



The Million Dollar Question: What Makes A Great Investor Day?

Well-executed investor days set you apart from peers

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I recently spoke to the IROs of two mega cap companies, who told me they had spent nearly one million dollars on their investor days. At first I thought I had misheard them. As a former small cap IR Officer, the most money I ever spent on our investor day was well under \$50,000. Yet, with stakes so high, costs can add up quickly. These companies are hosting hundreds of investors and analysts, arranging branding and experiential video, developing innovative and memorable presentations for multiple speakers, and creating supplemental materials – not to mention the cost of management’s time and travel.

Clearly, the final tab for most investor days is nowhere near a million dollars. While some companies are moving away from large events in favor of more intimate and focused gatherings, a recent Nasdaq study estimated that about one-third of all companies host annual investor days. Investor days can be an important and sometimes underleveraged component of a company’s overall investment communications program. Properly executed, they enhance the investment community’s understanding and perception of your company. Moreover, investor days can be a unique opportunity to help your company truly stand apart from competing investment opportunities. It’s important to know when and how to execute such an important event.

Leading from Strength

Investor days are most effectively undertaken when a company is on the offensive and can lead from strength in talking about their future prospects. This may include launching a new growth strategy, providing more detail on long-term growth trends, or strengthening its competitive positioning. This may also include a deep dive into an important business segment that interest investors, putting certain company executives on stage that investors may not have heard from, or showing off key products or facilities. An investor day is also an effective vehicle for setting forth long-term financial guidance, therefore helping analysts to better model the future trajectory of the business. And while we all prefer to host meetings when the business is performing well, it is also important to think of investor days as excellent vehicles to communicate new or revised initiatives or a turnaround strategy after a crisis or misstep.

Key Ingredients for a Successful Event

Based on our experience and research, the ingredients for a successful investor day boil down to:

- Good timing and new information: new developments, significant strategic changes, updated outlook or model guidance that the investment community needs to know about;

- Pre-meeting investor intelligence: have current insight into how you are viewed and where there are misperceptions or gaps in knowledge;
- Strong narrative: cohesive, overarching investor narrative that is substantiated by all speakers;
- Management commitment: the Street attends for meaningful and informative access and relationship building.

Insights from IROs

Lori Chaitman, Vice President of Investor Relations for Sealed Air, an \$8B market cap global packaging company, hosted her first investor day in 2013 with a new management team, and another last June to provide an update on strategy and progress. At the 2015 event, the team unveiled a three-year strategic roadmap, tying product and growth goals to specific financial targets. The messaging was consistent with the fundamental strategy Sealed Air had laid the foundation for in 2013. According to Lori, “we received a lot of positive feedback on our content, as it tied all strategic initiatives to forward looking financial metrics. Our CEO started the day reviewing our new financial targets and each division President focused on plans to achieve those targets. Then, our CFO provided more detail on those same financial metrics and focused on the financial disciplines instilled in our culture. We also scored points for showcasing our products and new technology, having a strong visual component to the meeting, and leaving time for attendees to mingle with our business unit leaders.”

According to Jim Hillier, Vice President of Investor Relations for Demandware, a \$3B SaaS company, who hosted his company’s first investor day last November, “an investor day is about communicating management’s strategy for delivering value to the owners of the business. A successful event starts with knowing your shareholder base. Focus squarely on the topics shareholders care about most, address their key concerns, and provide ample transparency and specific guidance where possible.”
Insights from the Street

Feedback from a buy-side analyst we spoke with mirrored Lori and Jim’s comments. Specifically, the investor stressed the importance of presentations by a broad and deep level of management as well as detailed quantifiable metrics about the business landscape and opportunity.

Other best practice elements include having a strong investment thesis, including a deep dive into business segments and geographic market opportunities, with the intent to provide a window for the Street to experience your culture and examples of your company’s differentiated and proprietary capabilities. According to an analyst, “one of the distinct advantages an investor day provides is the time spent drilling down to a particular business or operation. You just get a better feel beyond the numbers for how the company is being managed and what makes it differentiated.”

What doesn’t work? Too much focus on past results, a CEO answering all the questions, or overkill on your branding and products. A sell-side analyst we spoke with said “the best investor days are those where the company has done their homework and asked us what we want to learn, and then they address those issues. We want a roadmap for measuring your progress against goals.” This analyst said he walks away very disappointed when a company doesn’t lay out any objectives for market share gains, return on equity improvement, EPS growth or other specific targets. He noted that a lack of “compelling and comprehensive financials can be a big red flag.” Other analyst pet peeves? Overly scripted remarks, executives reading text off of tele-prompters like politicians, and no time for mingling with the management team. It is important to remember that attendees are giving up a lot of time to travel to your meeting, and you need to make it worth their while.

Leverage the Effort and Content

Investor days are more and more becoming broad communications vehicles, and they are no longer just the domain of the IR team. Maximizing your messages and content for the media, employees, customers and other core stakeholders should not be overlooked. For example, inviting high potential employees to attend or observe as a leadership development experience, including Board members, providing content to mid-level management to incorporate into their communications, or combining investor days with large customer-focused events can be very effective strategies. We also recommend various media strategies for investor days, depending upon whether you have new information or a news hook, and if building core journalist relationships is an objective for your company. Designing appropriate media strategies to fit your overall communication goals can be a great way to get the word out about

how you are doing.

For investor days, up-front research, management engagement, compelling forward looking content, and meaningful takeaways are the cost of admission and requirements for success. While you may not spend anywhere close to a million dollars on your event, all the time and effort involved behooves you to think holistically about how to get the most out of it!

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