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IR magazine

25 YEARS

THE SOUVENIR ISSUE

Investor relations: the global growth of an industry, as reported by *IR Magazine*

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Sky Habitat, Singapore

2011

- **Best Investor Relations by Sector -** Real Estate including property development
- **Best Investor Relations (S'pore & Pan Asia) by a CFO -** Olivier Lim
- **Best Investor Relations Professional -** Harold Woo & Cheong Kwok Mun

2010

- **Grand Prix for Best Overall Investor Relations (Large Cap)**
- **Best Investor Relations by a CFO -** Olivier Lim


Ascott Raffles Place, Singapore


ION Orchard, Singapore

2009

- **Most Progress in Investor Relations**
- **Best Investor Relations by a CFO -** Olivier Lim
- **Best Investor Relations Professional -** Harold Woo

2008

- **Highly Commended Best Overall Investor Relations -** Grand Prix


Raffles City Chengdu, China


Capital Tower, Singapore

2007

- **Grand Prix for Best Overall Investor Relations (Large Cap)**
- **Best Investor Relations Website**
- **Highly Commended Best Corporate Governance**
- **Highly Commended Best Investor Relations by a CEO -** Liew Mun Leong
- **Best Investor Relations Officer -** Harold Woo & Jonathan Kuah

2006

- **Grand Prix for Best Overall Investor Relations (Large Cap)**
- **Highly Commended Best Corporate Governance**
- **Best Investor Relations Officer (Large Cap) -** Harold Woo

Raffles City Beijing, China

Congratulations on your 25 years of success. Since the launch of the IR magazine awards, CapitaLand has received 17 awards, making it one of the top 10 companies in Asia for investor relations awards. Thank you, for affirming that with our insistence on corporate governance, quality management, and the immediacy and integrity of information disclosure, we are clearly on the right track to enduring success.

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The times they are a-changin'

Tom Enright, outgoing CEO of CIRI and former chairman and CEO of CNW Group

I'm pretty sure Bob Dylan didn't have IR in mind when he released this song back in 1964, but the title certainly applies to the evolution of IR over the past 25 years. I first heard the term 'investor relations' in the early 1980s while working at Toronto Stock Exchange (TSE). I was researching information requirements for TSE-listed firms, which led me to NIRI and a small number of Canadian IROs who were members of the NIRI Eastern Canada chapter.

The first big change – CIRI is born: The growth in the number of Canadian IROs joining NIRI Eastern Canada throughout the 1980s was significant and by 1992 represented such a critical mass that it made sense to form a Canadian IR association: CIRI. It launched its first annual conference, as NIRI Canada, 25 years ago, just as *IR Magazine* began publishing, and has held a conference every year since (bar one).

The next big change – IR excellence recognized: The early years of CIRI also brought the first recognition of outstanding achievement in IR. CIRI introduced the award for excellence in IR and has awarded this prestigious honor 24 times to date. *IR Magazine* also introduced a significant awards program in 1998 to recognize excellence in Canadian IR: the must-attend (and always fun) IR Magazine Awards – Canada. In memory of Belle Mulligan (one of the pioneers of IR in Canada) the Belle Mulligan Award for Leadership in Investor Relations was introduced by CIRI in 2010.

The current big change – raising the stature of IR in Canada: In 1997 the Strategic Investor Relations Management Executive Program was launched by the Richard Ivey School of Business and CIRI and continued through 2004, and the following year *IR Magazine* held its first Canada Think Tank series of educational programs. These invitation-only sessions provided an exchange of dialogue and expertise among participants at the more senior levels of IR.

By now IR in Canada had evolved to the point where a professional designation was needed so in September 2011 CIRI and Ivey launched the Certified Professional in Investor Relations (CPIR) program. Having completed the 10-month classwork and passed the exam, the first graduates of this program have been awarded the CPIR designation.

Future big changes: The evolution of IR also required CIRI to be the voice of IR in Canada and proactively advocate on issues important to IR and the capital markets; while these efforts have been running for the past three years, there is still much to do. Beginning in 2013, the new CIRI president & CEO, Yvette Lokker, will help IR to evolve even further. To paraphrase Mr Dylan, it appears the times are still a-changin'. ■

TWENTY-FIVE YEARS IN 25 COVERS

Tim Human explores 25 years of *IR Magazine* covering the biggest stories of the day

Twenty-five years ago, *IR Magazine* was launched with the stated aim of helping you 'adopt the most effective communications with present and potential shareholders, and with those who influence their decisions.' Two hundred and forty-three issues later, we take a journey through how we covered the big issues of the last quarter-century.

Autumn 1988: What to do when the chairman dies

It's a good marketing ploy to start off on a controversial note – and that's just what *IR Magazine* (then known as *Investor Relations*) did in the autumn of 1988 with its first edition. The cover story considered what a company should do if its chairman died unexpectedly, prompting a few letters of complaint from individuals who thought the subject matter distasteful. One of the complaint letters came from a member of the UK's House of Lords who had a couple of chairman roles to his name.

The article, however, made it clear that the fate of the CEO is an issue any well-run public company should be thinking about. 'The main point: the fate of the chief executive has inordinate implications for investor relations,' we stated.

Summer 1990: Japanese IR

By the end of the 1980s, Japan had invested more than $300 bn in overseas markets – a figure expected at the time to rise to $2 bn by the 21st century. With all that money up for grabs, this article looked at how non-Japanese companies could go about attracting it. One tactic was to take a listing in Tokyo. At that time, around 100 overseas firms had taken the plunge. BP, the British oil and gas company, went a step further by backing up the share sale with a full-time IRO based in the capital.

Still, many consultants saw Tokyo listings as costly and unnecessary because Japanese investors could buy the shares more cheaply overseas. 'Yes, the decision maker for that enormous pile of money is in Tokyo. Yes, the Japanese buy great heaps of foreign equities. No, they don't buy those equities on the Tokyo Stock Exchange,' said one.

IR predictions

It's always interesting to go back and look at prior predictions for the future, if only to see how wrong they were. Back in 1993, *IR Magazine*'s *Speculator* column (which continues to this day) imagined what IR would be like in the 21st century.

In fact, the then anonymous author of the column – an IRO – proved rather prophetic, seeing the role of investor relations becoming more and more complex, and as a result requiring further professionalization. 'It has not yet become a profession in its own right,' the author wrote. 'I predict we shall see a strong trend in this direction in the years ahead. Who knows, eventually we might even see codes of conduct and professional qualifications.' Nowadays, 15 students a year graduate from San Francisco's MAIR with a master's in IR – just one of many qualifications in investor relations now available around the world. That's the kind of predictive power any successful equity analyst would be proud of!

The author also offered the hope – with somewhat less conviction – that European firms would follow the lead of the UK and the US and introduce in-house IR specialists. At the IR Magazine Awards – Europe nowadays, it is hard for UK companies to get a look-in, given the caliber of IROs across the region.

Summer 1994: From pariah to potential

After years of being shunned by international investors, the lifting of sanctions in September 1993 made stock pickers think again about South Africa. Confidence further improved after the country's first universal elections were held the following April, handing the ANC a large majority. The stage was set for a comeback.

First on the agenda for South Africa was obtaining an international credit rating – a task for which it used Goldman Sachs as an adviser. Equity investment, meanwhile, looked set to skyrocket once the country was added to the portfolios of index-tracking funds. Our article said the future looked bright for South Africa's stocks, although we said companies would have to move away from the practice of holding their cards close to their chest, a habit formed during the years of sanctions.

April 1997: The euro vision and what it means for IR

In 2012, companies are struggling to explain their plans to investors given the possibility of a country exiting the euro; it's a tough job to keep the buy side onside with all the uncertainty. Back in 1997, the same problem existed, but in reverse. The euro had officially been adopted in 1995, but it didn't appear as an accounting currency until 1999, and the actual hard cash went into circulation only in 2002.

With the right message, however, companies could take advantage of the situation. For example, it was expected that the euro would prevent firms from selling goods at different prices in different markets – any differences would be obvious to consumers, making it harder for less efficient companies to compete. The job for IROs 'will be to make sure they are in the efficient group,' the article reported.

October 1997: Home & away – IR goes global

Late 1997 saw a frenzy of overseas spending by investors. US fund managers were keen on European industrials; French funds, meanwhile, liked Latin American privatizations. Both European and US investors pumped money into Asia. The question was: could IR professionals keep up?

They were certainly going to try. A survey by *IR Magazine* found companies planned to spend proportionally more time on international investors than on domestic ones. Then, as now, they were driven by the belief that international shareholders are less fickle than their domestic colleagues and more likely to hold for longer periods. Companies also wanted to match their shareholder base to their worldwide sales. Globalization was driving global IR.

