



# A bridge to investors

**Fiona Buffini**

Growing share ownership has buoyed the fortunes of investor-relations operatives who handle the relationship between companies and their owners.

A survey of investor relations chiefs at top-200 companies found there were more jobs, higher pay, and greater professionalism, although the biggest challenge for the evolving role, still maligned by some fund managers as "bag carriers", was getting top executives to take them seriously.

"It sometimes takes a crisis of some form that leads to the share price tanking and the CEO having to go out and face the music with the major shareholders," said Australasian Investor Relations Association chief Ian Matheson.

He said the challenges for listed companies in communicating with the investment community were only going to grow, given the "volatility in the stockmarket and the proliferation of boutique fund managers and hedge funds".

Practitioners say their role has evolved to a strategic position ranging from tracking the effect of derivatives trading on the share price to liaising with regulators, investors, the media and the board. They insist it's not about spinning the company out of a crisis.

Putting a de facto profit warning in the last paragraph of a media release and issuing it at 5.15 on Friday afternoon was not a good idea, Mr Matheson said.

"The investment community are not stupid, the financial media are not stupid and if a company is less than upfront about the bad news, well, what goes around comes around. When a company hits a pothole, it wants to be able to take a bit of credit out of the piggy bank with the investment community and with the media. If



**Josh Shein sees high demand for investor-relations executives.** Photo: LOUIE DOUVIS

## KEY POINTS

- Investor-relations executives are seen to have a strategic role.
- The focus on risk management means many directors now ask more about investor relations.

you've built up trust, they will give them the benefit of the doubt."

He said the greater focus by boards on risk management also meant directors were asking more about investor relations. "What's happening on the share register, for example, is something typically asked by the board now."

The change is good for investor-relations executives. Their pay packets range from \$225,000 to \$275,000, with property, telcos and materials companies paying more. Survey designer Greg Crowther said the level of pay was more influenced by reporting lines

and industry sector than market capitalisation.

Headhunter Josh Shein of Salt & Shein said demand for investor-relations executives was very high.

"It's an evolving function, there are few organisations out there recruiting their first ever accountant, there are still many who don't have a head of investor relations. It's rare that you see organisations advertise these positions; you have to identify people you want and tap them on the shoulder."

The survey, released yesterday, found 85 per cent of investor-relations heads reported to the chief executive officer or the chief financial officer and 60 per cent had undergraduate or masters degrees in accounting, economics or finance.

The top performance indicators were the quality of relationships with the market and the accurate representation of the company in analyst and media reports.