

ACCNITE



Introduction

Tactics in taking the direct approach





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For the past few years, direct engagement between investor relations teams and fund managers has been steadily gaining momentum, but only recently have IR professionals become savvy about engaging directly in effective and innovative ways.

Increasingly, direct engagement has become a two-way process. Not only are IR professionals targeting and contacting prospective investors, but

hosts of investors are also eliminating the middleman and reaching out to companies directly. Not even the dreaded cold call is off the table when it comes to broadening the shareholder base these days.

‘We came from full reliance on brokers, where they were organizing all the meetings,’ says Verena Nicolaus-Kronenberg, head of IR at E.ON, an electric utility based in Essen, Germany.

As more investors began directly approaching E.ON, her tactics shifted.

Her IR team now designs and spearheads several roadshows a year. And even when roadshows are organized by brokers, Nicolaus-Kronenberg is far more proactive, contributing her own target list of investors. ‘If an investor doesn’t have a relationship with the broker, we set up a private meeting,’ she says.

“ Often our challenge is getting someone to take the time to pay attention to our story ”



Direct engagement often seems like an easier path for large-cap companies or those with sizable IR teams. Nicolaus-Kronenberg, who oversees an IR team of 10, has the bandwidth to target and approach investors in novel ways. For smaller companies, though, there can be extremely compelling arguments for experimenting with direct engagement.

‘As a small-cap company, we aren’t a household name like Shopify or Amazon,’ explains Kim MacEachern, an IR professional who until last August was director of IR for DIRT Environmental Solutions, based in Calgary, Canada. ‘Often our challenge is getting someone to take the time to pay attention to our story.’

As IRO at DIRT for nearly six years, MacEachern had recently started compiling lists of 25-50 prospective investors and asking her sell-side sales desk connections whether they had relationships with any of those named.

Describing this approach as more proactive, she says: ‘There should always be communication happening with the Street. As an IRO, you want to take control of making sure that communication is ongoing at all times.’

In the following pages are nine tips that IROs in North America, Europe and Asia-Pacific are using to further direct engagement.

Investor meetings

Tips one and two





Investor meetings

Tip one: Understand the changing buy side

While it has long been common practice for corporate access teams at brokerages to facilitate investor meetings for IR, recently there has been an enormous uptick in direct engagement. One reason for this seismic shift? The buy side is operating under a changing set of economic forces and regulatory imperatives.

Active managers, for instance, face mounting pressure to offer favorable terms as indexed funds and ETFs encroach on their terrain. To compete, buy-side firms are keeping a tight rein on the fees they charge in several ways, including insourcing corporate access.

Another contributing factor is the ‘juniorization’ of brokers on sales desks. Many of today’s brokers are young and lack the depth of experience and the relationships necessary to facilitate the types of meetings that both sides want.

Forces driving more direct engagement vary by region. Within the EU, for instance, Mifid II, which took effect in January 2018, means the commissions investors pay to brokers must be unbundled. Buy-side firms in Europe now foot the bill for research and corporate access services directly

“ Since the Covid-19 pandemic, everyone has become more open to direct and virtual engagement ”



within their P&Ls, rather than passing them on to investors as fees.

In response, some larger asset managers have established their own corporate access desks, allowing them to reach out to investors directly.

Ross Moffat, head of IR at WiseTech Global, headquartered in Sydney, Australia, has seen direct engagement increase with Mifid II and with 'brokers reducing or eliminating their offshore dedicated Australian equities sales teams.' Since the Covid-19 pandemic, he says: 'Everyone has become more open to direct and virtual engagement.' Not only has he made more outbound contacts, but he has also seen inbound engagement increase.

Many large institutional investors are adapting to these new dynamics.

'We have definitely received an uptick in inbound requests from IROs to meet with our investment professionals – and our outreach to companies has increased, especially in the small-cap space,' said Jennifer Langieri, senior manager of the US corporate access team for Fidelity, in a [webinar](#) hosted by *IR Magazine* and ACCNITE on April 27, 2022.

Langieri encourages IR professionals who have a direct relationship with an individual analyst to approach that analyst instead of going through the official corporate access team. For those lacking such relationships,

Fidelity launched an IR portal in late 2021 to simplify engagement between public companies and the firm's investment professionals.





