



GOTHAM RESEARCH GROUP FINANCIAL ANALYST PANEL

Protecting the Blindside: Managing Sell-Side Analysts' Perceptions of the "Small Stuff"

- Analysts are constantly "making bets on company management" and every bit of interaction they have with a company impacts their perception of senior management's competence.
- An analyst's impression of a company's **entire** communications infrastructure plays a critical role in their evaluation of a company's prospects.
- Based on the results from our most recent study of prominent sell-side analysts, this memo highlights the components of a company's communications infrastructure that, from analysts' point-of-view, are too often neglected: **the IR team and the earnings press release.**

Analysts' Top Frustrations

1. **IR staff that merely "stick to the press release."**
Analysts complain that IR teams are too often either unwilling or unable to provide "some color" to the information contained in the press release (*"Don't just refer me to the press release when I call - help me out."*).
2. **Press releases that lack **substantive** consistency.**
Any shifts in the metrics reported make analysts' lives exponentially more difficult and raise eyebrows about a company's prospects (*"Why would they all of a sudden stop showing that data?"*).
3. **Press releases that lack **structural** consistency.**
Any changes in the format of the release (e.g., chart type), no matter how minor, makes analysts' jobs more difficult (*"I want to be able to compare each press release to the last one."*).
4. **An IR team that lacks message discipline.**
Analysts get extremely irritated when they get (even a slightly) different story from different members of the IR team.
5. **IR contacts that do not return calls the same day.**
Unreturned calls are perceived as a strong indication that IR – and by extension the company and its senior management – doesn't respect analysts.

How to Stay on Good Terms with Analysts

1. **Ensure that IR team members are a valuable resource to analysts, and have:**
 - A clear and solid knowledge of all the "basic" information.
 - An ability and willingness to provide some insights beyond what is contained in the press release.
 - Direct access to senior management (*"Someone who sits in on strategy sessions and meetings."*).

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If you'd like to learn more about the findings summarized in this memo, or how Gotham can be of value to your business, contact:
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How to Stay on Good Terms with Analysts (continued)

2. Display a clear respect for analysts and the pressures they face by:

- Returning calls promptly (the same day).
- Providing analysts with consistent information, including press releases with the same metrics in the same format each quarter.
- Delivering press releases “on time” (even a delay of a couple of minutes is considered to be a problem), and in an immediately printable format (*“If it doesn't have page breaks, it really slows me down.”*).

3. Treat analysts like colleagues by:

- Acknowledging if the company is facing challenges (*“Don't insult us – we can see spin a mile away.”*)
- Calling analysts proactively after earnings calls to see if they have questions/need clarification.
- Providing feedback on analysts' models (*“If I made a mistake, please let me know.”*).

More on the Gotham Research Group Financial Analyst Panel

The Gotham Research Group Financial Analyst Panel is a quarterly study designed to produce actionable strategy for improving our clients' standing in the analyst community.

The Panel is a rotating panel of prominent sell-side financial analysts representing a broad range of industries. Each quarter, our panel members participate in an hour-long, in-depth interview designed to reveal their views of the industries they cover, as well as their assessment of specific publicly-traded companies and their CEOs/senior management teams.

About Us

Gotham Research Group is a communications research and consulting firm with a unique set of analytical tools designed to help clients successfully navigate the communications challenges associated with a range of corporate situations and initiatives. Gotham assists public and private companies with reputational crises, leadership/organizational changes, controversial policy issues, branding/advertising initiatives, and new product launches.

