

# **The New Era of Shareholder Relationship Management (SRM):** *How Leading Companies are Adding Value Amidst Added Compliance*

**By Bill Millar, featuring interviews with:**

Renee Barton, IRO, BEA Systems, Inc.

James Grant, Senior Director-Investor Relations, RadioShack Corporation

J. Marc Lewis, Vice President-Investor Relations, MasTec, Inc.

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## **About the author**

Bill Millar is an independent financial and business journalist/analyst who has authored over twenty books, including *Financial Innovations* (Harper Business), *Strategic Derivatives* and *Global Investment Risk Management* (both with The Economist Group). His work has also appeared in publications including *Intelligent Enterprise*, *One to One Magazine*, *CFO* and *Risk Management*.

His 20 years of experience include Wall Street executive (E.F. Hutton, Euro Brokers and Drexel Burnham Lambert), 12-years as Editor, Finance and Management, with The Economist Group, and freelance writer.

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**Investor relations:** Is this an administration- and compliance-focused activity? Or should this be organized more like a marketing organization—the showcase through which your company’s securities are displayed to the capital markets? Is it best evaluated as a cost center? Or is this something far more strategic in nature, an entity whose mission is one of value creation and whose effectiveness and contribution can be more constructively measured?

Take a look at your investor relations (IR) function, and most likely you’ll notice an organization whose activity is dominated by administration and compliance, leaving the value-adding mission of marketing the company to chance. Compliance matters. But so does the achievement of optimum valuation for your stock.

Given this realization, increasingly, the best-managed companies are looking for more from their investor relations departments and demanding improvements across both sets of priorities. Building on advances in technology as well as the learnings from disciplines such as marketing-focused customer relationship management (CRM), companies are migrating towards a set of strategies, practices and software that enables what can be referred to as “shareholder relationship management” or SRM. The evolution and adoption of SRM represents a pivotal advancement in achieving a more effective balance between the IR function’s fundamentally administrative and its more demanding, value-adding role.

**“Today,” says Kevin O’Brien, IRO at Nationwide Financial, “we realize we’re probably able to devote only 10-15% of our time to strategic issues.”**

### **Investor relations: This is a marketing function**

CEO’s, board members, CFO’s and investor relations officers (IRO) certainly recognize the dual objectives of investor relations. Both activities, the marketing of the company’s stock and compliance with regulations, must be executed with equal effectiveness and integrity. So the real question becomes:

*How can your organization ensure it is striking the most effective balance between these two sets of demands—administration and compliance versus value creation?*

Take a hard look and at most companies today, the pendulum’s swing “tends to favor compliance,” says Gregory Pettit, Senior Vice President and Director of Financial Services at global communications firm Hill & Knowlton. The fact is, though compliance matters, the real value of investor relations comes into play when the function is able to focus on more strategic issues. “Strategic,” in this case, says Pettit, “means a greater focus on those issues and activities that can improve the valuation of your stock.”

The shift towards compliance is easy to understand. New frameworks like Sarbanes-Oxley and Regulation FD are complex, demanding, and “take time to address,” says Kevin O’Brien, IRO of Nationwide Financial, a leading financial services provider. And though “we’ve seen that it’s the strategic side of the business where we can really deliver significant return,” continues O’Brien, “we realize we’re probably able to devote only 10-15% of our time to strategic issues.” Given this realization, today, companies like Nationwide Financial are pulling out the stops to refine strategy, streamline processes and reallocate resources towards greater value creation.

### **The dawning of SRM**

Corporations rely on marketing to efficiently and effectively sell their goods and services. So for ideas on how to more efficiently and effectively sell your stock, the marketing function becomes a good place to start. More than likely, your marketing organization knows and practices many of the elements of CRM,

or customer relationship management. While the term CRM refers to a sophisticated set of strategies, fundamentally, these can all be understood from two principal ideas.

First, marketing wants to “know” individual customers: What have they purchased from us in the past? What is their preferred means of doing business with us? What colors do they like? What offers or other communications have they responded to?

