Core Elements of an Effective IR Plan

For public healthcare companies and those on the road to an initial public offering (IPO), crafting a strategic investor relations (IR) program is essential, and can significantly enhance the investment appeal of your company. Whether your company's investor relations efforts are new or just in need of a fresh perspective it's important to keep in mind a few core elements as you plan. **Here are six components that contribute to a successful IR plan:**

1. Build credibility with a consistent story. Credibility with the Street is critical to any successful IR strategy. Make your story easy to understand, and keep your message consistent. Though you want to share your story with passion and enthusiasm, investors will get turned off and stop listening if they believe you are over-promising. Avoid being overly promotional, and when planning your conference schedule for the year, be selective about how often you meet with shareholders. The key is quality, not quantity.

2. Be transparent. Put in place a comprehensive disclosure policy and a clear strategy for providing complete and timely disclosure. It's especially important to remain transparent and responsive when problems arise. While it might be tempting to circle the wagons and keep bad news from "getting out," that's exactly the wrong strategy to take. It's crucial to stay visible during bad times, too. Rather than blaming external factors, step up and take responsibility if the problem is your fault — then state clearly how you plan to remedy the situation moving forward.

3. Hone your message. When developing your message, don't fall into the trap of trying to detail every aspect of your business. Instead, provide a succinct and compelling investment summary that distills your message into a manageable set of bullet points — and can fit on a single page in a presentation deck. Ask yourself these questions:

- Why is your primary market compelling?
- What is your company doing differently to address this market?
- What is your growth strategy?

4. Know your target audience. It's important to fully understand your shareholder base. Until you have a firm handle on their decision-making process, it will be difficult to ascertain what it is they expect from you. One way to garner this information is by conducting a perception audit — a useful tool for measuring how your target audience perceives your company, your existing product line, and your position within the market.

5. Maintain shareholder relationships. Develop a plan to maintain relationships through a strategically planned program of conferences, non-deal road shows, fireside chats, and one-on-one meetings. These presentations offer an opportunity to share key milestones and build excitement — and collect feedback. They can also put you in touch with new clients and help diversify your shareholder base.

6. Find the right partner. If you don't have the in-house expertise to develop a solid IR plan, or if you'd just like the benefit of a fresh outside perspective, consider hiring an IR consulting firm — which can help provide the judgment, industry knowledge, investment community relationships, and capital markets expertise that you need to succeed.

The relationships you build with investors and Wall Street are a crucial part of your business strategy — so the investment you make (in time, thought, and resources) in developing a strong IR plan should pay off handsomely in the long run. For more information, download ICR's **Investor Relations Guide.**