



# IR

Special  
Report

magazine

## The IRO's guide to certification

A summary of the entry requirements, course details, subject matter and costs of certification programs available to investor relations officers from the world's IR associations

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## Introduction

IROs come from an enormous range of backgrounds. Industry surveys, including those conducted by *IR Magazine*, report that IR practitioners have degrees in finance, accounting and communications, among others, as well as MBAs and other professional qualifications. After these generalists come those who arrive in IR thanks to expertise in their company's field, backed up by a PhD in chemical engineering or a masters in geology, for example, who can easily explain the technical ins and outs of their firm to the investment community.

At the same time, there is a growing trend among the latest crop of IROs to pursue more specialized IR training. Beyond the handful of university courses offered around the world – such as Fordham University in New York, which offers an MSc in investor relations – budding IROs need to turn their thoughts to specialized qualifications, most of which are made available through the world's IR societies.

Of these, the most well known are the Certificate in Investor Relations (CIR) from the UK's IR Society, Dirk's Certified Investor Relations Officer (CIRO) program and NIRI's new Investor Relations Charter (IRC), launched in November 2015.

Professional development is certainly popular in the IR community: an *IR Magazine* survey from summer 2014 finds that 32 percent of respondents hold a formal IR qualification and the average respondent works with more than one IRO who has one. This figure is higher among heads of investor relations departments, particularly at mega-cap companies, where 41 percent of respondents hold IR qualifications. That said, only 34 percent of those surveyed say IR qualifications are important in new hires.

Interest in IR certification courses is definitely on the rise, however, illustrated best by the spread of these programs around the world. The IR Society offers the CIR through partner associations in Hong Kong, the Middle East and Russia, to name a few. NIRI, meanwhile, is aiming to roll out its program at international testing centers. 'We don't yet know how many IR practitioners will register for the first IRC exam, but the enthusiasm in the US and other locations around the world that I've visited over the past several months has been clear,' says Jim Cudahy, president and CEO of NIRI.

This special report will identify the most popular IR certification courses run by investor relations associations, mapping out differences in entry requirements, subject matter, costs and examinations.

## I. NIRI: Investor Relations Charter

Though in the past NIRI has supported IR masters and other degree programs at various North American colleges – including the universities of San Francisco, Michigan and California Irvine – November 2015 saw the launch of the institute's much-awaited IRC qualification, its first ever professional certification.

'This new certification is something the organization has discussed for decades,' says Cudahy. 'After several years of intense program development by many IR subject matter experts from NIRI's membership, we are now ready to administer the first exam in March.'

Cudahy says the IRC is a certification program in that it 'provides an independent assessment and validation that someone has demonstrated the necessary knowledge and skills for competence in a profession.' In other words, potential students will be those very familiar with the IR function, rather than those just starting out in the role.

Indeed, the IRC is not open to just anyone: those wanting to sit the exam need six years' experience as an IRO, or a bachelor's degree plus three years' IR experience, or an existing IR qualification and three years' work experience in an IR-related field, such as planning, business insight or corporate governance. Though NIRI membership is not explicitly required, it is 'highly encouraged' by the organization if only to gain access to a number of resources that will help those revising for the exam itself.

### ON COURSE

The first port of call for potential IRC candidates is to familiarize themselves with the IRC Competency Framework, which Cudahy explains was developed by the aforementioned IR subject matter experts – or SMEs, as he likes to call them. 'Once the IRC program was approved by the NIRI board, the SMEs began by conducting an in-depth job task analysis that led to the creation of the IRC Competency Framework, which effectively defines the 10 core competencies, or domains, of IR practice,' he says.

These range from formulating IR strategy to investor outreach and regulatory compliance (see *The IRC's 10 core competencies*, page 44), and are delved into in far more detail in a new NIRI publication called the *Investor relations body of knowledge*, available from the organization's website. This 180-page textbook was put together by the SME taskforce. The content is 'carefully pegged to the practice and ever-changing dynamics of investor relations,' notes Cudahy.