March 1998: Shattered

In the previous year, there had been much talk about IR really taking off in the Asia-Pacific region. The 1997 financial crisis – which saw South East Asia and Japan suffer collapsing currencies and stock markets – changed all that. Market commentators worried that, as no one wanted to buy stocks any more, companies would view investor relations as a waste of time, effort and money.

Andrew Pirie, a director at financial PR firm Baldwin Boyle Shand in Singapore, had hope for the future, though. 'Companies will no longer have access to cheap debt funding – which has been the cause of much of Asia's problems – so equity funding will become more important,' he predicted. 'After stamping out of the region last year, international investors are coming back.'

The IR Magazine Awards program

In 1991 *IR Magazine* held its first investor relations awards events at the Brewery in London's Chiswell Street. The inaugural winner of the grand prix for 'general excellence in investor relations' was SmithKline Beecham, which went on to form part of pharmaceutical giant GSK.

Since then, our awards program has expanded to North America (1996), Asia-Pacific (2001) and Brazil (2002). What's more, the original UK awards are now part of the IR Magazine Awards – Europe, which cover firms from Ireland, continental Europe and the Nordic region.

The awards have always been decided the same way. All we do is survey hundreds of analysts and investors to find out which firms do the best IR. Some companies have been one-hit wonders, others have displayed staying power. Perhaps the greatest ever winner is GE, which has won numerous awards over the years – which is fitting for the company that is said to have established the first ever IR department in 1953.

May 2001: Fighting gravity

After the internet bubble popped, many companies saw their valuations plummet and the options they had used to lure employees priced above the current share price. It was one hell of a hangover. For instance, Outpost.com had seen its shares fall from $11 to $2 in just a couple of months. 'I'd say my role has been expanded to include more encouragement of other employees who feel despair at the stock price,' said IR manager Janice Simoncelli.

European companies had the same problem. In Germany, software firm SAP set up an intranet after employees showed an increasing demand for financial news about the company.

July 2001: Eastern promise

IR Magazine examined the progress of IR in emerging Europe, where Poland, Hungary and the Czech Republic were 'forging ahead with privatizations and plans to join the EU'. The article also considered the smaller markets of Slovakia, Slovenia, Ukraine and Estonia, as well as Russia, which had just got back on its feet after its 1998 currency crisis.

The picture looked similar across the region: the biggest firms were rapidly improving their disclosure, corporate governance and accounting standards, while others were lagging far behind – or just not trying at all. 'The larger companies have made an IR effort, the smaller ones have nothing,' we wrote.

August 2001: Open & shut

This feature warned readers in the US that, unless they got their communications strategy in order, they could soon find themselves chatting away their careers. The reason? The introduction of Regulation FD, which required all material information to be publicly disseminated to all investors – and potential investors – at the same time, regardless of their size. While it's never been easy working in IR, we wrote, it's arguably never been harder, either.

How could an IRO survive this new environment? We offered a few tips. One: don't rely on common sense – that could get you into trouble as even lawyers are unsure what you can and can't do. And two: have your legal counsel on speed dial.

March 2003: Sell-side suspects

With New York's then attorney general Eliot Spitzer and Wall Street thrashing out what would become the global settlement, *IR Magazine* asked market participants how they were preparing for an agreement that would surely change the sell side beyond recognition. Most expected coverage to fall, especially for small and mid-caps. Of course, they were proved correct.

Looking to the future, interviewees anticipated more independent research and closer ties between IR departments and the buy side – two other predictions that came to pass. 'There has been a trend in which IROs have started increasing their focus on the buy side and the global settlement propels that even more,' said John Nesbett, managing director of Lippert/Heilshorn & Associates.

September 2003: Cracks in the ceiling

We hear all the time about the glass ceiling women encounter in business. Investor relations, therefore, offers a breath of fresh air as from the outset women have been just as prominent as men in senior positions. Our cover story explained that the IR profession found its feet around the same time women in business were finding theirs. 'IR was a new industry without ingrained stereotypes or networks, thus enabling women to be part of its foundation,' we wrote.

A recent study, however, shows that not all is equal in the IR profession: the *IR Magazine Global Practice Report 2012* finds male IROs earn more than their female counterparts consistently across different regions and levels of seniority, so there is still progress to be made.

December 2003: Peeping through the hedge

This wasn't a feature on noisy neighbors, but rather a look at why IROs needed to get a grip on hedge funds. At that point in time, the hedge fund industry had grown to around 7,000 in number, with assets of roughly $650 bn under management. In other words, it couldn't be ignored any longer.

The feature's main message was actually one that still struggles to be heard today – namely, that hedge funds aren't all short-term, short-selling 'highwaymen of the economy', as Malaysian Prime Minister

Mahathir Mohamad put it. Rather, there is a broad range of investment styles. With a bit of research, IR can identify which hedge funds to court – and which to be cautious of.

May 2004: Double duty

Should the chairman and CEO roles be split between two individuals? It's a question we're still asking today – and investors are still asking companies. News Corp saw a major shareholder revolt over the issue at its AGM in October this year.

Back in 2004, US trade union pension funds pushed the issue up the agenda by calling for the widespread appointment of independent chairmen. The failure of WorldCom and Enron had also made people think twice about existing approaches to governance. Perhaps the most high-profile change came at Disney, when the entertainment giant decided to split the roles following an historic 'no' vote against chairman and CEO Michael Eisner in March that year.

February 2006: Hidden halo

In this story we discussed what turns socially responsible investors on – and off. At stake was the growing pile of money managed by SRI funds, estimated at the time to be worth $2.2 tn.

Companies would usually need to get through a number of screens to qualify. The first was a basic industry screen, including a 'sin' screen, cutting out the likes of tobacco producers. Later screens might focus on areas like governance and ethics, product safety and environmental impact.

The feature also prompted readers to think about sustainability reporting. It reminded them of the case of UK supermarket Tesco, which was left out of the FTSE4Good Index not because it wasn't ethical enough, but because it hadn't started reporting on social or environmental issues yet.

November 2006: Capital destination

London landed a leading role in this cover story after claiming many more foreign listings than rivals the NYSE and NASDAQ over the previous 12 months. Why had the London Stock Exchange left other bourses in its wake? The answer could be down to the

IR Insight

While *IR Magazine* has been doing surveys of investors, analysts and IR officers for many years, we decided to build on that process in 2010 by creating a dedicated IR research unit: IR Insight. Since then, IR Insight has managed our awards research of investors and analysts, as well as conducting huge surveys of investor relations professionals around the world to find out how you all do IR and what you think about the profession.

The latest publication by IR Insight – the *IR Magazine Global Practice Report 2012* – is based on the views of 1,411 IR practitioners globally. The report covers areas including budgets, salaries, outsourcing, team size and even smartphone use on a worldwide and regional basis. It also compares key data by sector to show, for example, that the basic materials sector has, on average, some of the smallest IR team sizes but some of the biggest budgets.

exchange's light-touch regulation, the article suggested. In London, the principles-based system meant companies were spared the heavy burden of regulation imposed in the US.

The NYSE, though, was quick to point out that it still had more than twice as many companies from Brazil, Russia, India and China on its market than either London or NASDAQ. The exchange also rejected the notion that regulation (or lack thereof) had helped London, claiming that companies in emerging markets like the credibility that comes with following strict rules.

October 2007: Ready for the fall?

The US housing market had gone pop and now everyone was waiting to see what would happen next. A sense of foreboding hung over the market: even though stocks had already fallen substantially, people felt they had further to go (and, of course, they were right). 'I'm just glad we're private now,' commented Mark Kimbrough, vice president of IR at hospital operator HCA.

The message from veterans of past crises was to keep communicating. 'It's hard to be relaxed when your share price is falling, but you have to take a step back and get perspective,' said George Stinnes, head of IR at British Airways. 'I have not changed what I'm doing at all from an IR standpoint.'

April 2009: State capital

We (well, most of us) enjoyed watching the bankers responsible for causing the worst financial crisis for a generation get hauled in front of politicians in the UK and the US for a thorough grilling. As our cover story pointed out, though, the sight of bankers being told off like naughty school children belittled the magnitude of events: governments had moved to nationalize a number of banks to prevent them from failing, handing politicians huge power over of some of the world's largest corporations.

Investors soon began to accuse governments of acting counter to the interests of other shareholders and exercising too much control over strategy. It was an extremely challenging time for any IR professional stuck in the middle.

May 2009: Thirst for capital

After the banking crisis came the credit crunch. Company after company went cap in hand to the markets asking for fresh funds. One of the biggest cash calls saw HSBC raise £12.5 bn ($18.5 bn at the time) in a rights issue.

Finding themselves in a strong position, institutional investors took a hard line with companies and pushed for changes in strategy, management and corporate governance. Hermes Equity Ownership Services told *IR Magazine* it was 'a prime opportunity' for investor action.

Fund-raising methods also came under scrutiny. In countries like the UK where pre-emption rights are protected under law, companies were criticized for using inventive financial structures – such as the so-called cash-box transaction – to circumvent the need for shareholder approval.