Second, marketing uses this information to develop not just more effective marketing campaigns, but also, more attractive products and services. The organization learns from its interactions with individual customers, and to the extent it can respond to what it “knows”, value is created. The concept is simple: the closer the “relationship”, the better equipped the organization becomes in terms of understanding and meeting the needs of its customers.



*Nationwide Financial, explains IRO Kevin O'Brien, recognizes the strategic benefit behind “integrating more CRM-like processes and strategies” into the mix of investor relations activities.*

A principal strategic objective of investor relations is the marketing of your company’s securities. CRM gathers and analyzes data relating to individual customers, learns, and allows the organization to respond. It is in this sense that the lessons of CRM become directly applicable to your company’s shareholder relationship management, or SRM. At Nationwide Financial, says O’Brien, “We are definitely integrating more CRM-like processes and strategies” into his company’s investor relations activities.

Like CRM, SRM means knowing your major investors as individuals. It requires interaction with these individual customers to build stronger relationships. Learn the needs of each investor, and analyze what “works”. Finally, leverage your knowledge of both individual institutional investors and groups of “like” individual investors to draw inferences and develop keener insights across the spectrum of relationships. Certainly, any IRO can learn from and adapt appropriate CRM concepts to supercharge relationships with individual investors.

## **The SRM payoff**

Once a company begins thinking about investors, analysts, and others who can influence the price of securities as individuals, it can begin to develop efficiency, focus and effectiveness in the marketing of its stock. Some of the fast-evolving, value-creating strategies of SRM include:

### **Best Practice 1: Leverage the value of contacts**

Organizational knowledge of individual investors is an underutilized asset. Put another way, there is enormous value in the ability to capture, retain, analyze and capitalize on knowledge of individual investors.

Think of all the ways your investor relations operation “touches” investors, analysts, brokers, and financial journalists. Whether the interaction is a unilateral communication via email, a brief phone conversation, participation in a web-conference or an in-person road show meeting: these are opportunities to gather valuable information and insight. Every interaction is an opportunity to learn more about the needs of an investor—and investor relations managers need to learn, remember and act upon all they can from contacts with owners and prospects.

But how much of what is already known gets lost, deposited uselessly in the patchwork of spreadsheets, contact databases, or index cards of those in regular contact with investors and prospects? “Knowledge” is dispersed and irretrievable. Or what if a key investor relations team member leaves the organization? Are the most intimate details of the relationship with a given broker, investor, prospect or analyst gone? Or does the organization remember?

Information capably and consistently collected, analyzed, and utilized becomes actionable intelligence. Here, says telecommunications infrastructure contractor MasTec, Inc.’s Vice President-Investor Relations J. Marc Lewis, the ability to bring everything known about an individual contact into one point “cannot be underestimated.” In this regard, MasTec’s investor relationship team uses a single software system that pulls together everything known about an individual contact culled from multiple sources into one platform.

For example, in addition to information gathered from direct interactions, the system also provides background data from 13F filings and other repositories to build a complete profile of any investor or prospect. As Lewis explains, “The information may come from multiple sources, but it has to be seamless and fully integrated. We can look at this investor or that broker or this analyst, and we know what contact we’ve had, what was discussed, what was learned, what models he’s using, how much of our stock he’s holding or has held—we have the complete picture in one place.”

## **Best Practice 2: Enhance shareholder retention and prospecting**

Another lesson from CRM, directly applicable to SRM, is that companies can use what they learn from individual relationships to improve the focus of their shareholder marketing and retention efforts. Certainly, the most valuable customers—or those with the largest holdings—deserve the most attention. By the same token, companies should also use what they learn from individual relationships to determine and prioritize the most likely prospects.

Knowing both your own company and your prospect is an essential element of marketing your company. According to MasTec’s Lewis, “The cornerstone of what we do is to understand our investment proposition at any given time—and then sell to it. In other words, what is it we have to offer the investment community? Then go out and market yourself to the most appropriate set of investors.” Here, MasTec relies on a sophisticated contact database integrated with other intelligence software to improve its chances of targeting the right prospects.