Tip two: Rethink the IRO's role

The Covid-19 pandemic spurred IROs and institutional investors to meet virtually outside the traditional brokerage-sanctioned forums – and consequently shone a light on the similarities between IR and more traditional sales roles.

Thanks to technology and a raft of new targeting tools, an IRO can line up leads, turn those leads into touch points and then manage prospects over time.

Nurturing leads along a journey to becoming investors is something IROs have always done – but it's not necessarily how IR professionals envisioned their roles. They tended to rely on brokers to serve as agents and

matchmakers, making introductions, planning conferences and roadshows to get better acquainted and shepherding relationships from courtship to marriage.

For IROs, the newest challenge is taking the driver's seat when it comes to managing investor relationships. Doing so isn't easy, especially given how lean and mean investor relations teams have become. For IROs with very full plates, finding the right technology solutions is imperative.

When Caspar Tudor, director of IR at Waters Corporation, a large-cap tools company in the Boston area, spoke at the *IR Magazine*/ACCNITE [webinar](#), he urged IROs to find innovative ways to

launch targeted campaigns that are not so 'sell-side driven'.

Time management

Tip three: Prepare to be 'always on'





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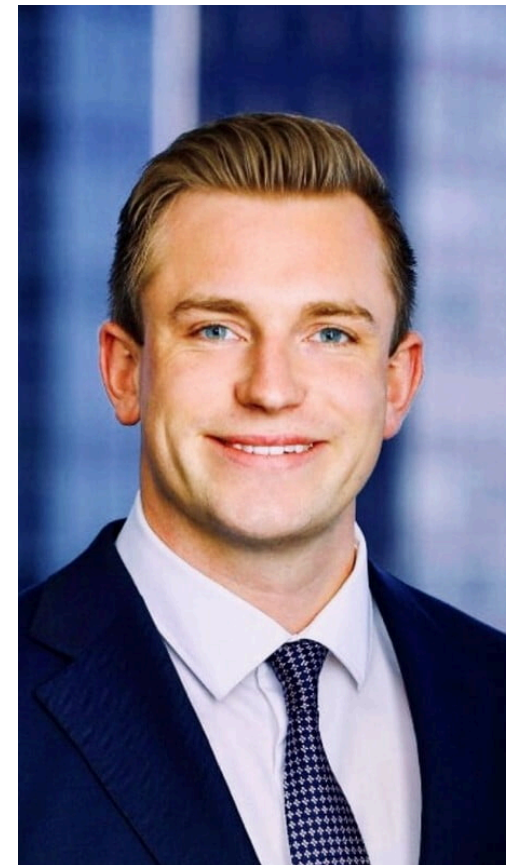
Historically, IROs sat down at the start of the year and determined how many non-deal roadshows a company could feasibly handle. An IRO then asked C-suite members to block off a few multiple-day chunks of time on their calendars, typically after quarterly results were announced, to travel and meet investors face to face.

While in-person non-deal roadshows are still an important part of the IR arsenal, they're happening less frequently and they're lasting fewer days. Instead, companies are adding numerous virtual meetings with investors to their schedules – often at extremely short notice.

With investors reaching out to IROs proactively, IR and the C-suite are no longer experiencing the same peaks and valleys of investor engagement.

There's a new 'always-on status,' says Caspar Tudor of Waters Corporation, 'that requires you to be available constantly to field questions, put together and fulfill meeting requests and then have meetings themselves, whether virtually or in person.'

Tudor welcomes new opportunities to connect with investor targets geographically farther afield, as well as to meet investors outside the orbit of sell-side brokers. 'The barriers and friction associated with setting up a meeting have diminished,' he explains.





‘And the result is that demand for access has increased a lot.’

As part of this new always-on reality, proactive IROs are scrambling to ensure they don’t let any investor communications slip through the cracks. This means carefully monitoring voicemail and inbound emails and texts.

It also means maintaining a highly organized calendar and communicating with executive assistants to ensure ample management time is set aside to engage with investors.