July 2009: On the road again

Corporate access had traditionally been dominated by the bulge-bracket investment banks. With share trading falling and commission payments down, however, a large number of other players were jumping into the market, keen to grab a piece of the lucrative payments on offer for setting up meetings between companies and investors. Each meeting could be worth between $5,000 and $20,000, according to one estimate.

The change had positives and negatives for the investor relations profession. On the positive side, there was suddenly more choice – brokers were falling over themselves to take companies on the road, and you could be a lot more demanding in terms of who you wanted to see. On the other hand, all that demand made it much more difficult to keep all of your analysts happy.

August 2009: Gearing up

Debt became far more important to IR professionals in the aftermath of the financial crisis. Equity investors started to act like their bond colleagues, less concerned with sales and earnings and more interested in cash flow and whether a company could survive as a going concern.

One company ahead of the game was BMW. The car manufacturer had already placed a permanent debt spokesperson in the IR team to help communicate with investors about the company's growing car-leasing business. This process accelerated with the onset of the banking crisis.

'The crisis confirmed the value of our increased emphasis on debt investors and also assisted us in accelerating our efforts to firmly establish debt IR as part of our overall financial communications strategy,' explained the German auto giant's treasurer, Erich Ebner von Eschenbach.

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January 2010: Enforcement smackdown

A chill spread across equity markets after regulators in the US launched an investigation into billionaire hedge fund manager Raj Rajaratnam. The SEC described Rajaratnam as 'a master of the Rolodex' who had built a business model around the 'deliberate and systematic use of inside information'.

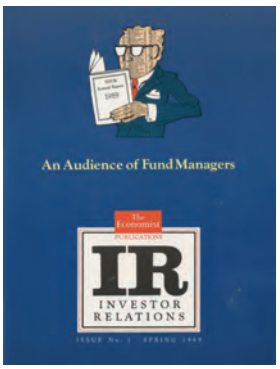
The action led IR teams and their counselors to review and reinforce disclosure practices. The best defense against leaks is more transparency, argued Jim Allen, head of capital market policy at the CFA Centre for Financial Market Integrity. Companies that 'warehouse' information make themselves targets for break-ins, he added.

April 2011: High-fliers: the C-suite life

Looking around, we saw an increasing number of former IROs taking seats at the top tables of public companies. A few examples were Blair Christie's elevation to chief marketing officer at Cisco, Andrew Griffith's appointment as CFO at BSkyB and Mark Begor's promotion to CEO of GE Capital's retail finance and restructuring operations.

One recruiter pointed out that IROs need to seek a broad mandate to set up a move to the C-suite, perhaps by collaborating with the CEO on a project or assuming other diverse challenges. 'You need to break beyond the conventional box for the IR role in order to catch the eye of executives,' he said.

By design: *IR Magazine* through the years



1988-1990

1990-1997

1998-2004

2004-present

March 2012: Light at the end of the rabbit hole

At IR Magazine Think Tanks throughout Europe, north America and Asia, delegates had two consistent worries: market volatility and short-termism. The feeling was that, after the 2008 financial crisis, markets now swung wildly around with little care for fundamentals. And the spread of high-frequency trading was making matters worse. Was there any place left for the long-term, rational investor?

An analysis by market intelligence firm Ipreo for *IR Magazine* found, thankfully, that the picture wasn't so bleak. For US stocks, the proportion of trading volume made up by institutional investors had returned to pre-crisis levels. In addition, the turnover rate of the world's active equity managers had also fallen back to where it had been in 2007. Phew!

April 2012: The good and bad of IRO 2.0

The IPO market got a much-needed boost in 2011 from a host of social media listings, such as LinkedIn, Pandora, Angie's List and Groupon. Given the unique business models on show, we posed the question: will their IR also break the mold? To an extent, it did. LinkedIn's Matt Sonefeldt, for example, wasn't your typical IRO: he came from the buy side, said he chose IR to see how a company worked from the inside, and enjoyed sharing industry news with his followers on social media.

August 2012: Shareholder rebels with a cause

For our 25th cover, it's fitting to end on one of the most contentious IR issues of the 21st century: say on pay. After years of letting top pay spiral out of control, shareholders finally got the courage to stand up and do something about it during the so-called 'shareholder spring' of 2012.

The result saw pay packets voted down across Europe and the US, including at Citi, Credit Suisse and Aviva. Other companies, like Barclays, saw large rebellions but scraped through the vote. Why did shareholders decide to take action? Our cover story underlined the combination of political and media pressure, safety in numbers, the creation of say-on-pay votes in the US, and plain disgust at sky-high pay for lamentable performance. ■

Things have changed a bit

Michael Mitchell, outgoing general manager of the UK's Investor Relations Society

At about the time *IR Magazine* was founded, I had just moved into IR myself. In 1986 I was asked to set up an IR department at Burton Group. Big Bang had just taken place and all the major US banks were in London with their checkbooks to rouse the sleepy Brits from their cozy world of stockbroking.

It was a great time to be learning about IR as almost everybody else was learning, too. Back then it was still acceptable to have a good lunch in the City with a friendly broker and a few of his/her best clients: you could judge the success of the meeting from the movement in the share price by the time you got back to the office.

My time in IR has been eventful, working with some very high-profile CEOs whose inspiration was sometimes challenging. At Burton, Ralph Halpern was a tremendous retailer but a pernickety traveler. I remember the crestfallen look on the face of the Credit Suisse broker who had booked us into the best hotel in Geneva only to have it dismissed as 'run by Rocco Forte'. Gerald Ratner, as many will remember, sometimes let his sense of humor get the better of him, but the analysts loved him, joking and drinking and even arm-wrestling with him in the bar the night before a presentation.

Things have changed a bit since then. Everyone is more serious about what is said, and technology has moved on. In the early days of email we would ring recipients to tell them we were sending something with an attachment. Others of my generation will remember the dreaded 35mm slides that had to be prepared the night before results presentations. If the financial director wanted to make a last-minute change, an army of technicians would have to work through the night to deliver the slides by 6.00 am the next day. And I used to sleep with the press releases in my room so they could be hand-delivered to the newspapers at 7.00 am.

Something else that has changed over 25 years – sadly for the worse – is travel. Concorde was a very special experience but, alas, it's no more. And airport security was virtually non-existent: you could literally run onto an internal flight to Boston and buy your ticket on the plane.

My verdict overall? It's been fun – most of the time. You never know what's coming round the corner. My best advice to those starting in IR now is to beware of investment bankers bearing gifts – whether they be free investor roadshows or M&A deals you can't afford to miss.

When I left IR for a couple of years I really missed being at the heart of things: it's a great job to have in any organization. ■

Leading the field

Janet Dignan hears from 25 IROs who have helped lead the profession from obscurity to center stage over the last quarter century

The corporate world is full of first-class IROs, working hard to satisfy senior management on the one hand and the investment community on the other. Many strive to measure their own effectiveness – and we at *IR Magazine*, via our annual awards programs, also do our best to identify the leading IR teams around the world.

Choosing the best individual IROs over the past quarter-century is a daunting task, but *IR Magazine* has selected 25 IR professionals who, for a range of reasons, have made a particular impression. Listed alphabetically here, these individuals are (or have been) at the very top of their game. All have won awards, and all have done the IR profession proud.

Outstanding start

First up is **Kiran Bhojani**, an outstanding IRO at E.ON in Germany for many years. At our continental Europe awards ceremony in 2008, E.ON won the grand prix and three other awards, bringing Bhojani's career total to more than 30. That evening, to everyone's surprise, he announced he was leaving E.ON.

Later we presented him with a framed *IR Magazine* cover dedicated to his IR work and commitment – after all, he had interrupted his holiday to fly to Amsterdam to be at the awards ceremony. His response hinted that he still had things in perspective, however: 'Life is worth more than the share price,' he said. 'Don't let the BlackBerry drive you; you drive the BlackBerry.'

Roberto Castello Branco, IR maestro at Vale in Brazil, is another repeat award winner. *IR Magazine* particularly likes his assertion, proffered to this magazine, about the nature of IR: 'In investor relations, there are no mysteries and no secret weapons. We just try to do ordinary things extraordinarily well.' He's clearly succeeded, which is one reason Vale has won so many awards: 22 trophies in the past five years alone.

'There are no mysteries or secret weapons. We just do ordinary things really well'
Roberto Castello Branco

Nancy Chen, former IRO at Li & Fung, began her professional life as a buy-side analyst with a Japanese investment house, where she covered Li & Fung for three and a half years before joining the in-house IR team. Her predecessor at Li & Fung told Chen the company had a lot of potential because its management was well respected, but that the stock was not widely covered.

