INSPIR ELEVATING INVESTOR RELATIONS //

The Strategic IRO Turning Investor Intelligence into a Decision Advantage

Boards rarely make consequential decisions without outside advice. Transformative M&A brings in bankers, lawyers and strategy advisers. Governance is supported by legal and proxy expertise.

Yet over more than 25 years working with boards, management teams and IROs, I have repeatedly seen another source of decision intelligence brought in too late: Investor Relations. Too often, IR enters the discussion once the decision has been made and the question becomes, **"How do we communicate this to investors?"** I believe the more valuable question should come earlier: **"What does IR know that could help us make the decision?"**

IR sees something other advisers do not see continuously: how investors and analysts build, test and change their conviction in a company over time. It knows not only what the market thinks today, but often how and why that view changed after material disclosures or events.

That institutional memory becomes particularly valuable when a board is considering a decision that could change the investment proposition itself.

IR complements, rather than replaces, other advisers. Bankers bring transaction and financing expertise. Strategy consultants bring industry analysis and strategic frameworks. IR brings something different: **a history of how investors have understood the company, where their conviction has strengthened or weakened, and how those changes have affected their willingness to own the stock.**

Consider a simple example. An investor says leverage is too high. Three years earlier, that same investor was comfortable with even more leverage. An experienced IRO should immediately ask why. The issue may not be leverage at all. It may be confidence in the growth being funded, a change in the risk profile of the business or doubts about management's ability to execute. **The comment is the data point. The history gives it meaning.**

In our work, we have seen this intelligence contribute in three important ways:

TEST THE ASSUMPTION	ANTICIPATE THE CONSEQUENCE	INFORM THE STRATEGY
Challenge or validate a premise embedded in the decision.	Identify a foreseeable investor or market consequence early enough to act.	Bring investor behavior into the process while choices are still being developed.

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CASE 1

CAPITAL ALLOCATION: Test the assumption

A company had historically paid a substantial dividend and attracted a meaningful retail shareholder base. The business then needed to fund a major investment program. Management believed reducing the dividend was preferable to materially increasing leverage, but the board was concerned about the effect on the share price. The intuitive assumption was straightforward: income-oriented shareholders would sell if the dividend fell.

Working with IR, we analyzed who owned the stock, how ownership had evolved, why different groups held their positions and how they were likely to respond under alternative capital-allocation scenarios. We also looked at how the transition could be communicated. This mattered because the market reaction would depend not only on the dividend reduction itself, but on whether investors understood why the capital was being retained and what management expected to achieve with it.

The analysis did not make the decision for the board. It gave the board a more differentiated view of the potential consequences and made one of the decision's critical assumptions testable. The company ultimately reduced the dividend in phases.

The strategic IR question: *If we make this decision, are we asking existing shareholders to underwrite a different investment proposition, and, if so, who is likely to own the company on the other side?*

CASE 2

GOVERNANCE AND SUCCESSION: Anticipate the consequence

A family-controlled company had long maintained a majority-independent board and had been recognized for its governance. As part of a succession process, the company intended to nominate the Chair's son as a director. There were legitimate reasons for the appointment, but it required replacing an independent director. The board would no longer be majority independent.

Inside the boardroom, the issue was succession and whether the candidate was qualified to contribute to the board. Institutional investors could see something quite different: **declining board independence at a family-controlled company.**

This is the kind of disconnect IR should be able to identify before it becomes a problem. Instead of waiting for the proxy to explain the decision, **we worked with IR to design a six-month introduction and engagement program**. Investors had time to become familiar with the prospective director's experience, qualifications and potential contribution before they were asked to vote. By the time the nomination reached shareholders, they understood both the candidate and the rationale. The nomination received full support.

Nothing about the underlying board decision had changed. What changed was that the company had anticipated how investors might interpret it and addressed that issue before shareholders were asked to act.