Once applicants feel adequately prepared – NIRI suggests students spend in the region of 100 hours studying – they can apply to sit the exam, which is available for a two-week period twice a year, with varying costs depending on how early an application is received (see *The IRC at a glance*, below). The first wave of potential IRC holders were put through

#### THE IRC AT A GLANCE

- Open to applicants with at least three years of IR-related experience
- Available at 200 locations in the US with plans for overseas examinations in place
- Has no formal course accompanying it, only a final four-hour, multiple-choice exam
- Syllabus comprises 10 'core competencies', described in detail in the *Investor relations body of knowledge*
- Costs \$1,095 (\$1,295 for non-members) for those who make the initial application deadline, and \$1,195 (\$1,395 for non-members) otherwise
- Has a focus on cementing existing IR skills and recognizing excellence

their paces on March 5-12 this year, with the second test due in September. So what can IRC hopefuls expect from the test?

'The exam itself is a rigorous four-hour, 200-question, multiple-choice, computer-based test,' reveals Cudahy. Pass scores will be determined by NIRI's Certification Council, 'an independent body of IR practitioners', with successful candidates then able to add the IRC designation to their name.

The IRC exam is to be offered at more than 200 locations in the US but it is not yet clear where the exam will be available outside of North America, with Cudahy remaining tight-lipped on more far-flung locations. Smaller markets like Bulgaria are among those in NIRI's sights. Speaking at the Association of Bulgarian Investor Relations Directors conference in 2015, Michael McGough, vice president of marketing and membership development at NIRI, said Bulgaria was one such location the institute has been considering.

After the exam, new IRC holders will also have to refresh their qualifications every three years by earning 30 'professional development units' of 'qualifying educational and continuing practice activities' – for example, by attending NIRI workshops and seminars as well as maintaining high IR standards in their current job. Again, these activities focus on the 10 core competencies outlined in the IRC Competency Framework.

## INDUSTRY IMPACT

Cudahy, who was brought in as NIRI CEO in January 2015, says he was enthusiastic about helping the organization make the qualification a reality. 'I've worked at several associations that offer certification programs, including CFA Institute, and I've seen first-hand the positive influence a well-developed credential program has on a profession,' he enthuses. 'There is a school of thought that a profession doesn't really exist until there's a body of knowledge to define it and an exam to establish standards of competence and professionalism.'

He concedes that IR has been well established without the IRC program, but he believes the new certificate will serve only to further define and improve the stature of the profession. 'In my travels to NIRI chapters and global IR events since joining the institute, one comment I've heard frequently is that without higher-education IR degree programs in place, the profession tends to lack a common definition,' he explains.

Harking back to his time at CFA Institute, Cudahy says he hopes the implementation of the IRC goes as well as the CFA exam, which was launched in 1963 after years of deliberating the worth of a new certification to cement the practice of financial analysis. 'They had nearly 300 applicants for that first exam, most of whom had 30 or more years' experience,' he continues. 'Many were also very nervous about passing – though the overwhelming majority did. Looking back, can you imagine the prestige of being one of those first CFA charterholders?'

Today, the CFA is the most recognized designation in the financial world, seen as both a challenging credential to achieve and a hallmark of good practice; Cudahy has the same goal ultimately in mind for the IRC. 'And we're looking for visionaries, forward-looking investor relations professionals interested in taking the challenge,' he notes. 'We see it as an opportunity to make history.'

### The IRC's 10 core competencies

1. IR strategy formulation
2. IR planning, implementation and measurement
3. Messaging development
4. Marketing and outreach
5. Financial reporting and analysis
6. Business insight
7. Strategic counsel and collaboration
8. Capital markets and capital structure
9. Regulatory compliance
10. Corporate governance

## II. The IR Society: Certificate in Investor Relations

Last year marked the 10th anniversary of the IR Society's CIR. Since its launch in 2005, the CIR has become an internationally recognized investor relations qualification, thanks to its reach into other European, African and Asian capital markets.