No question, increased direct engagement means a longer to-do list for IROs. For this reason, it’s important

to harness technology whenever possible. Customer relationship management tools – and other technology solutions – make it easier to fulfill meeting requests quickly, as well as to arrange the actual meetings.

IROs can also compile and review meeting histories and notes; systems can even be configured to ping a professional when it’s time to follow up with a given prospect. In short, technology can relieve IR professionals of some of the administrative tasks once handled by brokers.



A change of mindset

Tips four, five and six



A change of mindset

Tip four: Finetune your targeting strategy

For some IROs, targeting has always been an elusive practice, one that never rises to the top of a to-do list. For these individuals, now might be an opportune moment to review the principles of sound targeting.

For instance, it makes sense to research and approach investors that own your peers and don't own you, but peers can be broadly construed. Are

you looking, for instance, at ESG investors that might be drawn to your story? Deloitte projects that ESG-mandated assets will make up half of all professionally managed assets by 2024 on a global basis. (In 2022, \$55 tn in assets was ESG-mandated, compared with \$72 tn that was not).

More importantly, technology solutions can help IROs consider prospects however they wish. Some allow IROs to find the subset of all

portfolio managers that invest in, for example, micro-caps in a particular industry, with a very specific cashflow and dividend history.

Direct engagement also opens up opportunities for aspirational targeting, knocking on doors of exactly the type of investor you'd most like to welcome onto your shareholder roster.

'As an IRO,' says Kim MacEachern, formerly of DIRT Environmental

“ Direct engagement allows you to focus on the profile of shareholder you want ”



Solutions, 'you're always looking at what type of shareholder you want to have in the company. Direct engagement allows you to focus on the profile of shareholder you want.'

Tip five: Get creative with networking

When it comes to approaching potential investors, homework pays off. The more you know about the biography and background of a particular portfolio manager, the greater the likelihood of finding common ground.

Doing your homework can also help identify colleagues who already know a particular portfolio manager and can make an introduction between you.

Often, IROs find themselves working to turn cold calls into warmer ones. Anecdotally, a handful of IROs have used LinkedIn as a direct-engagement tool. One IRO is said to have picked up a few additional one-on-ones simply by posting on LinkedIn where and when he was planning to visit a certain city during an upcoming roadshow.

And when all else fails, cold calls *are* worth a try. Verena Nicolaus-Kronenberg of E.ON runs a large IR team and so typically meets with colleagues to decide who is best positioned to make initial calls. 'Discuss within the team and with your brokers who has the best relationship,' she suggests. 'That is the approach that ends up most fruitful.'





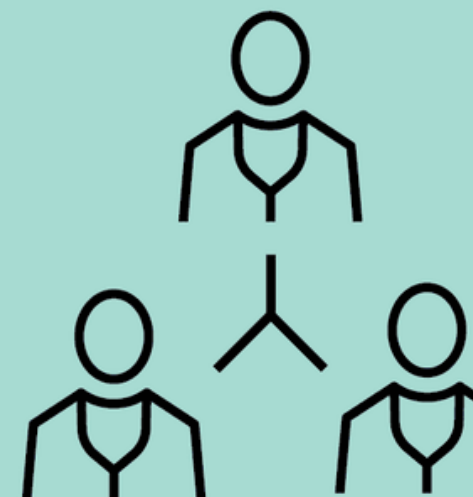
What's more, she is convinced that cold calls work best when an IR professional cites a datapoint that would make the company relevant to a particular investor. 'You need to find a way to provide some kind of link so you have a reasonable explanation for approaching that investor,' she says.

Finally, Jennifer Langieri of Fidelity urges IROs to keep initial outreach 'concise'. When emailing, she recommends providing a link to the company's most recent investor deck, making life as easy as possible for analysts and portfolio managers.

Tip six: Customize your 'elevator pitch'

The clearer your understanding of your target, the better able you are to present aspects of your story likely to spark interest. While it's important to prepare a universal 'elevator pitch', tweaking that pitch according to an investor's specific interests is the best strategy of all.

Remember to also encourage inbound interest. IROs should ready materials, website and social media channels for direct engagement by investors. Here, the goal is to make your communications as welcoming, informative and user-friendly as possible.