Similarly, James Grant, Senior Director-Investor Relations of electronics giant RadioShack, uses the same software as MasTec to improve interactions with both existing and potential investors. “Let’s say we’re going out with the CEO or CFO to speak with a particular prospect or investor,” says Grant. Since the company is prepared, “We look a lot smarter because we know what the investor has done with us, we know what we’ve discussed in the past and what the likely issues are going to be.”



*Know your investment proposition and then “sell to it—market yourself to the most appropriate set of investors,” says MasTec IRO J. Marc Lewis.*

Even in those cases where prior contact has been relatively limited, the software provides integrated access to fundamental information relating to the investor’s holdings, reported investment style and strategies. Such “prepping,” says Grant, “Makes us look smarter going in: we’re prepared, we know the relevant issues, we’re not wasting their time or ours. So not only are we more likely to get the meeting

in the first place, we're also focusing on the right investors plus we're building credibility and a stronger relationship."

### **Best Practice 3: Extract value from two-way communications**

Investors and prospects provide valuable insights for your company. For this reason, says O'Brien of Nationwide Financial, "We think of the role of the IRO as a conduit between the investor community and the management group." Certainly, he explains, a company is taking its "story" to the "street". But of equal importance is the "intelligence" acquired. "We get their views—their feedback on our strategies and our performance," says O'Brien. "That's vital information the management group can use to improve its decision making."

### **Responsible "marketing" means telling the truth**

Certainly, the SRM state represents a more effective means of marketing any company's stock. But in no way does this imply or excuse any form of inappropriate communication. To the contrary, the most essential element of any relationship is trust, and that means, at all times, tell the truth.

According to Hill & Knowlton's Pettit, "Job one in investor relations today, whether with institutions or with individual investors, is rebuilding confidence." Confidence—trust—requires openness, candor and a willingness to think less in terms of today's transaction and more in terms of building a long term relationship, adds Executive Vice President Cecilia Wilkinson of PonderWilkinson. "What counts in any relationship," she continues, "is credibility." In other words, trying to 'sell' an investor on the idea that your company is something it really isn't might work in the short term, but over the long haul, it will disappoint expectations and depress your stock.

This idea is vital in terms of institutional and other significant investors—investors most issuers tend to communicate with most closely and intimately. But as Pettit emphasizes, it is equally important in terms of individual investors. "What too many have forgotten is that big whales depend on plankton," says Pettit. Who buys all those 401(k) plans? "It's the millions of small investors that create the big investors." So he advises, "As you're reaching out to your largest investors, don't lose sight that your broader communications strategy must also include messages for individuals. Don't forget the plankton."

One of the most powerful means of building trust is by never losing sight of what stock ownership means. "Investors are the owners," says Renee Barton, IRO of BEA Systems, Inc. "So when we're talking with investors or potential investors, or for that matter when we're writing press releases or other materials, the idea that they have a stake in the company, or that we're inviting them to become an owner, has to be evident." Adds Wilkinson, "Making sure your shareholders recognize that you recognize that they own the company is essential. If you begin from that premise, that authenticity resonates to the investment community, builds trust with existing shareholders and opens doors to new audiences."

Here, the value of capturing interactions and related information in an actionable form becomes even more tangible. As Renee Barton, IRO of application infrastructure software developer BEA Systems explains, "information relating to overall holdings or history or discussions captured in meetings is extremely valuable, for both investor relations and others in the company." For example, "a part of our job is to not only communicate externally but internally as well. We put together weekly and quarterly

reports for senior management and the board so they can get a snapshot into what IR activities have taken place and gain insights regarding any significant changes in investor holdings.”

Moreover, the improvement of two-way communications can be executed in ways that actually reduce the administrative and compliance workload, creating even more time for strategic issues. Because BEA Systems utilizes comprehensive SRM-oriented software that consolidates everything known about contacts with any individual investor into a single file, “It’s easy to share information with those who need it. We have it, it’s in one place, so instead of spending hours going to this or that spreadsheet and those databases and back to some other program, we can just go to one place.”

