

Non-Deal Road Shows

By Claire Koeneman



The global capital markets are experiencing unprecedented volatility, angst and uncertainty. Confidence in the U.S. market has been shaken not only by concerns about the viability of our financial institutions, but by mounting job losses that will increasingly weigh on overleveraged consumers who have seen their primary sources of wealth (the value of their home and retirement portfolio) erode quite dramatically. While oil prices have fallen 60 percent from their July peak, which some view as a “tax cut” for the average American, it is a double-edged sword because the decline reflects the expectation of a meaningful slowdown in worldwide business activity.

In the face of such dire economic news, the natural inclination would be to pull in your

horns and go “radio silent.” Unfortunately, many companies choose this path during turbulent times. This is, however, precisely the time to step up your efforts and reacquaint investors with your value proposition. Even though you may have gone through your IPO one, five or 10 years ago, retelling your investment story is a vitally important corporate initiative that never ends.

It is a continuous process of explaining the drivers of growth and profitability for your company, providing a roadmap of upcoming milestones, communicating the basic underpinnings of your forward-looking guidance, identifying key business issues that could affect your outlook one way or the other, and updating your forecasts when necessary. Frank, direct discussions with current inves-

tors and potential new ones go a long way toward establishing and maintaining management’s credibility in the marketplace.

Recently, there has been a dearth of public offerings, which can serve as a useful vehicle for reiterating a company’s investment thesis and value proposition. Another method has been the institutional, “non-deal” road show, which sell-side firms have historically assisted public companies in putting together. But times have undoubtedly changed.

With the disappearance of once venerable, bulge bracket firms and the future of other Wall Street institutions in serious question, it is especially crucial for your company to look elsewhere for the support it needs in pursuing these investors. Aside from generating interest in your stock, meetings with the buy side provide you with the opportunity to fine tune the investment thesis by gathering feedback about your value proposition, gauging market perception and determining what themes resonate best with investors.

Non-deal road shows are just one component of a comprehensive investor relations program. If you choose to engage the services of a seasoned consultancy, make sure that the firm has your end game in mind. Be certain that you can treat them as a partner, that they have intimate knowledge of your industry segment, and that they have worked with both public and private companies, as well as those that have had a catalyst for change. Finally, hire a firm that knows how to communicate in all aspects, including during a crisis, because inevitably there will be one in every company’s life. **■**

Claire Koeneman is president of Financial Relations Board, Chicago. This article is reprinted with permission.

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