

# NIRI PHILADELPHIA

Peter McDermott  
Senior Client Partner, Global Corporate Affairs &  
Investor Relations, Korn Ferry



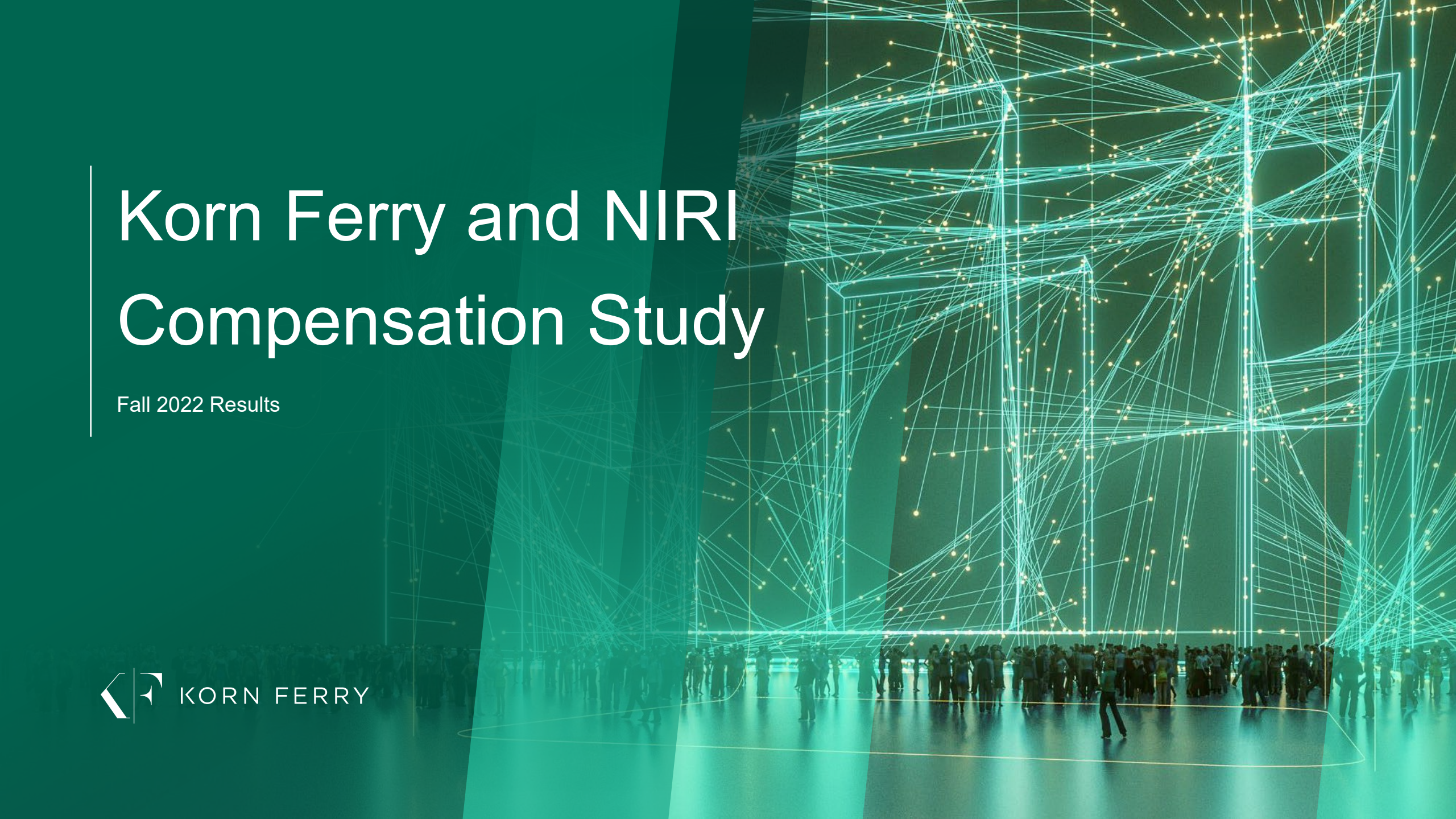
KORN FERRY®





# Korn Ferry and NIRI Compensation Study

Fall 2022 Results





# Key findings:

- Nearly two-thirds (64%) of IROs say the IR function has been elevated within their company.
- More than 90% of IROs are “very optimistic” or “somewhat optimistic” about the profession.
- IROs say the most important skills needed to be successful today are:
  - Communications/storytelling
  - Financial acumen
  - Strategic mindset and managing ambiguity
- Only 20% of IROs have a succession plan in place and 71% do not have a clear next move for themselves.