#### **Best Practice 4: More actively manage the ‘mix’ of shareholders**

SRM processes enable more effective monitoring and, to the extent possible, management of the distribution of shareholders. Too much stock in the hands of any one investor, or for that matter, in the hands of a single class of investors, leads to significant

risk. For example, “If a single fund is holding a significant amount of our stock, we need to know that,” says Barton. “Or if our stock is becoming highly concentrated in the hands of value investors or growth investors, we need to understand what could happen if there’s a change in our fundamentals.”

**MasTec IRO Marc Lewis believes that the ability to keep the board and CEO on top of strategic shifts in stock ownership “helps us understand what’s driving our stock and better manage our strategies and our mix of investors.”**

Managing the investment mix requires systems that can track and quantify the holdings of individual investors (fund manager “X”) as well as categories of investors (value-oriented, growth-oriented, liquidity-players). This is invaluable information for the CEO and board, serving to inform not only the business strategies pursued, but also the focus of communications to existing and prospective investors.

But getting it done requires an investor relations function that can take basic information relating to ownership, combine that with information gleaned from direct interaction as well as other sources, and then provide the senior management team with sophisticated, actionable analyses. Having systems that can capture and enable such analyses, seamlessly, creates powerful intelligence.



*Going direct requires an evolved set of SRM-oriented skills, says Joe Martell, IRO at W.P. Carey: “You have to be able to identify and target the right investors.”*

Do you know who owns the company? Can you name your top ten investors? More importantly, do you know why they’re holding your stock? Are they a growth investor, and now that the growth is gone, are they poised to move on? Or are they holding your stock as a component of an indexing strategy—meaning they’re more likely to hold no matter what? Or is their motivation somewhere in between? Knowing precisely who owns your stock and why are the keys to building a secure shareholder base. Similarly, not knowing the answers to the preceding questions exposes a company to liquidity risks, undervaluation and an increased likelihood of strategic misstep.

A good example of sophisticated mix management comes from MasTec. The company, at all times, is keenly aware of the composition and investment motivations of its investors. Explains Lewis, “Our systems enable us to pull out a report of changes in quarterly holdings.” The report combines fundamental

ownership data with what MasTec understands relating to the investment objectives of individual or even groups of investors. As a result, “We can see who is or is likely to be taking profits. Who is likely to increase or liquidate holdings? Is our stock becoming too heavily weighted within one institution or within a group of investors?” The ability to keep the board and management on top of strategic shifts in stock ownership “helps us understand what’s driving our stock and better manage our strategies and our mix of investors.”

For a risk-taking high-growth investor, once the high-growth is gone, it’s time to move on. The same is true of value plays, turnarounds, sector plays, or for that matter, any underlying investment motivation. Today companies need to accept that as their fundamentals shift over time, a significant set of investors will come and go. But hand in hand with this realization, investor relations professionals need to become more proactive in identifying both those “most likely to leave” and those with the highest proclivity for investing in your company, given its current investment proposition.

MasTec is a case study in changing investment propositions. Five years ago, the company was a “darling” of the telecommunications infrastructure industry. Then, telecommunications crashed, “and we took some hits and had to write off a huge amount of receivables,” explains Lewis. Today, the company is off and running again, with its shares up over 1000% from its 2003 low. In fact, in 2003 the company was the number one percentage gainer of all NYSE stocks measured against its 52-week low. Bottom line, the company’s investment classification has ranged from aggressive-growth to turnaround/contrarian and back again. Right now, says Lewis, “We’re marketing to a high-growth, growth or cash flow story.”

The point is, says Lewis, “Anyone who believes their shareholder base will be the same over time, who believes they can just continue marketing to the same groups of people year in and year out, is missing the boat.” What becomes vital, says Lewis, “is the ability to stay on top of who is investing in your company, who should be investing in your company, and keeping the right mix of investors to avoid mismatched expectations.” Knowing your own company, and knowing who your investors really are and their motivations for ownership, says Lewis, “has to be a high priority for your corporate radar.”



