

Comment: IR needs a new name for the new century

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'Investor relations' is too limiting – today's IROs are much more

The capital markets have been practicing investor relations for a half-century, as evidenced by the 50th anniversary lapel pins given out at last year's NIRI Annual Conference (and if you're not wearing one, why not?) in Florida.

To me, 'investor relations' seems limiting, suggesting we're responsible only for relationships. The IR officers of 2020 are so much more; they're chief intelligence officers. To understand the intelligent future for our profession, let's look to the past. In 2001, before I was shuttling to New York from California with the executive team of a small-cap telecom building bonds with the Street, I could call a stockbroker at Prudential Securities on Douglas Boulevard in Roseville, California and reach 80 percent of our shareholders. They were retail.

Investor relations for me was in part presenting the IR deck to investment clubs peopled with retirees, and company gatherings in the employee lunchroom. Later, as we built analyst coverage and institutional ownership, there were trips to the Raymond James conference in Orlando, UBS in New York and SunTrust in Atlanta. One-on-ones from [Chicago](#) to Milwaukee, New York to San Francisco. You all know the drill. We're out there relating.

All that effort aimed at retail or institutional money, sell side or buy side, had a universal quality. It was about fundamentals – what uniquely differentiated our stock. But now it's 2020 and less than 50 percent of assets under management are actively managed. More than 85 percent of trading volume is following a model or arbitraging divergences and is defined by shared characteristics, which more often than not are driven by market cap, volume, quantitative factors and sector. Somebody out there needs to own the intelligence data on that money.

It goes a lot further. Everywhere, data is driving asset-allocation decisions. Increasingly, stock research incorporates alternative data, ranging from credit-card feeds and predicting retail trends to satellite imagery of mining or energy development and port-of-entry logs for trending imports of products ranging from automobiles to electronics. Will IR departments of the future be tracking that data, too, to understand how to position the story and to predict the movement of passive money?

Against that backdrop, does it not seem rather quaint to pitch a deck to a shrinking room of stock pickers and call that IR? We must do that, too. But I'd argue the future as chief intelligence officers is much more exciting and intellectually stimulating than the past at a broker luncheon describing how you generate revenue. Maybe it's just me, but data seems... more contemporary.

This is a challenge for our whole profession, practitioners and vendors alike. Needs have moved beyond basics like holding earnings calls (have you tracked the decline in listeners over the past 25 years?) and running analyst days. I think IR chief intelligence officers of the future will provide analytics around, say, mergers & acquisitions, not just from how a deal can affect the story, but also how it will impact [exposure to indexes and ETFs](#).

Should we expand our commercial footprint horizontally to new industries in order to make ourselves more attractive as collateral for ETFs? Or should we provide big, single-silo industry exposure to increase our appeal to core market cap and industry indexes? These are real, serious and impactful considerations. They drive shareholder value – they reflect what money is doing in 2020.

This is what chief intelligence officers do. Today, corporate strategy must go beyond fundamentals to characteristics. Maybe your capital-allocation strategy is to become a low-volatility investment by acquiring contra-positioned assets. Low vol is the most popular smart beta vehicle.

There is a big 21st century horizon ahead for our profession. It will require us to go boldly where no IR practitioners have gone before. But it's the final frontier, and it's ours to explore and shape.

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