## Managing through the Pandemic:

- More than 80% of IROs changed how they managed the IR function during the pandemic.
- With a virtual lockdown, more IROs have leveraged technology and digital communications to conduct roadshows, one-on-one meetings, and conferences, as well as fine-tuning their materials to better suit the virtual meeting landscape.
- Having found ways to operate successfully in a virtual mode, nearly 51% of NIRI members say they are personally “not willing to relocate” for a new position.



# Compensation:

- Base Salary: More than 30% have base salaries in the \$276K to \$350K range; and nearly 12% are \$351K and above.
  - ***As a comparison, 33% reported base salaries in the \$226K to \$275k range in the 2020 study.***
- Cash Bonus: Nearly 30% have an annual cash bonus target of 26-35% of base compensation and more than 30% have a bonus target in the 36-60% range.
  - ***The median bonus percentage was in the range of 26-35%***
- Long-term Investment Plans (LTIPs): More than 25% have annual LTIP plans valued at 26-50% of base salary.
- Equity: Of those with an equity component, nearly 60% have restricted stock units as part of their package.

# Education / Credentials:

- Education: 93% have advanced degrees (78% hold MBAs and 25% hold an MS or MA degree).
- Credentials: 34% hold CPAs, 26% hold CFA credentials, and 28% hold the Investor Relations Charter (IRC®) certification.





# Investor Relations Career Trends





# Evolution in Investor Relations

There are many shifts in the market that have led to the elevation of the IR function. For example, to adopt to the new and changing regulations, IR professionals must navigate an increasingly **more complex operating environment**. To address activist shareholders the head of IR needs a sharp ability to **identify risks, create mitigation strategies, and leverage new media** effectively.

As a result, we have seen a rise in Investor Relations professionals with **financial acumen**. IR professionals reported their most common experience outside of IR was in corporate finance (26%), accounting (17%) and securities industry sell-side (11%). The most well-regarded investor relations leaders have **strong corporate investor relations** experience coupled with financial knowhow.

## CONSIDERATIONS FOR ATTRACTING & DEVELOPING TOP TALENT



Be industry agnostic to ensure a robust slate of great candidates



Be open minded about considering a strong #2, equity analyst, communication or finance candidates








Be prepared to offer a wider breadth of experience to make this a more attractive position



A head of IR reporting relationship to anyone other than the CFO or CEO is a barrier to recruit top talent



# Most sought after attributes in Investor Relations

	<b>Strong performance in ambiguous contexts</b>	Comfortable with vague and unknown parameters and operate effectively even without a clear way forward
	<b>Focused on strategy and perspective</b>	Consider and value diverse perspectives when examining future possibilities and take a global lens when approaching issues
	<b>Focused on performance</b>	Motivated to meet and exceed standards and achieve outcomes in the face of tough obstacles
	<b>Demonstrates agility</b>	Derive energy from low-structure situations and complex problems; enjoy finding creative solutions and addressing issues using thoughtful and intellectually driven methods
	<b>Action oriented</b>	Display confidence in managing concerns, holding difficult conversations, and being proactive in high-stakes settings

Note. This is a first-look at differentiators using KF4D Executive Search Assessment data. A "Most-Sought" archetype is someone with unusually high Compensation (99th percentile) given their Country, Currency, Job Pyramid Level, and Job Title Level. A "Least-Sought" Archetype is someone with unusually low Compensation (1st percentile) given those same variables.

# Best-in-class Investor Relations

## Key competencies

### Strategic Mindset

*Defines and delivers a proactive IR program, covering both buy and sell side audiences across a broad range of geographic markets*

### Deep financial literacy

*Possesses commercial acumen and a high level of financial and operational understanding – holds a firm grasp of the business / industry nuances*

### Excellent communicator

*First-class stakeholder management skills – senior executive, Board level and Investor credibility*

## What do Investor Relations Officers look for?

### Clear line of sight to Board

- *At the top level IROs feel it is critical to have first-hand exposure to CEO/CFO and Board in order to understand and communicate Group strategy.*

### Latitude

- *IROs want responsibility for the design and execution of a core agenda, for both financial communication and shareholder management, that is in-line with Group strategy.*

### Progression

- *IROs are attracted to roles that offer challenge via international scope, group complexity, expected IPOs, listings, a shift in shareholder base, growth strategy and the added responsibility of corporate communication or corporate affairs.*

### Investment in function from CEO/CFO

- *IROs indicate that they must have corporate support at the highest level to add value internally and externally.*

### Good relationship with communications team

- *Clear delineation and a strong relationship between these two functions is critical as mixed messaging or turf wars can be both damaging and frustrating.*

### Excellent in-roads into the rest of the business

- *IROs are interested in building deep relationships with business unit leaders; these inroads are best used to develop an IRO's knowledge of their Company as well as offer market view to senior level leadership.*



# Market Conditions

- IR / Finance talent market activity / demand has increased significantly since early-2021.
- Unprecedented demand for public company IR talent in the market, as a result of:
  - Overall increase in IPOs and other corporate transactions
  - Active public SPAC market
  - Considerable M&A activity
  - CFO departures and retirements, prompting IR turnover
- IR leaders can serve as “tip of the spear” in navigating through COVID health and economic challenges, and these executives are busier than ever.
- Companies’ approach to relocation / real estate is changing due to COVID.
- Global / international experience is valued more than ever.
- The complementary mix of IR messaging and financial acumen positions IR as a key strategic business partner, and this has been reinforced during COVID; The IR role is broader / more strategic and has more external exposure.
- Searches are progressing faster through utilization of video interviews; in person finalists.