*“If you want your investor relations management practice to continuously improve, you have to be willing to create meaningful benchmarks,” maintains RadioShack Senior Director, Investor Relations, James Grant.*

### **Best Practice 5: Bypass the brokers: Go Direct!**

The adoption of SRM strategies is particularly vital for companies desiring to develop direct relationships with the buy-side. Traditionally, most “selling” to institutional investors was accomplished indirectly, typically via brokerage firms and covering analysts. But for a number of years, “starting even before the recent wave of scandals,” says Pettit, “that approach was losing effectiveness.” Today, a growing number of companies are approaching institutional investors directly with increasing frequency and success.

Traditionally, intermediaries focused their considerable resources on determining the needs and interests of institutional investors. So as the role of the broker begins to wane, necessarily, issuers themselves must begin picking up the slack in terms of building an understanding of each buy-side entity’s needs and developing direct relationships.

Though the workload is daunting—establishing and maintaining relationships with thousands of investors and prospects—overall this is a great opportunity for issuers. As O’Brien explains, “The brokers have a tendency to filter your story,

or at the very least, your story can get pushed aside in favor of other companies the brokers have spoken with more recently or feel they have a better chance to sell.” By going direct, says O’Brien, “You have a better chance of being heard.” Plus, he continues, “You have a chance to hear the reactions first-hand, making you more aware of the real issues.” Direct interaction, by the way, is good for all concerned. Continues O’Brien, “We benefit by getting the straight story on what the investor is looking for and the investor can get his questions answered, by us, with no filter. We can respond directly, we can take that information back to the board and CEO, so overall, it makes for a better relationship.”

Going direct requires an evolved set of SRM-oriented skills. As Joe Martell, IRO of W.P. Carey explains, “If your relationship is with a broker, you’re leaving it up to him to figure out who to approach regarding your stock.” But for a company managing direct relationships, “You have to be able to identify and target investors that would be attractive as shareholders. You don’t want to waste their time or yours, and you certainly don’t want to spend a lot of time attracting someone who’s going to buy and sell your stock in the same quarter. You want the right investors.” Accordingly, says Martell, “You have to do your homework.”

Again, technology can greatly improve investor profiling, targeting, interaction and success. At W.P. Carey, “Our systems let us execute searches: who’s got what investment profile at which institutions? Who are the right people to speak with? What do we know about these people—have we spoken before? What did we discuss?” Martell added that by accessing data from a variety of internal and external sources “With the system we use to manage the process, we can build and execute a search in less than a minute.”

### **Best Practice 6: Create meaningful, value-focused performance measurements**

Any company recognizing and embracing the value-added, SRM-focused mission of the investor relations function must similarly begin developing a more appropriate performance evaluation framework. The IR function, absolutely, should be able to manage its administrative and compliance missions smoothly and efficiently. But if the IR group is performing a higher proportion of strategic activities, more like a profit center (think: marketing), then the investor relations community needs to learn how to more effectively measure its performance, demonstrating (and incentivizing) its contributions across meaningful metrics.

Today, most investor relations oriented metrics utilized tend to look at the non-strategic side of the business, doing little to assess investor relations performance in terms of strategic competence, effectiveness or contribution. For example, “A lot of companies measure the number of meetings, the number of conferences, the number of press releases, or maybe they go a little deeper to look at turnover or new investors,” says Hill and Knowlton’s Pettit. Other companies look only at costs, making little or no effort to measure the value-added potential of the function. Or, worst case, continues Pettit, “There’s that tendency to take credit for the stock’s performance when things are going well, and find blame elsewhere when the stock heads south.”

Performance evaluation is an inexact science. Nonetheless, in an increasingly value-added SRM environment, the bar is raised in terms of what companies should expect from their investor relations function.



*“Always a great tool,” says Cecilia Wilkinson, partner at Pondel Wilkinson, nonetheless, Bigdough “has continued to evolve, really keeping up with and in more than a few cases, absolutely leading the development of best practices.”*

Necessarily, this creates the need for an evolution towards greater sophistication in performance measures.

One of the more compelling examples of a rigorous, value-added focused performance measurement framework comes from RadioShack. The philosophy, says Grant, is that “No matter what the stock is doing, the investor relations group should be able to demonstrate the places we’re having an impact.” In this regard, RadioShack’s metrics represent an attempt to “remove the pollution of how the company might be performing, instead focusing on whether or not what we’re doing in investor relations is actually improving our valuation in the markets.”