The strategic IR question: *Where could the external interpretation of a board decision diverge materially from the board's intent, and what can we do before that gap becomes an investor issue?*

CASE 3

TRANSFORMATIVE M&A: Inform the strategy

A company had completed significant M&A that materially changed the scale and composition of its business. Integration was underway, but the legacy investment thesis no longer reflected the combined company, and a new long-term thesis had not yet been articulated.

The shareholder base was already reacting. Some long-standing investors had reduced their positions. Others remained but wanted greater clarity. New investors were entering the stock. At the same time, management had engaged a global strategic adviser to develop a new five-year plan. The conventional approach would have been to complete the strategy and then ask investors what they thought about it.

We saw an opportunity to learn something earlier. Working with IR, we designed a perception study while the strategy was still being developed. We wanted to understand **what had weakened the legacy thesis, what remaining investors still believed but needed management to prove, what opportunity new investors saw, and which catalysts could increase conviction.**

The most useful insight came from comparing behavior, not simply collecting opinions: **who sold, who stayed and who bought.** That comparison told us how the investment proposition itself was already changing and pointed to the profile of investors most likely to support where the company was going. **Boards rarely make consequential decisions without outside advice**. Transformative M&A brings in bankers, lawyers and strategy advisers. Capital allocation is supported by financial models; governance by legal and proxy expertise.

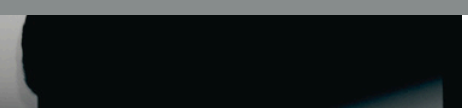
Yet over more than 25 years working with boards, management teams and IROs, I have repeatedly seen another source of decision intelligence brought in too late: Investor Relations.

Too often, IR enters the discussion once the decision has been made and the question becomes, **"How do we communicate this to investors?"**

I believe the more valuable question often comes earlier: **"What does IR know that could help us make the decision?"**

IR sees something other advisers do not see continuously: how investors and analysts build, test and change their conviction in a company over time. It knows not only what the market thinks today, but often how and why that view changed after an earnings miss, a strategy shift, a management transition, an acquisition or a period of volatility. The findings were presented to management and the board and became an input into the longer-term strategic plan.

The strategic IR question: *As we determine what this company should become, what is investor capital allocation behavior telling us about the transformed company and the investment proposition we are creating?*



What changes when IR operates this way?

For me, the shift comes down to changing the question. Instead of waiting until a decision has been made and asking: **“How will we communicate this?”** IR should also be asking earlier: **“What do we know about investors, ownership and the investment thesis that could be relevant to this decision?”**

For IROs, this requires a different way of thinking about the information they accumulate every day. Investor meetings, perception studies, changes in ownership and analyst conversations should not exist as separate streams of feedback. Together, they build a body of intelligence about how the market understands the company and how conviction is changing.

That means:

- Track changes in conviction, not just recurring investor comments.
- Segment feedback by investor type, mandate and reason for ownership. “The market” is rarely one view.
- Use changes in ownership and behavior as evidence: who is adding, exiting or waiting, and why?
- Bring the investor lens into capital allocation, governance, M&A, portfolio and strategy discussions while alternatives are still open.
- Be willing to challenge internal assumptions when the evidence does not support them.

The Value of Combining Perspectives

After many years working alongside IROs, I have also learned that IR's greatest information advantage can create its own blind spots.Continuity is valuable. But proximity can create bias. Familiar shareholders can be overweighted, recurring feedback can become normalized, and a legacy shareholder base can be mistaken for the investors the future strategy needs to attract. That is why I believe the strongest model is triangulation.

Combine IR's institutional memory with independent investor research and the expertise of the company's other advisers. Each sees the decision through a different lens. An external IR adviser can provide an important counterweight: structured, independent investor research and perspective across companies and situations that can test and sharpen the internal team's conclusions. An external adviser can also reach beyond established relationships and create space for investors to express views they may hesitate to share directly with management or IR.

Over the course of my career, I have seen the role of IR evolve considerably. I believe this is part of its next evolution: **from communicating strategic decisions to contributing investor intelligence while those decisions are still being shaped.**

And that brings me back to the question I believe boards and management teams should be asking:

What does IR know that we should understand before the decision is made?