John Gollifer, the association's general manager, says the aim of the program is to enable IR practitioners to operate competently and safely. 'The qualification ensures successful candidates have an appropriate level of factual knowledge of the financial and market environment, the regulatory and reporting requirements for listed companies and a sound understanding of the principles of investor relations,' he explains.

The program focuses on six topics (see *CIR: topic areas*, below right) centered on the UK's capital markets but, as Gollifer explains, this knowledge is transferable to those operating in other regions. On completion of the course, candidates will end up understanding UK company law, requirements for directors and auditors, the way in which investment decisions are made, valuation models and portfolio theory. To date, there are around 1,000 CIR holders from more than 25 countries, making it one of the leading IR qualifications on a global basis.

Unlike the models offered by Dirk and NIRI, the CIR course follows a self-study structure, with all of the content necessary for passing the certification included in the association's study guide. This has a summary of the required knowledge for each subject area, Gollifer points out, while each section points to external sources for more background data, allowing candidates to broaden their understanding. The syllabus also drills down into niche areas, such as internal IR, portfolio theory and understanding financial ratios. For those taking the exam through overseas associations, additional modules cover any differences between the UK and local capital markets.

This model means CIR students can fit in their studying around their job or other education. 'We find it typically takes candidates between three and six months to work through the study guide and complete the qualification, depending on their level of existing knowledge and other commitments,' Gollifer explains. He adds that the study guide is reviewed on a regular basis and any updates are sent through to all those currently undertaking the program.

### EXTRA CREDIT

Alongside the IR Society study guide, applicants are invited to attend several optional seminars, such as 'Demystifying company accounts' and 'IR regulation and compliance essentials', which already form part of the IR Society's professional development program. There is also a specialized CIR revision course offered to applicants who need a refresher before taking their exam: this runs throughout the year and is hosted by trainer Deborah Morton-Dare, a course leader from the Institute of Directors and a member of the IR Society's examination committee.

An online mock exam and online learning support modules round out the help offered to applicants ahead of their final exam, which lasts for an hour and comprises 60 multiple-choice questions. The exam is available in central London and various other locations in the UK, as well as in Hong Kong and Russia, to name but a few.

The IR Society's focus is firmly on worldwide education. Indeed, the Investor Relations Professional Association (Singapore), which has been administering the CIR exam in Singapore since 2012, has reported a sharp increase in interest for the exam in the past 12 months. The Middle East IR Society (MEIRS), which has offered an

### THE CIR AT A GLANCE

- Open to all applicants, designed for newcomers to the profession
- Based in the UK but also available in Hong Kong, Indonesia, Malaysia, the Middle East, Nigeria, Russia, Singapore and Sri Lanka
- Largely based on self-guided study, backed up by seminars and revision sessions
- Assessed via a one-hour exam of 60 multiple-choice questions, available five times a year
- Costs £598.80 (\$866) or £778.80 for non-members, plus optional extra revision courses
- Prioritizes understanding of UK capital markets and regulation, but with additional modules for overseas capital markets as appropriate

#### CIR: topic areas

The principles of IR
Financial markets
Companies and regulation
The regulatory environment
Accounting, valuation and investment principles
Effective IR in practice

expanded version of the IR Society's syllabus since 2013, has also pushed training courses out to Dubai, Abu Dhabi, Oman, Qatar and Kuwait in recent months.

### FLEXIBLE APPLICATION

Gollifer is keen to point out the relevance of the CIR to IR practitioners in any location, and believes it offers all IR professionals many essential elements common to international markets. Though other associations are free to include additional elements on the course – as might be appropriate for their particular capital markets – the core of material studied remains consistent.

'While the CIR is essentially based on UK market law and investor relations principles, we find other markets can apply the same principles-based approach to their own IR roles,' Gollifer says. 'It clearly helps that the UK market has withstood the test of time and continuously evolved to where it is today. It also helps that we are all dealing with the same target audience.'