Specifically, continues Grant, “You remove pollution by comparing yourselves to peers in your industry. Are you achieving the same valuations? Why or why not?” But the exercise runs even deeper. Explains Grant, “It’s not just your operating peers or competitors, it’s a comparison against anyone with similar financials. Quarter by quarter, year-to-date, over varying time periods: what was the total return of our stock versus the world? Are we driving total return equal to or greater than what’s being achieved by other companies with a similar financial profile, similar performance, similar net income growth, EPS characteristics or in a given quarter, similar earnings surprises?”

Care must be taken, says Grant, to understand any and all such comparisons. For example, “We might have the same EPS numbers as a handful of other companies. But if our numbers are in line with expectations, and theirs are below, of course, we’re going to look better.”

As such comparisons take form, Grant and his team share their performance findings with the CEO and board. “It’s an opportunity to demonstrate what we’re doing, and identify where we need to focus additional effort,” says Grant. For example, “Are we calling on the right investors? Are we communicating with them often enough, in the right ways? If we touched them, by phone or in person or maybe they participated in a web event, what was accomplished in terms of their ownership? Did we have an impact? What can we learn regarding our own activities relating to this or that shareholder or prospect? Given our current and expected performance, what can we do to improve our valuation?” It’s a rigorous framework, but as Grant explains, “If you want to continuously improve, you have to be willing to create meaningful benchmarks.”

### **To do it all, you need the right tools**

A focus on administrivia is fine for a cost center. But if the role of an IR function is something greater—if there is value to be created from adopting the above, SRM-oriented best practices—then steps must be taken to improve efficiency and free resources. Perhaps the most powerful means of improving efficiency and capability—of getting the investor function moving in a strategic direction—is the evaluation and adoption of the right tools.

In this regard, one thing that companies who are migrating towards the SRM state have in common is the presence of technology that can integrate the essential elements. Here, one of the leading providers of SRM-enabling software is Bethesda, Maryland-based Bigdough. This is, in fact the principal investor relations tool utilized by all of the companies cited in this white paper.

For example, one way Nationwide Financial has been able to ramp up its strategic activities—in spite of greater compliance requirements—is by harnessing technology and information. “We’ve found that the tools from Bigdough can really leverage our efforts,” says IRO O’Brien. Specifically, the system is

helping the company to vastly streamline while at the same time improve the quality of its many routine administrative and compliance tasks. For example, in terms of required communications with existing investors, explains O'Brien, "With Bigdough, we find we have great control over what gets sent to whom and when. It's very easy to manage compliance and disclosure. It's an absolutely tremendous time saver."

Having the technology coupled with highly accurate and up-to-date information seems to be the key to the equation. In each case the IROs have the ability to very precisely identify who they should be talking to both today and tomorrow, as the database is continually refined and updated by Bigdough. In fact, the next generation of information being added to the database profiles are individualized preferences, such as what analysts want to discuss with management, what executive positions they prefer to meet with, and other insights that make interactions more effective.

This leaves more time for strategic activities, and again, the integration of data and technology "is proving to be a great facilitator," says O'Brien. With its new tools, for example, Nationwide Financial can perform various analyses intended to more accurately identify likely investors. "What's their portfolio style and size? What other stocks are they holding—do we fit their profile?" O'Brien and his team use the tools "to help us gauge who should be holding our stock but isn't." Once identified, "It becomes a sort of customer CRM process," and again, "we can manage the whole process, what we call our Outreach Program, all in one system," explains O'Brien.

Moreover, the entire process is "intuitive and seamless," says O'Brien. "The old way was cutting and pasting from this system or that spreadsheet—it was a very disjointed process." But with Bigdough, "Even though we know the information is from several sources, it feels like one system. It's very slick."

