Consistent delivery in a hybrid workplace

While the fundamentals of the IR role remain constant, changes to analyst coverage and current working patterns keep IROs on their toes, as **Peregrine Riviere** explains.

Peregrine Riviere is group head of IR at London Stock Exchange Group.
peregrine.riviere@lseg.com

My career in IR started over 20 years ago when I moved from the sell side, which makes me feel very old. I remember the looks on the faces of concerned friends and family. "You're quitting Morgan Stanley for the Carphone Warehouse?". I guess on paper those were the facts. To re-frame it (as we IROs love to do): I had done my capital markets training but I didn't want a career in banking; I found business – any business – interesting and wanted to learn more, because being on the outside is frustrating (ask any analyst or investor); and I covered a company that inspired me but left the market confused. So it was the perfect product/market fit, and IR was the obvious way in.

I didn't have any strong views of how my career would progress, but I felt my options were very open – long term either in finance (as a qualified ACA) or corporate affairs. So I called them and they offered me a job. In those days, there weren't many sell-siders in IR: it's now become, I would guess, the most conventional route in.

How it has changed

The truth is that the fundamentals of the job – either the 'what' or most of the 'how' – have not changed materially in 20 years. Most UK-listed companies issue some kind of update four times a year, even though not typically required to. Roadshows and conferences take up the same amount of time as they did 20 years ago. These are the building blocks of any IR programme. Trust, transparency and expectations management are as important as ever.

The main change has been the dwindling of resources on both the sell side and the buy side. Analyst teams are smaller and much more thinly spread, and sectors have become much less homogenous: if you cover media today, you're expected to be an expert on advertising, professional publishing, education, trade shows and e-commerce. This means analysts need much greater support not only with their models but also with the industry itself. Companies need to spend more time and effort explaining what they actually do, not just how they are performing.

On top of that, the steady reduction in liquidity for many stocks in the UK presents a challenge. It's a vicious circle as potential investors worry about how long an exit might take if they want to build up a decent stake. It also allows for mischief making: positioning, reverse broking, the role of algorithmic trading and the multiple versions of 'consensus', as the market looks to new platforms that don't always capture company-specific dynamics, all make landing results harder than ever. In the old days, a beat was a beat.

Future challenges

The future challenges are today's challenges but piled higher. Liquidity can improve as the UK market one day becomes less unfashionable. Those with the best stories and consistent delivery can always generate their own liquidity too. But we're unlikely to see any turnaround in resource within the investment community.

Combining this inexorable trend with the here-to-stay hybrid working patterns post-COVID makes the relations part of investor relations much more challenging. Forming strong working relationships based on mutual trust remains a critical part of the role. That's why in-person events and roadshows need to be an absolute priority – as well as making time for those informal coffees and lunches where you build the best bonds over time. ■