Any IRO with the CIR designation has demonstrated that he or she 'fully understands the fundamental principles and practice of IR, and has an internationally recognized benchmark of these capabilities,' says Gollifer. This makes CIR holders well equipped to be effective IR professionals, with the knowledge, tools and framework to implement a solid program, either in the UK or abroad. 'In a highly regulated profession, a qualification that benchmarks competence is incredibly valuable to companies and their investors alike,' Gollifer concludes.

For the future, the IR Society is developing a senior-level qualification that will 'build on the CIR' and is expected to be launched in late 2016.

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## Graduate Q&A



Adam Phillips, head of investor relations at UK retail group Halfords, is one of the latest batch of IROs to have undertaken the CIR program

### WHEN DID YOU UNDERTAKE THE CIR?

In April 2015. I was new to the profession and wanted to learn quickly. I also felt it was a way to establish some credibility given my lack of IR experience before commencing the role. And the CIR came recommended by others I spoke to.

### WHAT DID YOU EXPECT TO GAIN FROM THE QUALIFICATION?

I hoped for a greater understanding of the profession and – in particular – those elements I had limited prior knowledge of, such as the regulatory environment. Plus, a confidence boost from becoming more knowledgeable and credible!

### WHAT DID YOU FIND PARTICULARLY USEFUL AS PART OF THE COURSE?

I found the study guide very useful: it suited my learning style to be able to dip in and out of it in preparation for the exam. I still refer to it from time to time; it remains a useful guide.

### DO YOU THINK IR PROFESSIONALS HAVE A RESPONSIBILITY TO SEEK QUALIFICATION OR CERTIFICATION?

Not necessarily, but IROs *do* have a responsibility to learn and understand the profession: the obligations and what you can and can't do. The impact of getting something wrong could be very damaging; keeping informed and knowledgeable is a way to de-risk yourself.

### III. Dirk: Certified Investor Relations Officer program

Dirk's CIRO scheme has been running successfully since 2001, awarding certification to just in excess of 200 individuals. Students spend six months studying part-time through on-the-job learning, online tests and five two-day lecture sessions. After that, there are two exams – one written, one oral – to pass.

CIRO is a modular course, says Kay Bommer, Dirk's general manager, with each component intended to cement a new IRO's broad-based knowledge of the elements that will make up his or her professional life. These begin with the basics of investor relations, before moving on to capital markets and financial instruments, accounting and valuation, regulation and communications.

Each module comprises varying methods of teaching, much of it involving self-study backed up by online tutoring from one of Dirk's chosen mentors. Every module concludes with a two-day on-site event, where the course material is briefly summed up before students are thrown into several interactive 'on-the-job' situations for particularly important elements. The curriculum is regularly revised and expanded: 2015 saw the addition of modules covering digital communications and ESG/sustainability reporting. There are also top-up seminars available on more specialist topics, which include an introduction to IFRS, intercultural communication and fixed income IR.

The main advantage of having the course organized as it is, says Bommer, is that it gives those taking it an opportunity to learn from their peers, improve their own knowledge and build their professional networks. 'IROs are generalists and need to know much about a lot of things across a lot of categories,' he explains. 'CIRO provides this broad approach, and those with the certificate are highly sought-after in modern management.'

This approach is seen throughout Dirk's program, with a particularly heavy emphasis placed on meeting up with fellow IR professionals or CIRO students throughout the course: there are CIRO dinners held at the end of each completed module, and alumni are invited to congregate twice a year at a free meeting. 'Being well connected is important in IR,' summarizes Bommer.

The CIRO qualification has become widely known among German IR professionals as well as in some international markets, with the program being exported as far away as the United Arab Emirates, thanks to support from MEIRS. 'It's a very important way to show you know about the role,' says Bommer. 'An increasing number of recruiters looking for IROs prefer an applicant with a CIRO – a strong sign that the qualification has become a recognized brand in the capital markets.'