No, "You can't compromise when it comes to disclosure or other regulations," adds Cecilia Wilkinson, Executive Vice President at the IR consulting firm of PondelWilkinson. But neither should a company hold on to antiquated, time-intensive means of achieving basic reporting or disclosure. Here, on behalf of the many clients relying on PondelWilkinson for outsourced investor relations management, "We've been using Bigdough's solutions for several years," says Wilkinson. "It's always been a great tool," she explains, "and the organization's responsiveness and customer service are unparalleled. Their system has continued to evolve, really keeping up with and in more than a few cases absolutely leading in development." Not having to worry about technology and tools, continues Wilkinson, "gives us more time to stay in front of best practices for our clients."

As for RadioShack's sophisticated performance evaluation system? Certainly, "We rely on a few other tools, like Bloomberg, to put together our analyses," says Grant. "But Bigdough is the principal system we rely on, not just for executing the day to day activities, but really, it's at the core of what we do."

## What the CEO should know...

How effective is your investor relations operation? Is it able to execute these and related SRM-enabled best practices as a matter of routine? Or does tackling higher value-added strategies represent an imposing challenge? Here are a handful of fundamental questions that can help to assess your group's current capabilities:

- Who are our top 10 investors in terms of holdings?
- Is their percentage of total shares outstanding increasing or decreasing?
- For each of these top 10 investors, what is the motivation for investing in our company?
- What is the ratio of administrative/compliance activity relative to strategic activity or other new initiatives?
- What new initiatives are achieving success?
- What is our market penetration/valuation relative to companies with similar investment characteristics? Not just competitors, but compared to companies with a range of relevant similarities?
- Do we have a complete file on all activity with investor "x" over the past two years, including an overview of all holdings as well as all interactions, whether by phone, in-person, webcasts, emails, etc.?
- Do we know which IR activities had the most influence on which investors? How do we know?
- How many new investors have we approached, and what is the outcome?
- Who owns our stock, our sector or companies with our profile at the top 100 institutional investor shops? What contact have we had with these individuals?
- Which institutional investors have profiles that say they should be holding our stock, but aren't?
- Who are our most likely prospects?

Hint: if answers to the above queries aren't readily available or if the answers are merely of a best guess nature, then it's time to revisit your shareholder relationship (SRM) strategies and supporting technology.

## Conclusion: The shift is on

Certainly, there are as many investor relations management strategies as there are industries and individual companies and business strategies within those industries. Necessarily, every company should and will develop and adopt its own unique set of investor relations strategies based on its own underlying competitive strengths and weaknesses. But amidst trading scandals, heightened disclosure and as always, fierce competition for every investment dollar, right now, today, there is significant value to be obtained from a fundamental review of your company's investment relations strategy and practice.

Are the SRM-enabled best practices cited above in evidence within your company's investor relations function? Can your company afford business as usual? If mere compliance is all that's required of your company's investor relations function, then carry on. On the other hand, if any or all of the above best practices sound compelling, then unquestionably, your company is ready for a reformulation of its investor relations strategy, processes and tools.

## The ‘Panelists’

The accompanying white paper was sponsored by Bigdough and developed based on interviews with a distinguished panel of investor relations professionals.



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BEA, NASDAQ symbol BEAS, is the world’s leading application infrastructure software company.

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RadioShack, NYSE symbol RSH, is a leading consumer electronics specialty retailer.

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MasTec, NYSE symbol MTZ, is a leading end-to-end voice, video, data and energy infrastructure solution provider.

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Nationwide Financial Services, NYSE symbol NFS, is the holding company for the Nationwide family of insurance, investments and related financial service providers.

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W.P. Carey, NYSE symbol WPC, is a major real estate management company.

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Hill & Knowlton, Inc. is a global communications firm; corporate and financial communications are its largest services.

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PondelWilkinson is a major consultancy specializing in investor relations and corporate communications.

<http://www.pondel.com>

We are grateful for their time and insights.



## About Bigdough

Based in Bethesda, Maryland, Bigdough is the world's most innovative provider of capital markets contact and ownership data, integrated within a powerful contact management and communications software platform.

Bigdough customers include 47 of the top 50 institutional brokerage firms in the world; hundreds of other brokerage firms and research providers; and several hundred public companies. For more information, please visit [www.bigdough.com](http://www.bigdough.com) or call 1-800-305-0819 or 301-760-2500 for international inquiries.