

Influential Women in IR: New England Consultancy Celebrates 25 Year Anniversary, Launches New IR Blog, Dishes on IR Hiring Thaw and Proxy Season Prep



On October 28, 2009, Brian Pittman of the Bulldog Reporter's *IR Alert* interviewed Sharon Merrill Associates Founder and CEO Sharon Merrill. The complete interview is below.

"Using social media as part of your IR strategy is a great way to build an online community of individuals who want to stay current with your company developments," says **Sharon Merrill**, who founded the firm that bears her name 25 years ago. The agency has since grown into one of New England's most recognized names in investor relations.

"We know professional investors are inundated with hundreds of emails each day—so it's beneficial to supplement your outreach strategy with alternative methods like Twitter, Facebook, RSS feeds and so on," believes Merrill, a past president and director of the Boston Chapter of the National Investor Relations Institute (NIRI) and a charter member of NIRI's Senior IR Roundtable. "What's more, there are already conversations going on about companies online, whether or not they choose to participate. It's much harder to react to negative comments or rumors online if you haven't already established a reliable, authoritative presence for your company there."

"But of course, it's very important to always consider RegFD and to consult with legal counsel before embarking on any such initiatives," Merrill adds.

Confirming that commitment to social media, the firm just this week launched its own blog: "It's called 'The Podium' and is on our website, www.investorrelations.com. We are fortunate to have the URL that bears name of our practice," Merrill says, adding that, "We are using the blog to provide a forum for discussion on hot topics in the IR field. The launch of the blog is our first step to a more formal presence in social media. We hope to attract readers interested in engaging in constructive dialog related to all IR topics and communications, not just social media."

Here, Merrill, who serves on the boards of directors of the Boston Chapter of the National Association of Corporate Directors and is the incoming treasurer of the Boston Chapter of Financial Executives International, recounts the changes she's witnessed in the markets and IR over that quarter century, how far women have come in IR—and elaborates on the new challenges and opportunities available for IR professionals on both agency and corporate sides:

Congratulations on the firm's quarter century of service. How has the IR space changed over that time—what are the highlights and even low points?

Thanks, it is an exciting time for us, and it has been a long and wonderful run. We started way back when—it was a world without much technology. Back then, the Dow at this time of year was 1399 and right now it's 10103 as we speak. The number of members in NIRI in 1985 was 1174, and is now 4300. The cost of a first class postage stamp was 22 cents, and now it's at 44 cents. The number of mutual funds was 1527 and today it's about 8000. The Fed Funds Interest rate was 7.8% then and today it's at .25%.

In terms of how IR has changed: News releases were hand delivered by us back then. Then they were hand keyed in by the wire services. The wire services were the main conduit for business news and everybody was eagerly awaiting the paper. The audience for corporate news was the professional, and not the general public of general investors as it is today. Material news could be released at any time of the day, versus before or after the market, as it is today. Investor relations officers could talk to analysts without much worry about disclosure errors—there were lots and lots of conversations, and all the conversations were different. Also, of course, annual reports were very long, colorful and contained lots of photographs. They actually took up to one year to prepare and were printed in very large numbers. Now, they're electronic and for companies still printing them, they just use a letter sent out with their 10k.

As for the IROs back then, most of them were men—and many of them came from general public relations backgrounds. So a lot has changed in the last 25 years.

What hasn't changed?

As then, it's still important for companies to communicate fundamentals—in good and bad times.

What have been some of the bigger changes specific to the IRO's day-to-day job?

RegFD truly leveled the playing field for all investors. That wasn't the case 25 years ago. Also, the process of going public has become more difficult, with more scrutiny and the regulations that companies face now. Another thing that is different is the decrease in the number of sell side analysts and the corresponding challenges for IROs in their quest for Wall Street analyst coverage.

But beyond challenges, the job of the IRO has become increasingly important. IR is now a regular topic in the board room and many IROs are seen as crucial members of management. What drove that? The world of finance is now the world that all members of management are involved in. It's a more complicated world and IRO has risen to the occasion as a result. IR consultants have become insiders and trusted advisors to CFOs, CEOs and boards of directors. IROs are now more finance focused, and many of them have operating experience.

And, yes, there are as many women in IR across the board—on both the corporate and consultant side.