Within a couple of years, virtually anyone looking at Hong Kong was covering the company. Chen's success was also evident in several award wins, including for best IRO in Hong Kong. She's now head of investor relations at Sun Hung Kai Financial.

Next up is **Roddy Child-Villiers**, head of investor relations at Nestlé in Switzerland, whose IR career started almost as long ago as *IR Magazine*, in 1989. Another multiple award winner, Child-Villiers is reticent when asked what he feels most proud of in his IR career. 'Wherever an IRO works, it is the efforts of the other employees that count,' he notes. 'At Nestlé, there are more than 300,000 people who make the company what it is. If I have any pride, it is in celebrating their achievements.'

Child-Villiers cites three IR heroes. The first is 'the man who originally said credibility is like virginity – you can lose it only once. It should be the watchword for anyone in IR.' Second is Alex Sandberg, former owner of College Hill Associates, 'the first person in financial communications to believe in me.' And finally there's David Lyon, CEO of Bowater (now Rexam), 'the first man I pitched to on behalf of CHA – the first account I won – and the man who took me from consultancy to corporate life by employing me five years later.'

'To be recognized for our IR during the toughest times is incredibly satisfying'
Blair Christie

North Star

For **Blair Christie** of Cisco, CEO John Chambers and former CFO Larry Carter are the IR heroes. 'Their understanding of the investment community, respect for my team's advocacy on behalf of this community, and commitment to transparency and strong integrity have been a North Star for the investor relations team at Cisco,' she says.

Her greatest pride comes from receiving recognition for Cisco's IR 'during the toughest years, when the internet bubble burst, and during times of rebuilding our company's leadership. To be recognized during tough times is incredibly satisfying.'

The achievement of which Nexen's **Janet Craig** is most proud is, by contrast, rather modest. 'The honest answer is that I have this career at all,' she says. 'I fell into IR when I was in a temporary job where my boss was nominally in charge of IR. They paid an external IR firm and I started reading the stuff coming in and – frankly – fixing some of it: grammar, syntax and so on.' That piqued her interest in IR and she found a job as a project manager in an IPO roadshow company.

'If we get past that,' adds Craig, 'then I am most proud of the relationships I have built with the Street and management. They have allowed me to do my best to add value.'

Carol DiRaimo, like many of her top-rated IR peers, says her greatest pride comes from 'the relationships and trust built over the years.' Now with Jack in the Box, she began winning awards for her IR at Applebee's. 'After 18 years on the accounting and finance side, I started officially doing IR at Applebee's International in 2001,' she explains. 'It took me nearly two years to convince the firm to let me do IR, as that was not my background.'

DiRaimo won the best IRO award four years in a row, from 2004 to 2007, when she was at Applebee's. She then moved to fast food chain Jack in the Box, which was nominated for most progress in 2009 and again in 2010. She won best small-cap IRO and saw her firm nominated for the grand prix in 2011, and this year she received two nominations, for best IRO and the grand prix.

'It took me nearly two years to convince the company to let me do IR'
Carol DiRaimo

Funny guy

Martin Gottlob, who has headed up IR at Danske Bank since 2004, says he derives most pride in his work from 'being recognized by investors and analysts as a reliable and trustful IRO.' Gottlob was previously a banking analyst, so he knows what's required from the other side – always valuable in the IR role.

Perhaps most memorably, he was responsible for one of the better IR jokes, made as he was collecting a clutch of post-credit crunch awards on behalf of the bank in 2008, including best IRO in the Nordic region and grand prix for best overall IR. 'On the balance sheet, there's a left side and a right side,' he said. 'On the left side nothing's right, and on the right side nothing's left.'

Ken Janke, former IRO and now deputy CFO at Aflac, says he 'stumbled into the IR profession back in 1981', when he worked for the National Association of Investors Corp (NAIC), which meant spending a lot of time interacting with IROs from around the country. 'During the evenings, I worked on my MBA with the goal of landing an IRO position,' he explains. 'That happened in 1985 when Aflac offered me a job.'

Janke's IR hero, 'without a doubt, would have to be my late father, Ken Janke Sr, who ran the NAIC for many years. He was a great advocate for individual investors and an incredible mentor during my time there. I rode to work with him almost every day and learned an incredible amount from him – about investing, business and life.'

Asked about his proudest IR achievement, **Richard Jones**, who heads IR at Indorama Ventures in Thailand and first started doing IR in 1998, recalls the day of the firm's IPO in 2010: 'I persuaded the Stock Exchange of Thailand to allow us to be the first company ever to promote the IPO on its rooftop LED board, viewed from thousands of vehicles daily. And we did a countdown to the IPO on all the exchange's internal televisions over 10 days – another first.'

As for his IR hero, we offer Jones' response here – with no apology. 'This may come out sounding disingenuous,' he says, 'but it really is so difficult to choose just one IR hero that I have to choose a symbolic digest of heroes. *IR Magazine* has taught me

so much over the years about the importance of transparency, the need for complete honesty – telling the negatives along with the positives – and the fact that IR is probably at the bottom of the list of people investors want to hear from in a company. This may hurt the ego, but it reminds me that I am merely a corporate ambassador.

'*IR Magazine* has featured the ideas of thousands of IROs over 25 years who I will perhaps never have the opportunity to meet, yet I can learn about what works and what doesn't from all of them in one place. The world's best IROs have taught me through *IR Magazine*, so it's definitely my real IR hero.'

Limited Brands' former IRO **Tom Katzenmeyer** is a repeat winner of grand prix and best IRO awards in the US who made a real impact on investors and analysts in his time there. A consummate IR pro, he started in IR at Limited Brands back in 1989 and was there for the best part of two decades. Josh Cummings of Putnam Investments once said of Katzenmeyer: 'It seems to me that Les Wexner, the chairman, has given Tom an awful lot of responsibility for the business. Tom is really the go-to guy because if I talk to him, I don't feel the need to pick up the phone and talk to the CEO or CFO.'

A little over a year ago, BP's head of investor relations, **Fergus MacLeod**, took on an extra role as head of strategy. MacLeod, who joined BP back in 2002 from Deutsche Bank, has won numerous awards for BP, including best IRO on a number of occasions, and he retains oversight responsibility for IR. Indeed, part of his purpose as strategy head is to win back shareholder confidence. It's a crucial function at this point in BP's history, and one which only someone of MacLeod's standing would be entrusted with.

Big deal

Karl Mahler, the urbane and charming head of IR at Roche in Switzerland, has the award for best IRO in Europe under his belt, along with numerous other accolades from investors and analysts over the years. Mahler, who began in IR at Aventis in 2000, says he's most proud of helping raise the finance to take Genentech private.

'At around $40 bn, it was the biggest cash deal ever,' he recalls, 'and we achieved it in a very difficult market in 2009-2010, when the financial crisis was at its peak and there was basically no, or very little, liquidity in the market.'

Declining to name an IR hero as such, Mahler prefers to pay tribute to his colleagues at Roche. 'The success of IR is very much a team effort,' he insists.

Conversely, **Bruce Mann**, head of IR at Rogers Communications in Canada, has no hesitation in naming his IR hero: Ted Rogers, who died four years ago and who built the firm from the ground up. 'He never shied away from taking the long view, never played the short-term results game at the expense of long-term value creation,' says Mann. 'He may have scared the hell out of some people

Belle Mulligan, 1940-2009, Barrick Gold, Canada

As one of the founders of the Canadian Investor Relations Institute, Belle Mulligan's name lives on in many Canadian IROs' memories. Hugely respected in IR circles for her generosity and integrity, she was also cited by an analyst as 'adding 10 percent to the valuation' of her company. For Nexen's Janet Craig (see page 33), she is an IR hero. 'I don't think I actually ever met Belle, but I remember her vividly,' Craig recalls. 'She was beautiful, poised, impeccably dressed and very smart. She oozed professionalism and success. I remember seeing her walking down a hall at a conference center, and I turned to Joey Brown and said that I hoped to be like her someday. And while I can't say I am any of the things Belle was, in my mind she is the IR person I hope one day to be.'

'Our takeover of Engelhard was something I learned a tremendous amount from'
Magdalena Moll

along the way but he created many billions of dollars of investor and personal wealth in the process.'

Mann's IR career began in 1995 at US West in Colorado. He says he's most proud of two things: 'the trust of management teams I've worked with, and the respect of the investment community, built on the back of multi-year relationships rooted in an almost religious focus on being responsive, transparent, proactive and credible.'

'My IR hero is my wife, for putting up with all the late nights and missed dinners'
Bob Noorigian

One-woman show

BASF's **Magdalena Moll** says her greatest IR achievement to date, by far, was the acquisition of Engelhard by her company in 2006. 'This was the first unsolicited takeover by a German company in the US,' she explains. 'The coordination between IR, communications, strategy and M&A, and the work in both the US and Europe to see this project successfully through, was a real challenge. It's also something I learned a tremendous amount from.'

