

# IR CAREERS

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In early October, I had the opportunity to participate on a panel at an IR Think Tank event in Toronto. The subject of the panel was IR careers.

On a personal note, I myself had attempted years ago to move from the field of market intelligence to a role in Investor Relations. People may not realize that many market intelligence analysts have successfully made the transition into the role of IR including, but not limited to, such companies such as AOL, HSN, Pfizer, Perrigo, Curtiss-Wright, Nielsen, Incyte, and AllianceBernstein to name a few. I've always believed that market intelligence analysts have several common attributes to those IROs that they serve (i.e. an interest/knowledge of the stock market, a certain level of financial knowledge, knowledge of buy-side investors, knowledge of the company/sector, an ability to communicate effectively, knowledge of IR-related products, as well as a fundamental understanding of the role of IR).

In preparation for the panel, I reached out to a number of IROs to see if there were any common themes specific to a career in IR, approached from several different angles which I've listed below. I also realized it was an opportunity for me to learn more about how others came into the role of IR and what about their experiences might be beneficial for others to hear.

## **Recommended college course for a career in IR**

Accounting was the course that IROs recommended for having success in IR. IROs need a solid understanding of how to interpret company income statements and balance sheets.

## **Background trends of IROs**

Over time, there appears to be a shift in the backgrounds of IROs from more of a marketing/communications/finance background to more finance-focused backgrounds. There also has been an increase in the number of sell-side analysts taking an interest in the role due to significant changes in structure and the weakened economic reality of the sell-side.

## **How did people come into the role of Investor Relations?**

Many current IROs were initially unaware of the existence of an Investor Relations department and what the role entailed. The road to a job in IR tends to be varied. Many have come into the role after internal corporate stints in such areas as Finance, Financial Planning & Analysis, Corporate Communications, Accounting, Auditing, and Sales. External hires include former IROs at other companies, former sell-side analysts, as well as buy-side analysts. Several IROs were recruited into the role by members of management such as the CFO and the VP of Finance because of the combination of the candidate's finance and communication skills.

### The varied roads to IR: Internal & External

#### INTERNAL

- ✓ Finance
- ✓ Financial Planning & Analysis
- ✓ Corporate Communications
- ✓ Accounting
- ✓ Auditing
- ✓ Sales

#### EXTERNAL

- ✓ Former IROs at other companies
- ✓ Former sell-side analysts
- ✓ Buy-side analysts

### How important is a designation in landing an IR job?

A designation, such as an MBA, CFA, CPA, CPIR, etc., can make someone an attractive candidate because it reflects the individual's financial acumen and their ability to understand financial concepts/terms/ideas. However, those individuals with years of experience in an IR role that don't have a designation weren't believed to be at a disadvantage when being considered for a new position.

### What companies might consider hiring a sell-side analyst for an IR role?

It was expressed by one IRO that larger companies might be more apt than smaller companies to hire someone internally because they have a deeper financial "bench" to choose from to fill the position. Those IROs that have moved into the role internally believed that their direct company experience was invaluable to them and gave them the ability to put some texture and color around the company's story (i.e. explaining contract adjustments, providing color around a relationship with a large customer, etc.). "Learning how the sausage is made" is a requirement for anyone in the role. The only way to learn is by reaching out to others, visiting plants/facilities, speaking with employees, talking to customers, etc.

### The importance of "communication"

IROs could not stress enough the importance of being able to communicate effectively. IROs need to be able to simplify the company's story/message into a crisp, clear message that can be easily repeated. Communication also involves being able to read a person, understanding what they're asking / intentions are, determining what angle is the person asking the questions coming from, and the IROs ability to deflect or redirect investor questions.

### Personality fit with the CFO

Having a strong relationship with the CFO is of high importance. There has to be a good personality fit in order to increase your chances of having a good working relationship. You'll be traveling with them, meeting with them 2X-3X/week, building a level of trust each way. Feeling valued is partly dependent on this relationship.

## What makes the IR role enjoyable?

Having a “seat at the table” was mentioned frequently. IROs enjoyed being involved in the strategic decision making of the company as well as in creating the messaging around the company’s story. Inherent with the responsibilities of an IRO is interacting with others internally across many areas of the organization which increases the IROs exposure within the company. A series of events can keep the job interesting and keep the IRO at the top of their game – a new CEO, a spin-off/acquisition, dealing with the recession, building the IR program from the ground up, etc.

### “Maintenance mode”

When events and/or challenges were lacking, IROs felt the job turned into maintenance mode. It was at this point that IROs may have begun keeping their eyes and ears open for other opportunities.

## What resources are used by IROs looking to change companies?

Candidates network with other IROs, make connections at NIRI/CIRI chapter events, utilize search firms, and use LinkedIn. As an aside, Ipreo also assists displaced Ipreo-friendly IROs find new opportunities!

### Factors to consider when looking to change companies

- ✓ Family considerations (new schools, new friends, new geographical location, etc.)
- ✓ Is the new role considered a rotational role (every 2-years) or a “lifetime” role?
- ✓ How open is the new company to change? Refreshing the conference calls? Press releases? Etc. (vs. “We’ve always done it this way” mentality)
- ✓ How stable/attractive is the sector the new role is in? (Would you move from a very desirable sector to a less desirable sector?)
- ✓ What is the risk/reward profile? (Are stock options included as part of the comp package? Where is the company in its life cycle?)
- ✓ How high or low has the bar been set by the prior IRO? (Can you come in a look like a rock-star?)
- ✓ Do you have a “seat at the table”?
- ✓ Do you have buy-in from the CEO/CFO?
- ✓ What resources are made to the IR team?
- ✓ How much travel time is involved? Do you want to travel or not?
- ✓ Does the company have a good story to tell and is it easy to learn?
- ✓ Can you build your own IR program? (Does one already exist? If not, do you want that type of challenge?)