#### THE CIRO AT A GLANCE

- Open to all applicants, but the course is undertaken in German
- Lasts for six months of part-time study, including 15 full days of courses and lectures
- Comprises five modules, plus preparation for mandatory oral and written exams, with 800 pages of written material to cover
- Modules include capital markets and financial instruments, accounting and valuation, regulation, communications
- Costs €9,500 (\$10,600) or €11,000 for non-members
- Prioritizes networking and peer-to-peer education

## IV. CIRI: Investor Relations Certification Program

Much like its neighbor in the US, CIRI's certification is intended for experienced IROs or other financial professionals from a related field. Run in tandem with Canadian business education provider Ivey since 2011, the Investor Relations Certification Program runs across 10 months, starting with three days of face-to-face sessions held in Toronto. This is followed by 12 hour-long online tutorials, held every three weeks on average, and culminates in another face-to-face meeting at one of CIRI's conferences. Successful candidates can then add the designation Certified Professional in Investor Relations (CPIR) to their names.

Yvette Lokker, president and chief executive of CIRI, says the program is at heart a crash course in transactional analysis and the accounting cycle, including guidance on how to prepare a balance sheet and income statement. After that, students are invited to sit a three-hour, 90-question multiple-choice exam at several locations across Canada. 'Given the typical travel schedule of an IR professional, much of the program is flexible to allow students to participate from anywhere in the world or to catch up on what they have missed at their leisure,' she explains.

Through the course, applicants demonstrate a commitment to self-education and excellence in their job, says Lokker. 'IROs enhance their knowledge of investor relations through thought-provoking case studies, learning not only from the faculty but also from their peers; they are recognized by peers and others in the capital markets for having earned this credential; and they improve their opportunities for career advancement and greater compensation,' she summarizes.

The program has a history of welcoming back alumni as guest lecturers to new crops of applicants. Paul Carpino, head of IR at TELUS, won the Belle Mulligan award for leadership in IR at CIRI's annual conference in 2015 after graduating as a CPIR back in 2011: this year, he will be the 'CPIR in residence', attending classes and sharing his extensive knowledge.

As Lokker notes, maintaining such excellence is key to making certification credible while elevating the stature of IR. 'IROs interact with stakeholders who hold professional designations that are mandated by their industry,' she notes. 'Certification adds a similar level of credibility to the individual and the profession, creating greater awareness of the important role IROs play in the capital markets.'

## V. Aira: professional development program

The Australasian Investor Relations Association (Aira) has run a three-day, face-to-face diploma course with an online exam for the best part of a decade but it launched a separate continuous professional development (CPD) program in January 2015.

'In feedback from our latest member survey, one thing respondents keep saying is that they want to be kept abreast of regulatory changes, for example, which is a large part of our CPD activities,' says Ian Matheson, CEO of Aira.

The voluntary scheme requires the association's members to dedicate 20 hours to CPD-related events over the course

of a year, which can be earned by attending Aira courses, conferences or other events, and include up to five hours of credit from other recognized organizations. There are also plans for a mentoring program for fledgling IROs in the near future, as well as 'boardroom briefings' for chairs, chief executives and IROs at newly listed companies.

Though a CPD program does not require as much of its applicants as more formal degrees or qualifications, Matheson says it's every bit as valuable. 'I think it reflects a similar philosophy, and if we want to claim to be a profession there has to be a recognizable and demonstrable indicator that professionals are keeping up,' he explains.

'All the major industry associations or societies are trying to do the same thing: raise the bar as far as standards and professional development are concerned,' says Matheson. 'There are obviously several ways to do that.'

### THE CPIR AT A GLANCE

- Open to IROs with at least three years' experience, or those in other fields who have participated in CIRI's Essentials of IR program
- Course comprises three days of face-to-face sessions, 12 online classes and a final two-day face-to-face session at CIRI's annual conference
- Modules studied include finance & accounting, capital markets & regulation, communications and strategy
- Costs C\$8,950 (\$6,500) for CIRI members and C\$9,450 for non-members
- Focuses on small classes and one-to-one learning, and is flexible for traveling IR practitioners