Moll first began in IR in 1992, at Mannesman, 'where I was a one-woman show. I took over the responsibility of IR from the controller at the time, and by the time I left the company we were a team of six IR professionals.'

She names Paul Scott, a partner at Brunswick Group, as her IR hero. 'Paul has advised me and BASF on some of our most critical projects over the years,' she says. 'I have always been impressed with his ability to quickly see through the issue to get to the key point, and to understand the impact on the broader stakeholder groups.'

GE's director of corporate investor communications, **JoAnna Morris**, has been with the company for more than 20 years, though the company first launched an IR department nearly 60 years ago, in 1953. Morris has received multiple awards and nominations during her time in investor relations, but this year was a first for the best crisis management award: GE built and supplied the reactors for the Fukushima nuclear plant in Japan.

Bob Noorigian appears elsewhere in this issue, not least because its publication coincides with his retirement from Canadian rail group CN. His IR career began at Union Pacific the same year *IR Magazine* started, in 1988, 'almost by accident'. Noorigian was interviewing for a different position when he was asked about the IR role: 'I never looked back,' he says.

As for heroes, Noorigian names his wife Shirley,

'for putting up with all the late nights, missed dinners and inopportune phone calls.' But there are more: 'Also, all the good people who worked tirelessly with me over the years (Rose, Paul, Janet, Nadeem, Mark). They made me look good and sound smart.'

For many years, **Ladislas Paszkiewicz** of Total in France made repeat trips to the stage at our continental Europe awards. He joined Total in 1985 but only moved to IR in 1991. He stayed in IR until 2004, the year after he won four awards in Paris, including best IRO. But the trophy gathering then came to an end, because Paszkiewicz was promoted to bigger things at Total; today he's senior vice president of Total for the Americas.

Earning respect

Ron Slaymaker of Texas Instruments (TI) is most proud of 'helping to build TI's IR activity into a function that has earned respect both inside and outside our company.' He's quick to pay tribute to his team: 'It's made up of people who have broad and deep experiences inside our company and industry, having run businesses and worked in different functions. They had good alternative career options, but they chose IR. More than any skills I have personally, a capable team surrounding me has helped advance the IR function here at TI.'

Slaymaker began in IR in 1998, after 16 years with TI. 'I hadn't planned on IR being my next career step and, in fact, hadn't even considered it,' he recalls. 'At the time, I thought it sounded like a fun job for a couple of years. I was partially right – it was a fun job, but it's now been fun for 14 years.'

Geraldo Soares started in IR in 1999 with Itaú Unibanco Holding, where he remains to this day. With regard to Itaú, he's most proud of 'being a pioneer in initiatives such as public meetings and the IR website.' More broadly, he's proud of having helped to create the Steering Committee for Information Disclosure to the Market, of twice being president of the Brazilian Institute of Investor Relations, and of being the author of two books about the market.

Elizabeth Sun, who heads IR for Taiwan Semiconductor Manufacturing (TSMC), has been a standout IRO in our Asian awards for many years now. She is the face of TSMC among members of the investment community, who shower her with praise in our research carried out in the region to identify the best companies from an IR perspective.

At last year's Greater China Awards, Sun took the best IRO trophy for the fifth time in six years; that's apart from the other six she collected for 2012 alone.

Elizabeth is the face of TSMC among members of the investment community
Elizabeth Sun

Lifetime achievement

Colgate-Palmolive's senior vice president of IR, **Bina Thompson**, has been with the company since 1992. A past grand prix winner and NIRI board member, at the 2012 US Awards she was presented with the award for lifetime achievement in investor relations, prompting this comment from Colgate CEO Ian Cook: 'Colgate people, as well as Colgate shareholders, owe Bina a tremendous debt. For more than 20 years, she has helped investors and analysts understand our

For over 20 years, Bina has helped investors and analysts understand Colgate's strategy
Bina Thompson

global business, our strategy and our results.'

At CapitaLand in Singapore, **Harold Woo** is nearing a decade in charge of the company's highly successful – and award-winning – IR program. A former sell-side analyst, Woo switched to IR when he joined CapitaLand in 2003, and his understanding of the 'other side' doesn't go unnoticed. As Woo himself said to *IR Magazine*: 'I once had many love affairs with many companies; now I have only one love affair with one company.'

PetroChina's **Mao Zefeng**, with nearly a dozen years under his IR belt, has won many *IR Magazine* awards and nominations over the years, including one for best investor relations professional in mainland China in 2010. His success is perhaps in part a result of his credo: 'Our investor relations work will never be satisfactory without the true satisfaction of our shareholders.' ■

The 25 top IROs of all time

Kiran Bhojani, independent (ex-E.ON), Germany

Roberto Castello Branco, Vale, Brazil

Nancy Chen, Sun Hung Kai Financial (ex-Li & Fung), Hong Kong

Roddy Child-Villiers, Nestlé, Switzerland

Blair Christie, Cisco, US

Janet Craig, Nexen, Canada

Carol DiRaimo, Jack in the Box (ex-Applebee's), US

Martin Gottlob, Danske Bank, Denmark

Ken Janke, Aflac, US

Richard Jones, Indorama Ventures, Thailand

Tom Katzenmeyer, Ohio State University (ex-Limited Brands), US

Fergus MacLeod, BP, UK

Karl Mahler, Roche, Switzerland

Bruce Mann, Rogers Communications, Canada

Magdalena Moll, BASF, Germany

JoAnna Morris, GE, US

Belle Mulligan, Barrick Gold, Canada

Bob Noorigian, CN, Canada

Ladislas Paszkiewicz, Total, France

Ron Slaymaker, Texas Instruments, US

Geraldo Soares, Itaú Unibanco Holding, Brazil

Elizabeth Sun, Taiwan Semiconductor Manufacturing, Taiwan

Bina Thompson, Colgate-Palmolive, US

Harold Woo, CapitaLand, Singapore

Mao Zefeng, PetroChina, China

Getting engaged

Ian Matheson, CEO of the Australasian Investor Relations Association

Most of Australia's top 300 listed entities these days retain in-house IR expertise, whether staffed full time by a team or individual or handled by a senior executive with a dual role such as finance. Go back 20 years and IR existed only among a handful of banks and mining firms included in the MSCI Index.

This welcome trend toward shareholder engagement is a consequence of several significant changes to the capital markets, none of which was specifically designed to promote the IRO's role. First, federal legislation was introduced in 1992 for compulsory superannuation, with employers having to put 9 percent of every employee's earnings into a personal retirement account. This established a huge pool of savings and, over time, significantly increased the level of institutional ownership of companies.

Politicians soon realized they had a duty to enact protection mechanisms, so the second change was a gradual toughening of disclosure regulations starting around 1994, including requiring material information to be disclosed promptly to the market.

Third came an ability to analyze a firm's beneficial ownership, which became essential with the huge growth in institutional ownership. It had been a murky area and was often very difficult to achieve, but combined with the push toward increased voting of shares, understanding underlying ownership via share register analysis meant executives and the board now knew exactly who was calling the shots.

These three developments were all critical to the growth of the IR function in Australia and I feel they are almost essential prerequisites for IR to grow in any jurisdiction. Working in the early 1990s as CEO of the Australian Investment Managers' Association, I became keenly interested in the beneficial ownership issue and in the mid-1990s developed a service to help companies understand what was happening on their share registers. This type of analysis is now routinely handled by IROs, and allows them to communicate directly with their investors. Previously, that key was held solely by stockbrokers.

Nowadays major investors have one-on-one relationships with the companies they invest in, which has raised expectations for high-quality communications. Executives can no longer take a cavalier attitude toward their owners. The market, too, is unforgiving of firms that are poor communicators (or that don't communicate at all). IR has to remain a long-term commitment as it's no longer possible to ignore shareholders: they don't like being snubbed, and if they feel that way they are increasingly taking matters into their own hands. ■

Path to becoming an IRO

Eva Chan, founding chairman of the Hong Kong Investor Relations Association (HKIRA) and head of IR at CC Land Holdings

Until five years ago I was CFO of Beijing Capital Land, a Hong Kong-listed mainland property company. When I told my friends I was leaving to become head of IR at CC Land Holdings, a Chongqing-based mainland property developer, they were surprised. Some even said: 'Eva, are you downgrading yourself?' I was more blasé. Toward the end of my five years with Beijing Capital Land, where I also served as company secretary and head of IR, I was spending more than half my time dealing with investors so my move to CC Land was a logical one.

As more Chinese companies seek to list in Hong Kong and overseas, the role of IR is gaining prominence and provides a new career opportunity for accountants like me who would like to spend more time interacting with a broad mix of company stakeholders. Unlike in the US and Europe, where IR has been well established for decades, the profession is relatively new to Hong Kong, and I was privileged to be among its pioneers.

