their view there is an opportunity for profit in front of them.

No matter how optimal the opportunity may seem, short sellers are taking on some risk, because there is always a chance that they won't be able to acquire the securities that they need in order to return them to the lender they borrowed the shares from.

### Visibility Into Short Selling

There are two types of short selling that we can see. One is due to fundamental reasons, and the second is due to *nefarious* reasons. Fundamental short selling is part of a healthy and stable market in which the price of a security falls to its natural market price due to fundamental reasons such as an earnings miss, cyclical downturn, or major unexpected C-suite transitions.

The bigger problem for any company is when they experience nefarious short selling in their stock. A company that sees this type of short selling in its stock can see their valuation and market capitalization plummet for inexplicable reasons, causing a cascade of issues for the company as well as legitimate shareholders.

Sometimes it's hard to know if short selling is for nefarious or legitimate reasons. Witness the recent case of Wirecard accounting fraud, which openly acknowledged \$2 billion in cash was missing in June 2020 and became insolvent. This startling example is one of the reasons why regulators continue to allow short selling, which acts to police public companies.

### Combatting Short Selling

It is easy to look at the trading of your stock and think that the whole picture is there. However, what you often see is just the tip of the iceberg in terms of the activity in your company's stock.

Most of the information is beneath the surface. Sometimes it is difficult to find because information related to short interest is very opaque in the United States. There are, however, a few pieces of data you can collect to begin putting the puzzle together.

## Vulnerabilities to Short Selling

Some companies are more vulnerable to short selling than others. These factors can make a company vulnerable:

- Earnings miss
- Bad publicity
- Governance or financial issues
- C-suite and Board transitions
- Cyclical downturns
- Unfavorable economic policy or legislation
- Competitive pressures

### Putting Puzzle Pieces Together

What are the pieces of information you need to gather to put the puzzle together to understand the impact of short selling on your equity? This is what I call the pieces of the short selling puzzle.

- The most basic data available on shares sold short in your equity is available from your exchange – you should receive information directly from your exchange or be able to gather the information by going to their website. There are basic statistics such as the number of shares sold short, the days to cover ratio, and the short interest ratio, which will give you a sense of how much short volume you have in your equity.
- You can obtain derivative (put/call) activity, which is also critical to understanding the short position in your stock. This activity requires some additional explanation, but generally speaking, if you see puts below the current stock price this is effectively a short position.
- FINRA puts out a twice-monthly short interest report, and also reports “fails to deliver.” Fails to deliver are not easy to understand – FINRA actually makes it difficult to understand. A





# Financial and IR Strategies to Unwind Short Interest

## FINANCIAL STRATEGIES:

- Company performance – post strong results
- Share buybacks
- Quarterly dividends
- Do not issue convertible debt
- Fortify balance sheet with liquidity – cash and lines of credit
- Do not have a LEI if you do not want to be traded on “unauthorized” foreign exchanges

## IR STRATEGIES:

- Evolve investment thesis for future growth strategies
- Cultivate long-term low turnover shareholders
- Eliminate persistent imbalances in short activity (naked shorting)
- Manage sell-side research to achieve accurate and fair reporting
- Eliminate quarterly guidance with a focus on long-term guidance or goals
- Host annual shareholder events for top shareholders – carefully curate the audience allowed to ask Q&A
- Generate positive media profiles

company must download fails to deliver over a period of time, search for their equity on the text file, and see how often – and to what level – their stock is “naked shorted.” If your equity shows up repeatedly and at high levels on the Fails to Deliver files, it is a *red flag* that you should investigate. It means that banks may have illegally used Regulation SHO to naked short your equity.

- You can also try to get information on the short lending rate for your stock. This rate tells you how expensive it is for a short seller to borrow your stock. If you have a high amount of liquidity and shares outstanding, the rate should be low, but if you have a very low level of liquidity and most of the outstanding shares are shorted, the rate should be very high. A “low” rate might be 0.03 percent, whereas a “high” rate might be more than 5 percent. A very high level of conviction on a short is required when the rate is high because a short seller is not only betting that the stock will go down, but they are also willing to incur a very high rate of interest to borrow the equity for the length of time they have the short position out. The rate should be proportional to the availability of the stock to borrow.
- Looking at sell-side research on your firm and analyzing trading volume in your stock to see which firms it is going to and what their position on the stock is can also be helpful. Collecting this data along with other pieces of information help to begin clearing up the big picture and determining if you have an issue that you need to deal with in your stock.
- Foreign listings (such as the Quotrix) can also be a problem for issuers. For example, when I was at Ubiquiti, Inc., we did not authorize an LEI (Legal Entity Identifier), which is a number that is required now to trade on European exchanges. By actively requesting or authorizing one, a company agrees to allow its stock to freely trade on foreign exchanges regardless of whether it is listed on those exchanges. I recommend declining this if you don't need to trade on foreign exchanges as it allows offshore hedge funds to trade on offshore exchanges. This skirts governance rules that prevent selling short shares that aren't

available to lend. So, the stock action from a sale can occur (driving your share price down) and the trade is subsequently cancelled (but your stock does not regain the lost share price). This loophole enables short sellers to incessantly peck at a stock without any economic penalty.

