



## Behind the Scenes of Investor Relations – A Director's Cut

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### **Nothing ever really is as it seems.**

So much is written about how the Investor Relations function is the representation of the C-Level to the public, how it functions as a two-way bridge connecting the shareholders and management and providing feedback, how it is basically important in shaping the company strategy and telling the story in such a way that everyone understands. Yet little is said to what is really necessary in being a true Investor Relations professional.

### **Behind the Scenes**

The most publically visible portion of our Investor Relations universe is the attendance at roadshows and conferences, at least that's what it was before the pandemic...

This is what you see:

The IRO travels to all the cool places across the world, stays in the best, top-notch hotels, has cocktails or eats at the latest hippest restaurants. The travel at times is done in the company of C-Level or Board-Level. Exciting, right?

What you don't see:

Your flights are done the evening/night before, sometimes if delays happen you may not even get enough sleep, let alone be jetlagged due to time differences. Trust me, even a 2-hour time difference can play a big role. Your return flight is probably right after your meetings finish, leaving you no room to enjoy the surroundings or to even relax before you head home. Meetings are done back to back starting at 8 am or 9am until the last meeting finishes at 5 or 6pm. Sometimes you don't even get a lunch break. Speaking and paying attention for 8-10 hours straight is strenuous and by the 3<sup>rd</sup> or 4<sup>th</sup> meeting you may no

longer have the same attention span as in the meetings before, leaving you feeling completely drained. By dinner time, you are longing for your bed, just to get up the next morning and repeat the whole course over again.

As an IRO, if you are in a smaller team, you are also probably responsible for organizing the flights, the accommodation, the transfers and restaurant bookings. Leading up to the meetings you also have to update your presentations, get them printed/delivered to the meeting participants beforehand, give a background info of the investor profiles to your management (if they are participating) have your IR fact set ready and updated for possible additional questions.

While we are speaking of presentations and fact sets, there is a ton of tools that need to be prepared, updated and published, which fall under the responsibility of Investor Relations. So, this is what you see:

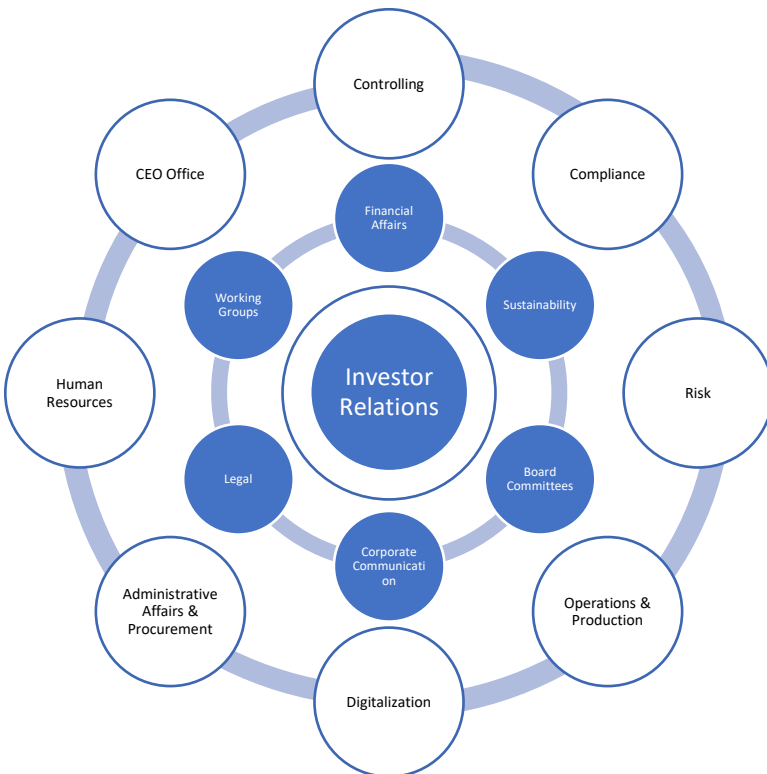
A (bilingual) web site, that is professionally designed with quick and easy access to all sorts of information. An annual report that boasts with the entire year's summary. Presentations to understand the company story better. General Assembly invitation and all related documents need to be published as well as transcripts, press releases, podcasts, blogs and social media.

What you don't see:

The annual report has to abide by regulatory standards, encompass all necessary legal details and provide additional information that would help the company story. The whole report has to be pulled together with different information from nearly all departments, and the IR not only is responsible for

putting it all together but at the same time for being the chief editor. The sensibility of timing as well as content is not necessarily at the highest level with the various departments providing the information. The collection of data is true for all other public documents, as well as the website. An intricate contribution of the IR professional in this case is the delicacy in word choices and storytelling, the compliance with corporate identity as well as the marketing aspect of the tools used. All that, plus the information has to be timely and concurrently shared on all platforms.