To succeed in IR, one needs a wide range of skills, integrating finance, communication, marketing, fund management and compliance to ensure an effective dialogue between the company and its stakeholders. My accounting background has been a big plus, helping me talk to analysts and win their respect. I'm also very familiar with the listing rules: a good IRO needs to know what he/she can say and cannot say.

The role of the IRO has grown as bigger companies and more institutional investors get involved in the Hong Kong stock market. This change began in 2005 when the big Chinese companies started listing in Hong Kong. Ten years ago, if your company's market cap was HK$7 bn, you were among the top 50 companies in Hong Kong. To make the top 50 now, you need to have HK$60 bn ($7.7 bn). Bigger funding requirements necessitate – and attract – more institutional investors worldwide. Ten years ago only 38 percent of the traders on the Hong Kong Stock Exchange were institutional investors. Now it is close to 60 percent.

I believe the demand for IROs in Hong Kong will explode over the next five years, mirroring a global trend. There will be a completely different market environment here, with explicit requirements from the international fund management market for more information before placing their funds in the local economy. ■

From start to finish

Scott Ganeles, CEO of Ipreo

My parents originally wanted me to be a lawyer, and in college I was lucky enough to get an internship with IBM in its corporate litigation department. Through this I had a chance to work with the best of the best and get a good view into what this life would be like, and what I discovered was that I really did *not* want to be a lawyer. But part of my job there was to review the top technology companies in the world and assess how they were doing through their annual reports and financial presentations, and I realized that I really liked this whole Wall Street thing.

So I went back to school at Brown and took all the economics courses I could find and set out to find a job at a Wall Street firm, eventually starting as a retail stockbroker for Janney Montgomery Scott. I think I might be the only stockbroker who never made any money for anyone; what's worse is that I also lost all my friends' and family's money, as they're the people I was selling to. I knew I had hit rock-bottom when I had to make a margin call on my grandmother…

After a slew of clichéd Ivy League occupations of which my parents are very proud – bartending, roofing and moving – I became a stock surveillance analyst at the Carter Organization, one of the premier proxy solicitation firms and a pioneer in stock surveillance. I loved the job: I loved having clients, I loved the pressure of having people rely on me for answers, I loved the investigative reporting aspect of it.

One of the first (and coolest) accounts I ever had was doing surveillance for a big defense contractor (that I will leave unnamed) which had heard rumors of Middle Eastern arms dealers taking a significant position in their company through a Miami bank, and it was my job to identify the shareholder. This was 1988, Iran-Contra, Adnan Khashoggi, guns for drugs – all kinds of intrigue. I was hooked!

Laying the groundwork

I started the Carson Group with Dave Geliebter at around the same time as *IR Magazine* launched its first issue. We were one of the early advertisers in the magazine; we wanted to get our name out there and *IR Magazine* was a great forum for doing that.

How we really got going, though, was by creating our Adopt-a-Client program where, unbeknown to the client, we would just start working for it by conducting analysis on its stock. When we alerted it that it had been part of our program, some yelled at us, but some listened. Eventually we got a handful of companies to formalize our relationship: Sears, Lockheed and TransAmerica, which was enough to get us references to help win

more clients. It was a great day when Dave called me from Michigan and said Dow Chemical had agreed to sign up, and two hours later I landed MCI. From there we were off and running.

In 1991 we went to our first NIRI conference. There were maybe 12 booths in total, all as staid as could be. Dave was a marketing genius and had all of these ideas about making our booth really exciting – TV sets, raffles, computers – all stuff that sounds passé today but was cutting-edge compared with standing there handing out business cards.

I started getting excited about it, but when I landed in Orlando, Dave picked me up at the airport and drove us to the lumber yard. That's when it dawned on me that he and I were going to *build* the booth ourselves! It's a good thing NIRI lasted only three days as the balsa wood was collapsing and we were trying to hammer things back into place while people were off at panel sessions.

Someone recently asked me whether I thought I could still conduct stock surveillance myself today. The last time I physically tracked a share was probably AIG in 1992 (for legendary CEO Hank Greenberg, who was extremely interested in every minute movement of his stock and once even made a ship-to-shore call to me on the day after Thanksgiving to demand an explanation for why his stock was down three quarters of a point on the 4,000 shares that were actually trading). As I think about our analyst teams today, stock surveillance is dramatically different, both easier and more difficult. The obvious aspects of more difficulty involve the sheer volume of shares that trade on any given day, and the speed of the transactions. Also, separating the news from the noise is much more challenging.

Having said that, the tools our analysts have available to them are beyond anything I ever had, providing the ability to aggregate data very quickly and sift through an immense amount of information. So they have more to account for, but they have much better tools to do it with. I always had a dream when I got into this business that one day we would be able to work with a global account and be able to wake people up in the morning with answers and tuck them in at night with answers, because we'd have analysts around the world who could provide continuous service. And today that's actually the case.

Humble beginnings

But prior to the early 1990s, proactive IR didn't even exist; it wasn't a given for companies that talking to shareholders even merited anything. In 1993-1994 we had the years of transition, triggered by the rise of the activist shareholder and driven by the twin motivators of fear and greed. Titans of industry – CEOs at the likes of Sears, IBM and GM – were losing their jobs as shareholders started forcing a rethink of corporate strategy (fear), while executives were finding a greater portion of their compensation was being tied to stock performance (greed). Generally speaking, the companies to first embrace the concept of proactive IR were the ones that had just come through major proxy fights, like Lockheed and Texaco, and knew they had just fought for their lives.

The company that really stands out to me as a pioneer is GE. Jack Welch bought into the idea of being proactive in your story and understood that you could develop messaging around a conglomerate with disparate businesses and actually get a premium rather than a discount. P&G was another early adopter. These were firms that realized, 'We need to be doing this on a recurring basis, not just during a hostile situation. The mind of the shareholder is something we need to be on top of, all the time.' ■

A global business

Mark Hynes, principal of UK-based IR consultancy Transparency Matters

The world of financial services and capital raising has been my life for nearly 40 years. Fresh-faced from school to a dealing desk, I was soon introduced to the huge array of areas in which IROs are supposed to be experts, from how capital markets work to corporate law, communications and accounting treatments.

We all came into IR from different angles. Today IROs have backgrounds in treasury, on the sell side, in marketing, corporate communications, media and many other fields. I suspect most of us wound up in IR more by accident than design. For me, starting at an investment bank was followed by a move to *The Economist*, 20 years at the *Financial Times*, and thence to PR Newswire.

All but two of my *FT* years were spent as an expat. Being the local man for the *FT* in Singapore was always interesting, with then prime minister Goh in the habit of meeting international business media types every year. Meetings were held in his office, with an open door in the corner. Behind that door? Why, senior minister and ex-premier Lee Kwan Yew, keeping tabs on the country's economic development.

In the early 1990s I was in the US, working to provide fund managers with tools for investment accounting and asset allocation. Much of the news and data was delivered on magnetic tapes or even punch tape, and trading was manual – which helps put today's excitement around social media, short-termism and high-frequency trading into context.

The sheer geography of IR has changed during my time. In 2001 I was asked by PR Newswire to moderate a two-day IR course in China for the Shanghai Stock Exchange. The punters duly arrived, all in their early 20s. None apparently spoke English, so we had simultaneous translation. I asked the interpreters how they would translate 'investor relations' and they asked what it was. Together we came up with *tou zi zhe guan xi*, which seems to have stuck.

Fast-forward a few years to other IR events in China, including *IR Magazine*'s first mainland China conference in 2002, and attendees were now middle managers in their 30s. From total basics we had moved to exotic discussions on how to guide analysts, business model transparency and roadshow organization. Scarily fast progress.

So much fun to remember: being carpeted by the Financial Services Authority over my blog post on 'netting off' disclosure; arguing at a conference against hedge fund Dawnay Day for disclosure of contracts for difference positions (the good guys won).

Congratulations to *IR Magazine* on reaching its 25th birthday. Here's to the next 25 years! ■

A personal journey

John Gollifer, general manager of the UK's Investor Relations Society and former head of IR at Singapore Exchange

I sort of fell into IR. I'm glad I did, given the industry's variety and potential, its multi-disciplinary make-up and its undoubted profile at a time when markets really need it. The first 'IR' I heard of was industrial relations, as far back as the 1970s in the UK. My first employer, Barclays Bank, had an IR team that was part of the planning and finance function.

It was considered a suitable training ground for high-fliers. Today, you can argue that IR is an industry in its own right. The UK has had an IR Society since the 1980s, while Singapore, for example, more recently established IRPAS, its professional IR body.

After my formative career years in banking, I landed on my feet in Singapore. Here I became directly involved in operating markets as opposed to being an intermediary. I started at Singapore Exchange (SGX) as head of corporate strategy and marketing just after SGX went public in 2000. IR was then part of the communications function that reported to me.