### **Tactics of Activists and Nefarious Short Sellers**

Unfortunately, there are nefarious short sellers out there with zero scruples. They will resort to any and all tactics to achieve their end goal. These are some of the more common tactics used by nefarious short sellers to create pressure on a stock and make you wonder if you are hallucinating (along with the Alice in Wonderland characters they invoke):

- Leverage television and print journalists; Jim Cramer and others have been subpoenaed on this topic. (The Red Queen)
- Create “fake news” to tarnish a company’s reputation. (Cheshire Cat)
- Write negative research reports, which may be authored or unauthored, which are distributed anonymously on Twitter, StockTwits and other platforms. (Mad Hatter)
- Contact the SEC to report fraud and then report that the SEC is investigating – when they made the call (Tweedle-Dee and Tweedle-Dum)
- Trading on foreign exchanges such as Quotrix to avoid compliance with delivery rules.

### **Tactics to Unwind Short Interest**

If you find that there is an issue with your equity and nefarious short sellers, it can take 12 to 24 months to gather all the information, analyze it, put together and implement a plan to unwind short selling in your stock.

The process of unwinding short selling in a stock can be strenuous, but it is extremely beneficial for the short- and long-term health of your equity. You will have a much less vulnerable stock and be more prepared for future attacks after you implement your plan, which can add up to billions of dollars of market capitalization in your stock.

The best way to unwind a short is for your company to perform well and conduct good investor relations. Causing short sellers to suffer

economically is the best way to keep them away. If they consistently lose money on your stock – in a big way – they will move onto another stock.

### **Managing Up**

How do you manage up when you are dealing with short interest? This is perhaps the most difficult challenge of any IRO. These are the times in which we really earn our paychecks. In my experience, I have advised management to spend time with investors that will actually buy the stock – and so I advise against meeting with short sellers or “short-long” funds.

This is a very controversial topic in investor relations. However, in my opinion you are wasting management’s time and potentially doing a disservice to your company by putting management in front of short sellers.

Of course, we don’t always know if someone is authentically interested in buying the stock. This takes time, experience, and careful listening to questions. It also helps to analyze the funds of each investor you meet with and the firms they represent to minimize chances of “meeting with the wrong people.”

You want to avoid making a “short” market in your stock. It’s okay to only provide short sellers with publicly available information and not grant them meetings with management. I personally meet with all investors – long or short – but I avoid as much as possible putting them in front of management.

### **Final Thoughts**

When dealing with shareholders and investors in this situation, it’s prudent to be cautious. You want to know as much as you can about who you are meeting and having conversations with.

It’s important to understand why investors are asking every question and what their motives and objectives are. With the implementation of a proactive investor relations program, you can implement elements to fortify your shareholder base, maintain interest in your stock and solidify your equity for the future. This will keep you from falling down that rabbit hole with short sellers. [IR](#)

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**You are wasting management’s time and potentially doing a disservice to your company by putting management in front of short sellers.**



# The Time is Now for Real Change

BY DAVID DIXON

**T**he time has come for real change in America and around the world. During the past six months we endured the COVID-19 pandemic and the world is facing protests condemning police brutality and unjust killings of blacks and people of color. This is a call for police reform, equal justice, fairness and economic equity in our society.

As a Black man in America I have many examples where I experienced systemic racism, double standard treatment, bias, injustice and bigotry. This is real, not only for me but for every Black person I know. By now I believe everyone has seen the tragic deaths of George Floyd, Ahmaud Arbery, and Rayshard Brooks, and other acts of police brutality.

That said, I want to focus on solutions I believe are required to eradicate years of injustice. We must do the following:

**1. Fix policing in America through new laws and regulations on the federal, state and local levels.** For example, in addition to initiatives that are already underway, we need to require new hiring standards and training for police officers that focus on conflict resolution, humane intervention, and community policing. New police union regulations are also needed.

**2. Resolve systemic and institutional racism against blacks and people of color with specific regulations and enforcement.** For example, the United States Congress should submit legislation to eliminate current legal biases against blacks and people of color. The United States Supreme Court and Congress should also update, implement and enforce the 14th Amendment to achieve equal justice for all and to resolve the defects in the 15th Amendment on voting rights. Stricter enforcement is required to eliminate gerrymandering and intimidation at the polls and provide greater access to the voting process.

**3. Implement new corporate policies to eliminate racial bias and unfair business practices.** The goal is to achieve real diversity and inclusion of blacks and people of color gaining access to CEO, C-suite and board of director positions. The 3,671 public companies in the United States should work with minority executive search firms to identify and select qualified Blacks and people of color.

**4. Address the economic inequalities and inequities in our country by providing Blacks and people of color fair access to low-cost impact investment capital, corporate vendor contracts, and large commercial projects.**



**David Dixon recently paid his respects to U.S. Representative and civil rights leader John Lewis in the U.S. Capitol Rotunda, where the 80-year-old became the first Black lawmaker to lie in state. Lewis and Dixon were both members of Phi Beta Sigma fraternity.**

This calls for buy-in and accountability from all stakeholders. It will demand systematic checks and balances such as annual audits, accountability disclosures, and certifications. I hope NIRI and other professional business associations will advocate for real change in these important areas.

If America is serious about repairing its image around the world and regaining its status as the country that embraces human rights values and liberty for its citizens, then we can and must act now! [IR](#)

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Bryan Dunn, IRC  
Director, Investor Relations  
Pfizer Inc.

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