New approaches

Tips seven, eight and nine



New approaches

Tip seven: Use ‘virtual’ to your advantage

Covid accelerated many nascent trends, including direct engagement.

In a September 2021 report, Bloomberg Intelligence writes: ‘We see a shift toward greater direct contact with companies, aided by the coronavirus-induced work-from-home trend that hastened the move to virtual meetings. While larger firms have built their own internal corporate access teams, we see signs smaller firms are gradually following suit, which will redefine the future of corporate access.’

For example, during the pandemic, Caspar Tudor of Waters Corporation

held virtual, hour-long IR lunches on the heels of earnings announcements. Short meetings like this, he says, can be ‘a very efficient way to reach investors’.

Verena Nicolaus-Kronenberg of E.ON notes that IROs everywhere have ‘thankfully’ become much more accustomed to videoconferencing.

Now when her company targets the US, she explains: ‘We don’t travel there four times a year anymore: we go twice in person and twice virtually. We’ll see where it all settles, but I’d assume we’ll go to 50/50 virtual versus in-person investor meetings [in the future].’

“ We don’t travel to the US four times a year anymore: we go twice in person and twice virtually ”



Tip eight: Work with brokers to think outside the box

‘Cold-calling portfolio managers is tough,’ observes Kim MacEachern, formerly of DIRT Environmental Solutions. Better, she’s found, is gathering the initial intelligence and then partnering with brokers that have their own networks for reaching out to prospects in what she’s dubbed a ‘hybrid’ approach to engagement.

MacEachern recently began approaching brokers, telling them she plans to contact certain portfolio managers and would appreciate them reaching out, too. ‘For them, being given information and told, *These individuals have a high likelihood of*

being interested in our story, could you go out and chase them? That was really well received,’ she says.

In another twist, MacEachern found that current investors can help IR broaden its broker network. Through conversations with one of her European, impact-oriented investors, she was introduced to a broker with a knack for securing meetings in the impact-investing space.

During Covid, that broker assembled a non-deal roadshow for DIRT in Europe and ‘we presented our story and got exposure to a dozen great, high-quality names,’ she recalls. ‘Ultimately, it’s on you to deliver the

story when given the opportunity. Especially when you have a good story to tell, the Street’s always interested.’



Kim MacEachern, formerly of DIRT Environmental Solutions



“ The more people talking about your company, the better. Ultimately, it’s on you to deliver the story when given the opportunity ”

Tip nine: Gather feedback

Unlike with traditional sales, where a customer either buys a new outfit or leaves the department store empty-handed, investor relations meetings can be something of a black box. The chemistry may be great, but too often the IRO hears nothing afterwards.

In the heyday of broker-organized meetings, investors tended to resist opening up to brokers about their honest impressions of a company. Even when they did, brokers were often reluctant to deliver bad news to IROs and sometimes softened the blow or avoided the topic altogether. As IROs and investors begin to engage directly,

feedback has improved thanks to the openness of the dialogue and the lack of intermediaries.

What’s more, some IR technology solutions have embedded feedback functions as a routine part of the communications loop. With features that automatically request feedback, IROs have a better sense of where they stand. Remember, even negative feedback presents an opportunity to hone an investment pitch.

Conclusion: What the future may hold

It’s still early days for direct interactions between asset managers

and corporates. While both sides seem eager to explore the new possibilities, it remains to be seen exactly how etiquette and customs around communication between corporates and investors will evolve.

No matter how the rules of investor engagement change in the future, however, one thing is clear: new technologies and rapidly changing norms are opening up possibilities that for decades remained closed. For well-prepared and proactive IROs, fresh opportunities are out there, waiting to be understood and seized.

Advertisement feature

Why worry about direct investor access?



Why worry about direct investor access?

We have experienced a steady increase in direct investor access over the past three years. This trend is expected to continue for several different reasons. In our discussions with IROs, the top three reasons stated are:

1. The buy side is demanding a proactive approach from IROs and clearly communicating its desire to remain in direct contact
2. The shrinking reach of the sell side because of streamlined broker lists. This results in a closed loop in terms of investor meeting proposals, and meeting new potentials becomes challenging
3. IROs are keen to overcome the occasional conflict of interest that

arises when a brokerage firm's top picks for a meeting are not necessarily the investors the IR team believes to be best aligned with the parameters important to the company.

