

# THE VALUE-ADDED VIEW

THE MOST IMPORTANT SERVICES A  
BROKER-DEALER CAN OFFER ARE  
ROADSHOW LOGISTICS, ARRANGING  
MEETINGS AND PROVIDING  
FEEDBACK, FINDS *ELIZABETH JUDD*

A good roadshow, most seasoned investor relations officers agree, is one with no alarms and no surprises.

'I have had drivers not show up and, many years ago, a salesman decided to do the driving himself, but he didn't know where he was going,' recalls Matthew Stroud, vice president of investor relations at Darden Restaurants. 'It reflects on me if the driver's not there or isn't paying as much attention to driving as he should. It was a little uncomfortable when he was navigating traffic and referring to maps, and I had the chief executive in the back seat of the car.'

## DEVIL IN THE DETAILS

It's no wonder logistics matter so much to IR professionals given that 91 percent of companies are doing roadshows, with companies averaging eight trips a year, according to the *IR Magazine Global Roadshow Report 2012*. When asked about the benefits of broker-sponsored roadshows, respondents ranked logistics highest for added value, with nuts-and-bolts help scheduling meetings mattering most.

'When you're taking one or two days out of the CEO's schedule, you want to make sure you're seeing the right people and making it easy,' explains Mary Frances Turnbull, director of corporate access for institutional equity sales at Raymond James & Associates.

She maintains that IR professionals shouldn't have to worry about flights and tracking down the most reliable drivers in an unfamiliar city. 'You want the IRO to focus on preparing the management team members for the meeting,' she says, noting that her team of four co-ordinators gets consistently high marks for seamless

logistics. In fact, North American companies rank Raymond James as one of the top five brokers in the *IR Magazine Global Roadshow Report 2012*.

## INVESTOR TARGETING

As every IRO knows, identifying who owns your stock and who owns your peers isn't always easy. Services such as FactSet, Thomson One and Ipreo all offer valuable information, but the problem is the three-to-six-month time lag for the data, says Turnbull. 'I encourage companies to use that information as a starting point, but then to use their local partners, too,' she says. 'The sell-side firms are the ones with feet on the ground, talking to investors all day, every day.'

For instance, Raymond James has been chipping away at IROs' reluctance to meet with hedge fund managers because many of them are worth a visit. 'There are a lot of nuances between managers that are listed as hedge funds because some of these 'hedge funds' invest based on fundamentals,' says Turnbull. 'That message is beginning to get across.'

Another key part of targeting is listening to the IRO's own market intelligence. Stroud appreciates having the broker-dealer handle logistics, but he submits a list of accounts he needs to see beforehand as the basis for any itinerary. 'I may have had a conversation with a shareholder that wants to see us, so I let the broker know,' he says.

The itineraries usually feature the major hot spots, with New York, Boston and San Francisco rating one or two days apiece in the US. London, which was dubbed 'IROs' favorite city' in the *IR Magazine Global Roadshow Report 2012*, typically claims the most management time in Europe.

Turnbull notes that the must-sees are easy,

but the more artful choices involve pockets of the Midwest or smaller cities that are not so well traversed but still boast tremendous investable assets. 'If you go to Kansas City, you meet with the two biggest guys [American Century and Waddell & Reed] and maybe one or two other institutions,' she explains. 'The quantity of meetings may be small, but it's well worth management's time for the quality of the meetings.'

#### SMALL IS BEAUTIFUL

Stroud notes that holding six to eight meetings a day is 'an all-day activity' in cities like New York, Boston or London. In smaller places, he points out, a broker that understands the logistics can cluster events for maximum effect.

'In Philadelphia, for instance, there are a lot of institutions down town, but then there are others just west of the city on the Main Line and in Berwyn or Radnor,' he says. 'You don't want to bounce back and forth and spend a lot of time on the road. A broker like Raymond James will arrange all the city meetings first, then take you to the suburbs. It knows how to make it efficient.'

For smaller companies, having the broker-dealer handle the logistics may make the difference between embarking upon a roadshow or not. At Nuance Communications, a Sunnyvale, California-based developer of speech recognition software, vice president Kevin Faulkner heads a one-person IR effort without a secretary. 'Roadshows represent a greater time commitment than our staff can handle, so this is a great way to have the administrative burden taken from us,' he says.

Faulkner is keen for broker-dealers to bring analysts and salespeople on a roadshow. 'One of the reasons I like to have the brokers

come along is that it gives the analysts and the firm's salespeople an opportunity to sit in on the meetings,' he explains. 'I like that I'm also educating the sales force and analysts.'

When choosing a broker-dealer to arrange a roadshow, Faulkner always considers the broker-dealer's analyst who covers the company. He is particularly impressed when an analyst has delved deeply into Nuance's story, understanding both its products and its opportunities in the broader market.

#### GETTING A RESPONSE

After logistics, the second-biggest value-add broker-dealers can contribute is investor feedback once a trip has ended, according to the *IR Magazine Global Roadshow Report 2012*. At Nuance, the post-meeting analysis allows Faulkner to fine-tune his story. It also allows him to give management concrete examples of what shareholders are saying about the company.

Stroud is equally bullish when it comes to feedback. 'We're one of the bellwethers in our industry, so getting meetings is not that challenging,' he explains. 'What we really want is feedback from the institutional sales force on what clients thought about the meetings. If we don't get that feedback, we might think twice about going on the road with that firm again.'

'After every meeting, our salespeople go back and ask for feedback from investors,' Turnbull points out. Raymond James then assembles a post-meeting summary with investors' comments and any other pertinent observations. 'This feedback is something IR professionals value tremendously, and we really focus on getting it to them,' Turnbull concludes. **CA**

#### ABOUT RAYMOND JAMES

Raymond James' corporate access team uses its global distribution network to facilitate meetings between company management and institutional investors. We host more than 600 corporate access events each year, with an emphasis on personalized service from start to finish, including investor targeting, seamless logistics and post-meeting feedback.

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