# Our Perspectives on Investor Relations



## Succession planning

*“Senior IROs are increasingly well positioned to take on a CFO position, either at a business unit or for the whole company, depending on their earlier experience, says Peter McDermott, senior client partner for global corporate affairs and investor relations at Korn Ferry.”* [Article](#)

## Analyst candidates for IR

*“The successful IRO builds bridges before crossing them, which takes a particularly collaborative management style.”* [Article](#)



## Investor messaging

*“The best course of action for investor relations executives, according to experts, is to be honest and transparent with everyone.”* [Article](#)

## Collaboration during a crisis

*“Investor relations, corporate communications, and management teams should work in unison to navigate the response from investors and consumers and address any concerns proactively.”* [Article](#)

# Q4

## Best-in-class leaders

*“Peter sees the IRO role as indispensable with every organization’s financial messaging under increased scrutiny now.”* [Article](#)





# IR Archetypes

## In House Finance



*BS, Finance & Accounting*

### **Public Accounting**

Audit Senior

### **In-House Controller**

Financial Reporting

### **In-House FP&A**

Senior Manager

### **In-House**

Senior Director, Investor Relations

### **Agency – IR Consultant**

Senior Vice President

### **Pre-IPO through IPO**

Vice President of Investor Relations

### **Spin-Off**

Head of Investor Relations

## Street



*BA, Economics*

### **Investment Banking**

Senior Equity Research Analyst (Org 1)

Senior Equity Research Analyst (Org 2)

Senior Equity Research Analyst (Org 3)

### **In-House**

Director of Investor Relations

### **In-House**

Head of Investor Relations

## Agency



*BA, Journalism*

### **Agency**

Associate, Investor Relations

Senior Associate, Investor Relations

Vice President, Investor Relations

### **In-House**

Manager, Investor Relations,

Corporate Strategy &

Communications

### **In-House**

Vice President, Investor Relations

### **In-House**

Associate Vice President, Investor

Relations

## Blend



*BA, Economics & Philosophy*

*MBA, Finance & Accounting*

### **Investment Banking**

Analyst

Associate

Vice President

### **In-House**

Vice President, Business

Administration and Investor Relations

### **Agency**

Vice President of Investor Relations

Managing Director, Strategic

Communications

Senior Managing Director, Co-Head

of New York Practice

### **In-House**

Head of Investor Relations

Head of Investor Relations and

Corporate Communications





# Land the Interview / Get the Offer





# What are **C-Suites** looking for today in IR searches?

## **Our view**

- The investor relations function was historically a rotational role, used as a steppingstone to a CFO or financial function
- As the landscape has changed, the role has become more strategic, and has been elevated to a more senior-level in most organizations, to help the management team navigate “tricky waters”
- No other role has a 360-degree perspective...or can translate the “outside view” inward, and vice versa
- Seasoned Advisor with high credibility and outstanding judgment
- Business savvy (especially financial acumen)
- Relevant experience (not industry specific; but “business life stage”)
- Broader functional skill set (M&A, communications, financial strategist)
- Outstanding influencing and diplomacy skills (ability to be an integrator internally)
- Expect broader leadership skills
- Strategic ability to play both “defense” (e.g., issues and crisis management) AND “offense” (e.g., strategic positioning)

IR roles are unique, in that your skills are more industry-agnostic than other functions.

When you start to feel complacent, seek out internal opportunities to challenge yourself further, and add to the breadth of your responsibilities.