With a new CEO in 2003, IR at SGX was created as a discrete function with primary responsibility for a key stakeholder group: the investment community. That was a bold and forward-thinking move given the size of SGX and its market at a time when the Asian IR industry was just nascent.

It soon became apparent at SGX that IR is a serious business. Our reporting line went all the way up to the chairman and the board, which we regularly updated on the state of the share ownership of SGX and what investors were thinking. At the time of the SGX IPO, the company was valued at S$1.1 bn and the market cap of the Singapore securities market was approximately S$570 bn. At its peak, SGX was an S$18 bn company and the Singapore market was rapidly approaching S$1 tn. Of course, in today's post-global financial crisis environment, we have all had to start again in rebuilding confidence and value.

To do this, SGX will certainly need its IR: it will be a long, hard road given that the market has changed and the competition for attention and investor dollars is more intense. The good news is that IR in Singapore has certainly arrived and the need for IROs has never been greater. The flipside is that in adverse market conditions, the more established markets have far deeper pools of liquidity and concentration of institutions, and are greater magnets for talent. They may be better placed to hold on to what they have and possibly extend their lead over developing markets.

As for me, I'm delighted to be back in London, which seems to keep reinventing itself as a leading international financial center – and of course I'm delighted to be part of the IR Society. ■

Brave new world

John Wilcox, chairman of Sodali

Whether it was a stroke of luck or pure genius, Janet Dignan's decision to launch *IR Magazine* 25 years ago could not have been better timed. We recognize today that the mid-1980s were an inflection point in the development of IR, which 25 years ago was just beginning to branch out from financial public relations. The hot topics were takeovers, greenmail, raiders, arbitrageurs, poison pills, proxy fights and the plaintiff's bar.

But the most controversial and enduring event of 25 years ago was the infamous 1987 letter from CalPERS to the SEC setting forth a laundry list of demands for improved shareholder rights, board accountability and corporate governance. This letter, which marked the birth of institutional investor activism, set in motion forces that caused the global transformation of IR that continues today.

IR now confronts a set of governance-related problems that were unimaginable 25 years ago. Even a partial list is daunting: empowered shareholders, activist investors, confrontational annual meetings, high-frequency trading, empty voting, imperial CEOs, say on pay, short-termism, boardroom transparency, director-shareholder communication, websites and new technology. The list goes on.

Given the volume and urgency of these problems, it's surprising that IR practice remains focused on financial communication with analysts and portfolio managers; it has made only limited progress in establishing lines of communication with institutional decision makers responsible for governance policy and proxy voting. This is largely the fault of institutional investors that keep these functions separate and are reluctant to bring non-financial metrics into their investment models. This continues despite ample evidence that governance failures can create havoc at firms and cost investors dearly.

But it is also the fault of companies. Boards continue to prize collegiality and privacy over transparency. Legal counsel warn against board communication with shareholders. Budgets constrain co-operation between IR and governance functions.

Will companies succeed in creating a form of holistic IR to embrace the full scope of financial, non-financial and governance issues endemic to all businesses? That depends largely on whether financial institutions accept their fiduciary and stewardship responsibilities. It also depends on a shift to younger, more tech-savvy CEOs and directors who are committed to transparency and skeptical about theories of market efficiency and shareholder primacy.

There is no question that IR practitioners will play a central role in the development of this new company model – or that *IR Magazine* will continue to lead the way for the profession. ■

From the ashes of Black Monday

Lou Thompson, adjunct professor of communication at Germanna Community College in central Virginia, and former president and CEO of NIRI

Congratulations to *IR Magazine* on its 25th anniversary as the leading global publication for the IR profession. How extraordinary that on October 19, 1987 – otherwise known as Black Monday – just prior to the magazine's launch, individual and institutional investors saw the Dow plummet 508 points, losing almost 23 percent of its market value in a single day, marking the end of a five-year bull market.

I had celebrated my fifth anniversary as president and CEO of NIRI in September that same year and had never experienced anything like this. I called the NIRI chairman, the legendary Mark Steinkrauss, who was head of IR for Digital Equipment Corporation (DEC), then a darling of Wall Street, that Monday afternoon. In his thick Bostonian accent, he said, 'I can't talk to you right now. My stock is in free fall.'

And free fall it was: DEC suffered the largest loss of any NYSE-traded company that day. Those who have looked back on the causes of the crash blamed the introduction of programmed trading, the interplay between the stock markets, index options and futures markets, and the fact that the trading markets were unable to handle the large flow of sell orders – something we saw again during the financial crisis of 2008.

Black Monday was a time when millions of retail investors left the market, many of them for good, and 1987 was the year the market shifted to one dominated by institutional investors. That dynamic resulted in changing the face of IR to where we are today. When I joined NIRI my corporate board members were largely vice presidents of corporate communication with responsibility for IR. Most reported directly to the CEO.

In 1982 the NIRI board retained the executive search firm Russell Reynolds, which ultimately proposed me to the board based on my strong communications background as an assistant press secretary in the Ford White House, and head of communication for the American Enterprise Institute, the non-prescription drug industry association and the National Association of Home Builders.

Paradigm shift

With the shift to an institutional market, companies saw a need to staff their IR departments with people who had strong financial backgrounds to better serve the more sophisticated portfolio managers. Along with that shift, a majority of IROs started reporting to the CFO, and today at most larger-cap companies that reporting relationship prevails.

It was also an era in which building sell-side analyst coverage was a top IR priority. Around 2006, with the change in the buy side's remuneration for sell-side research, the brokerage firm analyst's role had become more of a source of market intelligence; today it is even more important for providing senior management with access to the buy side by organizing non-deal roadshows.

NIRI became very active in the mid-1990s in legislative matters through my role as the media spokesperson for the business coalition. This brought about the 1995 Private Securities Litigation Reform Act to deal with the explosion of frivolous shareholder lawsuits occurring when firms missed their quarterly earnings estimates. The coalition hired the Washington, DC-based PR firm Powell Tate, which gave me access to numerous appearances on cable news programs, primarily CNBC, and representation in the national print media.

My NIRI role in that respect continued following the downfall of Enron, Global Crossing and others accused of accounting fraud that resulted in Congress passing the Sarbanes-Oxley Act in 2002. In 1999 NIRI chairman Jane McCahon – another Bostonian – and I worked with the SEC staff and commissioners to help craft Regulation Fair Disclosure as a rule IR professionals could live with. At the time, I also served on SEC chairman Arthur Levitt's advisory committee.

Lifetime's work

I was active in promoting the IR role in corporate governance while serving on Harvard University's Corporate Governance Working Group and speeches before various institutional investor organizations. In 1995 I worked with Dr Sarah Mavrinac of the Harvard Business School on her landmark study, 'Measures that Matter', sponsored by the Ernst & Young Center for Business Innovation. This was the first major study documenting the value of communicating non-financial measures for the portfolio managers to incorporate in making their investment decisions.

In 2000 I was honored as the first recipient of *IR Magazine*'s award for lifetime achievement in investor relations. During my near quarter-century with NIRI, I saw many changes in the investor relations industry. IR professionals today have greater access to the C-suite and the board of directors, and an increasing number are conducting one-on-ones on a solo basis with institutional investors – all of which suggests the IRO role continues to grow and play an important part in communicating the corporation's value proposition to the investment community. ■

The shift to an institutional market led companies to staff their IR departments with people who had strong financial backgrounds

A quarter-century working for better IR

Ronnie Nogueira, publisher of *Revista RI – Relações com Investidores*

Celebrating the 25th anniversary of *IR Magazine*, it's important to note that Brazil 25 years ago was very different from today, particularly its economy and capital markets. Back then, Brazil was in its first years of redemocratization after 20 years of authoritarian rule led by the military, which had started in 1964. Between 1985 and 1994 the country went through several economic initiatives – the Cruzado Plan in 1986, the Bresser Plan in 1987, the Summer Plan in 1989 – all of which, unfortunately, failed to control the chronic inflationary process that plagued the country, and led to an average annual inflation rate of 764 percent over the period.

In February 1994, the launch of the Real Plan, with the goal of seeking monetary stability and carrying out major economic reforms, represented a milestone in the development of the country. The annual inflation rate fell sharply to around 5 percent-6 percent, a rate that persists to the present day.

It was in this environment of economic stability that we saw the emergence of major initiatives that began to contribute strongly to the growth and development of the capital market in Brazil, particularly in the area of investor relations. In 1997 a group of market professionals founded the Brazilian Institute of Investor Relations (IBRI), with the goal of bringing together professionals directly and indirectly linked to IR activity in order to promote programs and initiatives aimed at the development of this essential function in Brazil. Importantly, the Brazilian capital market is one of the few in the world that is governed by legislation requiring all public companies to appoint a director responsible for investor relations.

The start of 1998 heralded the appearance of the first monthly publication in Brazil dedicated to IR: *Revista RI – Relações com Investidores*. In March 2013, it will celebrate 15 years of consecutive monthly issues, representing the primary vehicle for communication and dissemination of IR best practices among professionals and participants in the Brazilian capital market.