And these are only two simple examples of the life of an Investor Relations professional. ESG/Sustainability has to be fully understood and delivered. Corporate governance, Board communication, financial analysis are all things that Investor Relations has to fully understand, know the standards and legal framework. Additionally, to make it easier for the investor, you also have to be able to provide the differences among countries as well as competitors alike.



### Internal Spheres of Investor Relations

Investor Relations has to be in constant and close contact with a variety of departments. The first circle are the closest departments Investor Relations has to be in contact with. Here in the graph is just a possibility of the necessary connections an IRO has to cultivate.

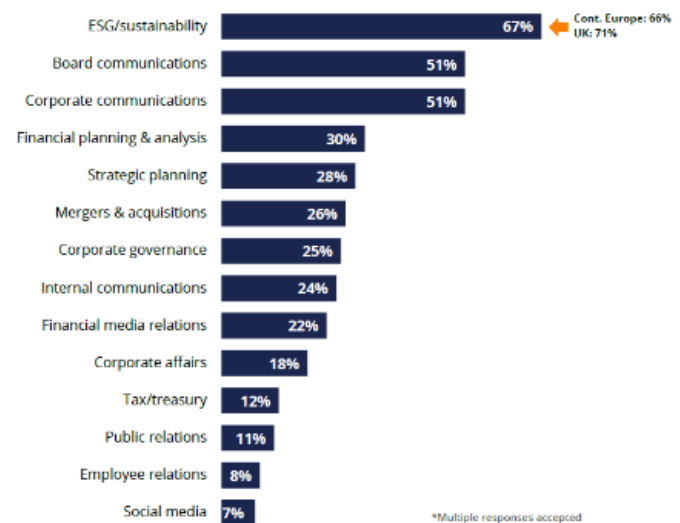
The second circle are departments that are as necessary on an as-is or monthly/ quarterly basis.

### External Responsibilities

The wealth of knowledge collected from its internal sources turns the IRO into a walking encyclopedia of the company. Combined with the strategic outlook of the Board and upper management, Investor Relations take responsibility in communicating all the necessary information by shaping the story to the understanding and needs of its audience. While the story remains the same, the focus point for an equity investor is different from a thematic fund manager or a sell-side analyst or regulatory and rating agencies as well as financial media.

### To put it into perspective

**Other Responsibilities That Require an Important Amount of Time\* (Aided)**  
(Among Europe Senior-Most IROs; n=269)



Now we know from Rivel's 2020 IRO Compensation Report that among Europe's Most Senior IROs 73% report to the CFO and 19% to the CEO. The average number of full time IR Employees in Europe is 2.6. To be honest, that is not a lot for the amount of work Investor Relations has to perform on.

Aside from just doing Investor Relations, the function also has other responsibilities that require an important amount of time. As you can see in the chart above from the same report, ESG/Sustainability is leading these other responsibilities with 67%, followed by Board and Corporate Communications with 51% each. Small companies are to provide the same sort of

information as larger companies, yet the team sizes vary.

#### **Dear Human Resources Professionals,**

This one goes out to you! Finding qualified personnel can be hard at times. The Investor Relations professional might look quite sturdy from the outside, but it is very intricate. This employee has to be able to take a vast amount of knowledge and quickly release it in a great tempting story. This person has to be a finance, marketing and communications person in one with its foundation in legal, regulatory and compliance understanding. This person has to be a good presenter and a good speaker, because he/she will be representing upper management in front of the shareholders. This candidate also needs to have a good understanding of the corporate governance practices and sustainability standards. And if you are in a country where a license to practice this position is necessary or the second language needs to be English, please check that this candidate can provide all that.

#### **Dear C-Level,**

The Investor Relations of your company is not a space maintainer to abide by regulatory requirements. This department is a critical component in crisis communication as well as in strategy planning. The IRO actually is going to take your story, your vision and your expectations of your company and represent you in front of the shareholders. Choose wisely, as this function is your connection to the public and can take a lot of pressure off of you.

This job is complex and sophisticated. It can be learned of course, but a strong foundation is necessary. Helping “the Street” understand the company’s story takes a well-rounded individual. Investor Relations is growing. Team numbers are still quite low worldwide, but it is the IRO’s job to be engaging. The corporate online culture is developing at an increasing speed so the IRO also has to be social media savvy. Newer generations are looking to be in a different engagement with companies and as all investment related company communications are growing further, Investor Relations have to adapt accordingly.