## **Future skills**

- Strategic Orientation
- Resiliency
- Learning Agility
- Collaboration
- Problem Solvers
- Courage

## **Think/Act like a CEO**

- “Brand You”
- Grow your skills – continuously
- Stay Current
- Stay Connected
- Stay Relevant



# Beyond this... Korn Ferry is looking for:

- Ability to listen and ask thoughtful and informative questions
- Strong relationship building and maintenance with multiple stakeholder groups both internally and externally
- Left brain right brain attributes to show strengths both in financial acumen and communication abilities
- Presentation and story telling abilities to your Board, ELT, Investors, at Earnings, Etc.
- Ability to build, transform or maintain a best-in-class IR function
- Proactive mindset and reactive crisis abilities when necessary
- Ability to provide examples such as:
  - Successes
  - Overcoming challenges
  - The ability to lead, develop and collaborate with others
  - Constant growth and development of self and career
  - Memberships, IR community involvement

## Example Questions:

- **“Tell me your story. How did you get to where you are today?”**
  - We want to hear your story telling ability with something you know well.
- **“What is the motivation to look outside of your current organization. Why are you interested in XYZ position?”**
  - Do your research. Why ARE you looking out and what’s truly interesting about the role we’re discussing?
- **What does your coverage look like today vs your first day and why?”**
- **“What are some gaps you may see in your resume for this position and how may you overcome them?”**





## Treat every interview as a two-way conversation:

“I have heard from several your colleagues that you made a very successful transition to the team. What were some of the most surprising things about the organization that you learned during your first few weeks, that you were not aware of prior to joining?”

“You have mentioned that your organization is...(siloed, matrixed, not open to change, etc.); How have you overcome some of the cultural challenges here? What has worked in the past, and more importantly, what has not worked?”

“I understand your main priority it to...(transition corporate strategy from hardware to software, etc.). Once I have proven success there, how do you see my role changing?”

“Much of your position description focuses on (career values, mission, etc.), would you share some examples that set your organization apart from your peers?”



# ESG in IR



# Finding the right answer on how to deal with ESG is a balancing act for many companies

## THE PURPOSE QUESTION

To a large extent, the **pressure on sustainability** is coming **from outside** of the organization. The **strategic purpose** is often **rather reactive** than proactive

## THE GRASSROOT CHALLENGE

Sustainability initiatives started where **individuals felt a call for action** – not necessarily **consistent** and with a **joint ambition**. Now, CSOs often need to **“backward engineer”** a **strategy**

## THE BALANCING ACT AROUND REGULATION

Regulation **promotes** sustainability. At the same time, it creates a **sense of “have-to”** and **“potentially harmful”**. Getting **out of the reactive corner** is a **prerequisite** for **mindset change**

## THE TONE FROM THE TOP

The **ExCo** is crucial in **translating** the outside asks into **strategy** & executable **business priorities**. A **clear, credible** and **observable positioning** creates **“aha-moments”** & **shift mindsets**

## THE SHAPING OPPORTUNITY

Everyone has an **opinion** about sustainability and many **want to involve**. Creating these **opportunities** with in a clear **purpose** **unleashes** the **potential** and **creates identification**

## THE POWER OF THE “INFORMAL”

**Informal networks** of **promoters** of sustainability are **crucial** – also for the impact of CSOs. **Development** of **talent** and **leadership** continuously **grows** the **“fan base”** of sustainability



# ESG touches the DNA of an entire organization

Dimensions of sustainability

	Dimensions of sustainability				
	Environment		Social		Governance
Purpose & Strategy	Vision and purpose		Ambition		"Right to play"
Culture & Mindset	Mindset and behaviors		Diversity and inclusion		Movement
Business & Operating Model	Products, services, markets	Growth path and distribution	Asset management	Alliances and partners	Risk management
Governance	Organizational embedding	Targets and KPIs	Compliance with standards	Reporting and transparency	
Leadership & Talent	Talent acquisition, pipeline, and management		Leadership and team development		Individual success profiles

*"Shareholders are putting pressure on all companies to adopt more sustainable practices; regulators are asking for more disclosure; employees, especially the younger generation, also expect real progress towards a more sustainable future. Therefore, our dialogue with clients about sustainability topics is very active. To further emphasise its importance, as of 2020 we defined sustainability as a distinct qualitative performance assessment dimension."*

Christian Mummenthaler,  
CEO





# 10 aspects that can help shaping the way towards sustainability

## PURPOSE & STRATEGY

1

- Review the **purpose** around sustainability: Is it **ambitious? Proactive? Concrete?**

2

- Articulate the **sustainability vision/strategy** that goes beyond regulatory requirements/reporting

## CULTURE & MINDSET

3

- Set a **proactive tone from the top** – beyond regulation – and communicate with **persistence**

4

- Create room for **employee-inspired landmark projects** that **foster identification** with sustainability

## BUSINESS & OP. MODEL

5

- Get the **focus** right – with **credibility** around **products/services, capabilities, and resources**

6

- **Proactively balance trade-offs** and create **commercial impact**

## GOVERNANCE

7

- Leverage an **aligned ExCo** to **strengthen the impact** the **sustainability team** has on the organization

8

- Strengthen the **informal network** and **promoters** of sustainability – and **start institutionalizing**

## LEADERSHIP & TALENT

9

- Grow the **mutual influencing** top-down/bottom-up – align **performance management** and **rewards**

10

- Address the **skills and talent gap** to get to a **growing ambassador base**