No surprise, then, that since 2005 *Revista RI* has partnered a joint initiative with *IR Magazine*: the annual IR Magazine Awards – Brazil. These awards, underpinned by an independent survey of analysts and investment professionals covering the Brazilian capital market and conducted by the Brazilian Institute of Economics (a unit of Fundação Getulio Vargas), recognize companies and professionals for various IR best practices every year. ■

Communication challenge

Joseph Chia, general manager of the Investor Relations Professionals Association (Singapore) and former IR manager of ST Engineering

IROs can be seen as information service providers. For me, the objective of every investor meeting is to ensure the analyst or fund manager leaves the meeting with a better understanding of the firm – its operations, growth drivers, strategies and competitive landscape. While this objective is relatively intuitive, being able to achieve it consistently requires lots of work behind the scenes.

As a former IRO, I remember the long hours, often after the close of business, catching up on trade magazines from various industries and relevant websites, keeping abreast of the concerns affecting investment decisions. Only with a clear depth of knowledge can IROs help analysts and fund managers gain a better understanding of the business.

As much work as this sounds, it was actually the easy part of my quest for knowledge. At most Asian companies, the biggest challenge to knowledge acquisition is internal communications. The investor relations function is often sidelined or even ignored at Asian firms. IR departments (if any) in Asia are typically manned by one to three people, with poorly defined authority for internal information flow. Worse, some firms still treat the IR function as essentially a PR role with the objective of improving company image rather than improving investor knowledge.

Many companies fail to see the IR function as a frontline operation. Consequently, IROs are sometimes not kept abreast of company developments. Your bosses, colleagues and directors need to be educated about the role you play. Your management has to understand why it needs to explain performance below market expectation despite growth. Your finance department needs to understand that proper explanation and disclosure are required when there is significant variance in the numbers. Your operational managers need to keep you informed of significant operational developments within the company.

Could all these be formally structured? Certainly – but that's not what usually happens, nor is it how strong internal relationships are formed. Most people will agree that inter-departmental relationships are never easy. I dealt with them using this approach: no one is out to give you a hard time when you request information. If that's how it appears, it is a defensive mechanism born out of ignorance of your role.

Your colleagues have to understand the role you play and why you need certain information; this understanding cannot be created overnight. For me, every meet-up, every friendly lunch with colleagues is an opportunity to educate them about what I do – and why I need to do it. ■

Communicating excellence

Heather McGregor, majority shareholder and managing director of Taylor Bennett

Let's start with a confession: I am so old that the launch of my professional IR career nearly coincided with that of *IR Magazine*. In 1987, on the weekend of the southern UK's great storm, I flew to Australia to take up an IRO position at a small biotechnology company. The day after I arrived, the world's stock markets collapsed. Where do you go from there?

Back onto a plane, as it turned out – not because I lost my job, but because the institutional investors with deep pockets and long-term thinking were in the northern hemisphere, not the southern. The company rapidly relocated its head office and its listing to London; 25 years after I took up the job, its CEO is retired and managing his own investments from his house (with its pool, gym, home cinema, tennis court and multiple acres) in Surrey.

And where am I? In central London running an executive search company that has been responsible for many high-profile IR appointments over the years. This year it celebrates its 30th birthday. I joined 12 years ago in 2000, when IR was not a deep pool of talent, nor a source of many of our assignments. Between the Australian IRO job and Taylor Bennett I had earned an MBA and spent eight years as a stock analyst, and I knew how critical to a company's reputation a good investor relations function was. I was determined to find the best people for the roles we handled, and to raise IR's profile.

In those early years I wrote an advice column for *IR Magazine*, and after it ended we printed a compilation of the pieces. Looking back now, I am amazed at how many of the questions are still current. What do I do if my CFO refuses to meet hedge funds? How do I deal with private shareholders? How best to use my corporate broker? *IR Magazine*'s think tanks and awards were and continue to be sources of intelligence and opportunities to build a network. I still have the blue velvet dress I had made for the 2002 UK awards, complete with a business card holder sewn into the hem.

Today I am proud of the IR function and those who serve it. Many distinguished business leaders were responsible for IR at some point in their career: Sue Clark at SABMiller, Andrew Griffith at BSkyB and David Brundish at Vodafone. Like almost everyone I know who works in IR, I love my job and hope to be doing it for a while yet – perhaps not another 25 years, but certainly another 10.

To celebrate *IR Magazine*'s 25th anniversary, the first 25 readers to email Heather McGregor at hmg@taylorbennett.com will be sent a copy of the compilation of her *IR Magazine* advice columns. ■

Growing in parallel

Tom Becktold, senior vice president of marketing at Business Wire

As *IR Magazine* celebrates its silver anniversary, it's especially meaningful for me to look back 25 years: my career with Business Wire started back in 1988 at the same time *IR Magazine* was launched. In today's ever-evolving technology environment, it's striking that we've been in a constant state of change and evolution as a profession and industry. In 1988 I walked into my new job as an editor for Business Wire, wowed by the state-of-the-art technology at my fingertips: a Compaq computer (amber screen), custom editorial software (called Red) and a wire room with Dow Jones, Reuters and Business Wire streaming reams of ticker tape.

That same year, *IR Magazine* seized the opportunity to help inform and report on an industry whose sophistication and impact on capital markets were becoming increasingly evident. The foundations of IR had been established a generation earlier, with the Texas Gulf Sulphur case in 1966. That landmark case defined materiality – whether a reasonable person would believe certain information to be relevant to the price of a stock – and disclosure, where insiders with knowledge of material information could not act upon it until it was disseminated to the point that the public had a reasonable opportunity to do the same.

IR Magazine gathered thought leadership from IROs, the SEC, NIRI, buy-side and sell-side analysts and innovators (like, ahem, Business Wire) to provide context to change. Back in 1988, the mechanics of IR were time-consuming: those faxed-in earnings tables were often blurry, so comparing tables over the phone with clients was commonplace. In response, we built secure digital interfaces to end the need to rekey data and free up IRO time to focus on what happens after disclosure.

IR Magazine gathered together thought leaders to share their collective knowledge. Articles on new tools and tactics, annual reports, analyst meetings, proxy voting, disclosure and corporate governance helped inform the profession and keep us abreast of the opportunities and risks we all faced.

With the SEC's adoption of Reg FD in August 2000, IROs became familiar with the term 'full and fair disclosure'. I was by then a vice president at Business Wire, and we took the lead in providing a level playing field for all market participants by ending the then industry-standard 15-minute lead news organizations had on receiving press releases. Now websites and financial databases would have equal access to material news, and IROs could speak to all audiences at the same time – yet again, a brave new world that called for the expertise and analysis *IR Magazine* would gather. ■

A lifetime's work

Richard Davies, founder and managing director of RD:IR

I started my career in IR as a result of the changes enshrined in the 1985 UK Companies Act, which allowed public companies, under the fabled powers of Section 212, to make inquiries of their shareholders regarding their real ownership. In the heady days of 1980s market liberalization, this was a mechanism used as much to chase down victims as to help defend against predators.

This additional transparency to the share register meant many scandals could be investigated more thoroughly than was previously possible. The discovery of the Blue Arrow/County NatWest and Guinness frauds of the 1980s and the Robert Maxwell pension scandal of the 1990s, for example, were all partly a result of the legislation whose object was initially to help UK companies defend themselves from takeover by stealth by overseas businesses.

Section 212 is really the basis of the UK IR industry. From this comparatively simple tool stemmed the range of reporting and insight that is now the backbone of the investor communication process. Before the 1980s, the UK stock market was predominately a British affair but over time the increasingly larger slice of UK PLC being snapped up by overseas investors meant corporate professionals involved in shareholder relations (we know them now as IROs) had an increasingly varied audience to manage.

The late 1990s saw the rise of hedge funds and proprietary traders, and the increasing popularity of synthetic ownership of stock via derivative positions. Stock lending moved from the occasional to the normal; betting on share prices going down became almost as popular as betting on them going up; spread-betting moved equity ownership from the City to the High Street bookmakers. Speculation became a global pastime and the regulators could barely keep up.

The technology boom and bust of the early 2000s put a brake on the pace of change as markets licked their wounds and regulators applied a sticking plaster of new laws to end market abuse. But then debt became fashionable as shares lost their allure under the regulatory burden of greater market transparency, and US mortgage debt brought down the banks in the US and the UK.

IROs could barely catch their breath before facing the new challenges of stock disappearing into dark pools, growing share price volatility from high-frequency trading and trying to manage their firm's reputation in the increasingly hysterical world of social media.

It's been quite a journey these last 25 years in IR; no doubt the next 25 will see more changes. I'm sure *IR Magazine* will be covering them, come what may. ■