Beyond that, public company boards of directors have made valuation a top priority and they've focused on IR. Now, they must communicate with shareholders directly, which is a big change. The rise of technology has made information instantly accessible to everyone—and once it's out there, it's permanent. Also, with the rise of mutual funds, 401k plans and online trading—

the audience for investor messages is the entire public versus just the professional investors of 25 years ago.

What new advancements in technology make it easier to get the word out these days?

Even in slow times, a company can be its best by taking advantage of technology. That means social media, webcasts, virtual meetings, online video and even upgrading their websites. Technology has given everyone the same advantage, and companies of any size can reach their shareholders and investors this way.

What key regulatory issues do you think IR professionals need to be watching for in 2010?

Proxy access will be something IROs must be concerned with. Proposed changes are far reaching and unprecedented. My advice: Continue to monitor the progress with this very closely to see what the SEC finally adopts. As always, change will be the constant. IROs must be ready to adapt to regulatory and technological changes. Also, with proxy access on the horizon, shareholders will be reaching out to boards more. So companies must have policies in place already for board communications, and board members must be well trained on how to answer questions and be comfortable communicating with shareholders directly. That's not something they've done before.

In what particular practice areas are you expecting to see more IR work now?

Looking ahead, we are anticipating growth in crisis communications, M&As and in areas of general corporate visibility. We expect that companies will be conducting more investor outreach as we emerge from recession, and we expect to be very busy during proxy season as activist investors initiate an increasingly number of proxy contests. In that regard, we have also been working with boards of directors to prepare them to communicate with their shareholders. In the past, the IRO may not have been as involved in these areas, but today they are an instrumental part of the team. One of the benefits at a full service agency like ours is that we experience a huge number of these types of events every year.

What is your budget planning looking like for 2010?

Since internal IR departments are often short staffed these days, we're actually seeing a rise in demand for outsourced IR counsel. We are able to provide IROs on a tight budget with a staff of experienced professionals to assist in day-to-day activities, act as sounding boards and work with them on inevitable crises. Particularly as the markets begin to rebound, companies are preparing to revamp their IR strategies and we expect good growth in 2010. In fact, we are hiring right now.

How has the recession impacted volume and the types of services clients expect now...and your counsel to clients these days?

During the recession, we have been taking more management teams out on the road than ever before. Recession sounded a wake up call that consistent communication with the investment community is critical in good and bad times. We have also seen a rise in management teams hiring us for presentation training, which is in line with the increase in investor communications.

We are also conducting more perception studies—management teams and boards increasingly want and need to understand how their company is perceived by the street. Perception studies are a great way for management and their boards to understand how their story is resonating—then they can adjust communications appropriately.

What do clients expect from IR these days—and how is that different than, say, five years ago?

Today, companies want to communicate consistently and appropriately—that hasn't changed. They still want to know who their shareholders are and they still want to keep them informed.

Beyond that, more than ever today, clients are looking to us to keep a finger on the pulse of what's happening in the IR world and to advise them on how to enhance shareholder value through best IR practices and provide counsel on many emerging issues.

There's also more focus on the daily stock price than ever before. This information is available constantly and to everyone—and more people are interested in the capital markets than ever before, partly because of the rise of the 401k, unlike years ago when people received pensions. Now individuals are responsible for managing the funding of their own retirement through 401ks and they are tracking stock prices. Also, technology has educated more people about the market.

What do you love about your work and IR in general?

I have been both an IRO and IR consultant, and to me, the job of IR consultant is the best job anywhere. We spend our days working with the brightest people in America, namely, the CEOs, CFOs and IROs who manage public companies. We work with all levels of management throughout these companies, as well as their boards, attorneys, accountants and other consultants. Every day, we dive into the capital markets. And, as consultants, we are right in the middle of things—which we love. We analyze our clients' business models, become experts in many different industries and thoroughly understand what makes companies in them successful or not. This is a job where you just keep learning and learning. The IR world is constantly changing and so are we—we're growing with the times.

What do you do in your free time—and how might that shape how you approach IR?

I am a dancer and have been all my life: ballet, jazz and tap. The parallels to IR are striking. As a dancer and performer, you are in the spotlight and on stage, not unlike being in IR, where shareholders, regulators and media are watching every step. Dancers work from routines that are carefully crafted and choreographed, much like an IR plan. But sometimes, those routines don't go as planned and you have to be able to smoothly improvise while delivering a great performance. In IR, too, you have to be ready for anything that might crop up while implementing your IR plan, and then you must seamlessly incorporate it.