



Top 10 Credibility Busters



To build goodwill with your investors, it's important not to get into hot water. Here are the top 10 credibility busters you want to work hard to avoid.

- 1. Providing overly optimistic guidance.** Don't worry about where the Street is. Just get the numbers to a level that you can meet or beat.
- 2. Describing market size estimates that just don't add up.** Investor meetings take a turn for the worse when the market size numbers don't add up.
- 3. Filibustering.** Investors get concerned when you can't answer the question in a minute.
- 4. Inconsistencies between investor interaction.** When you say things like, "We don't provide that information," and the Street comes back with, "Well, you did two quarters ago," you lose credibility.
- 5. Being too visible or overly promotional.** There is no reason for you to be on the road 40 days this year. Be selective and strategic about your interaction with shareholders.
- 6. Blaming external factors instead of taking responsibility.** If it's your fault, step up and take the blame. Then articulate how you are going to fix the problem.
- 7. Justifying acquisitions that don't fit.** Before you announce an acquisition, figure out if the Street will reward you. Challenge your team to ensure that the deal is the right thing to do for shareholders.
- 8. Poor content during investor interactions.** After an investor day, you don't want the research notes to say, "We didn't learn anything new."
- 9. Hiding when bad news is made public.** Stay visible in good times and bad.
- 10. Not following through on your stated objectives.** Don't announce the timing of a new product and then miss expectations.

Over time, all management teams want to build relationships, or at least a healthy rapport, with shareholders.