The rise of dedicated investor access teams

Organizing corporate access events without the support of traditional intermediaries can be a challenging task. Identifying the right counterparts requires data and experience, while reconciling the busy calendars of the investor contacts and the company's presenting team remains a chore. Large and mega-cap companies were therefore the first to complement broker-organized investor events with

direct investor outreach by dedicating staff to an investor access desk.

The role of buy-side corporate access teams

Conversely, large institutional asset managers have also recognized the need to become accessible directly. To facilitate this, those institutions have installed corporate access desks. These desks are responsible for channeling interest and facilitating the IR team's efforts in effectively reaching out to the firm's portfolio management and buy-side research teams. The most sophisticated among those desks also provide digital tools via their website to simplify the process even further.

Complement direct access with traditional approaches

Broker-organized roadshows and conferences will continue to play their role. Used smartly, direct investor access will complement traditional approaches with the aim to widen the

addressable audience, target specific accounts and increase the effectiveness of time spent in investor meetings. In our experience, IR professionals are ready to pursue a mix of approaches in the same event by supplementing broker-organized events with meetings arranged directly.

Leverage technology to manage investor engagement

Investor engagement management is a process rather than a series of one-offs. A good tool will support the IR team throughout the engagement process. Starting from identification and segmentation to keep track of investor touch points all the way to direct outreach and collecting post-meeting intelligence, working with smart IR applications has the potential to provide significant support to the modern IR professional.

IR applications that combine externally available data with data



proprietary to investor relations teams provide intelligence to make the best possible use of such data. Such digitalization of mission-critical workflows will provide efficiency gains regardless of a company's market cap or the size of the IR team.

Some tips for a smooth investor experience

Keep it simple: When reaching out to investors electronically, make sure the process is simple and self-explanatory. Investors will appreciate it if they can save valuable time as well.

Keep it concise: Think of the introductory paragraph as the elevator pitch for your meeting. On opening the invitation, your audience should be able to understand the process at first glance. Make sure the call to action to initiate next steps is clear. Include a helpful link to your website to facilitate those who would like to learn more about your company.

Keep your audience in mind: Different investor types may have different motives for following your company. Do not overload your introductory paragraph by trying to cover them all. Consider personalizing your invitation

by breaking down your target audience into categories.

Provide alternatives: Do not risk a no-response caused by your proposed times not matching a potentially keen investor's schedule. Be sure to include the option of arranging alternative times.

Consider your timing: Be sure to minimize the chance of invitations getting lost in an inbox that fills up overnight. If you are reaching out to investors in various time zones, you may want to split up the process to improve your chances of catching the investor's attention during the day.

Summary

Offering direct corporate access has become an important element of institutional investor relations. IR teams of all sizes can simplify the process of meeting co-ordination with the support of a dedicated tech tool. Connected data will help to identify

priorities and personalize the approach. A good process will cause minimal friction and consistently stay on the digital track. Direct investor access can be part of a digital journey enhancing effectiveness through increased transparency and propelling long-term investor engagement.

Maria Töpfer is one of the founders of ACCNITE. Prior to ACCNITE, she spent more than five years in investment banking where she focused on corporate finance, equity capital markets and corporate brokerage. She holds a BA in international business management and an MSc in finance

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About ACCNITE

ACCNITE is a capital markets and investor relations advisory boutique. In investor relations, our focus is on supporting companies in devising and executing effective investor engagement strategies. We help our customers to develop the investor universe that is right for them, identify gaps and risks in given shareholder bases and formulate a long-term investor engagement strategy focused on goals and results, from targeting to conversion.

Beyond advisory, our SaaS solution ACCNITE onDemand digitizes and simplifies investor relations workflows centered around investor engagement, feedback, shareholder identification and investor targeting based on artificial intelligence. The data-centric approach helps our customers to unlock the power of data to successfully orchestrate their investors' journeys.

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Thank you for reading

Best Practice Report: Nine top tips for direct engagement

