

The three 'P's of great IR

The IR role has expanded over the last two decades. David Nisbet looks back at his varied career in the energy sector to offer advice for improved communication.

Mangala Processing Terminal, Thar Desert Rajasthan, India.



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If there's one word that typifies this function, it's: pragmatism. And the two characteristics you need in this role are patience and perseverance in bucket loads.

After university, I spent 15 years as a correspondent for the BBC. In 1998 I left the BBC staff and set up my own consultancy, working with companies on a variety of things, from training to making films to advising CEOs and CFOs about telling stories.

Then in 2004 I joined Cairn Energy (now Capricorn Energy) – who had just made huge discoveries in India and had gone from being a relatively small cap company to a large cap company – as their first ever head of communications.

The company's visibility and accountability had grown massively and my job description was really a blank sheet of paper. The role started off as communications, and then became corporate affairs, incorporating government relations, investor relations, internal communications, external communications and stakeholder relations helped by a strong team.

The three 'P's

You need to be pragmatic in order to balance the needs of these diverse audiences. But at the centre of everything you have to have a core narrative about what the business does, and you need patience and perseverance to ensure that the message and approach remains consistent across the organisation.

My IR career has included an IPO in India, the sale of the Indian business, a very sensitive Arctic drilling campaign and then, latterly repositioning a business, growing a business in different jurisdictions, and managing stakeholder relations for an eight-year retrospective tax issue with the Indian government.

You have to make sure that boards and senior management get an unfiltered view of investors'/analysts' true perspectives, and recognise that it's your job to make sure they understand the reality

rather than being tempted to soften views you think they may not wish to hear.

This range of activities and the skills required demonstrates the ways that the IR function has changed dramatically. In each case there is a story-telling element, but it's got to be factually based. Clearly there will be different opinions, but you've got to stay with the facts. Some of the opinions you might not like, but as long as that opinion is based on the right facts, you as a company should then be able to respond accordingly. If the facts are incorrect, the opinion can also be incorrect and that's probably about the only time I would get annoyed in this role.

Another key responsibility of the role is ensuring that everyone remains diligent and respectful in their dealings with all stakeholder audiences with respect to any international and cultural sensitivities. It should be part of your organisation's culture; this is especially important when working with governments, campaigning groups or activist investors – groups who have very strong opinions. It is important that you keep the communication channels open.

Education

When I started, IR communication with the board could be limited, whereas now you've got to have the ear of the board, otherwise, what's the point of having the function? I have been lucky in working with CEOs and boards who have valued the role right from the word go. I am part of the management team that presents at board meetings, and there is also an informal aspect, so if there a need to speak to the board, then you know that they will find the time.

Another major development of the role has been around educating our people across the organisation about how investors think, so that they understand who they're working for. People tend to think of shareholders as being divorced from the business, whereas they are integral to what happens to you as an organisation and you've got to think about them. Similarly, you need to educate the investors about what this workforce delivers for them.

It's not just the responsibility of the management team and the board, but every individual who works in the organisation should be thinking, 'what am I doing?', 'how's this creating value?', and 'how's it making a better company?'. In order to successfully manage these diverse responsibilities you've got to get back to my word at the beginning – you've got to be pragmatic. ■