

Fortune 500 Investor Relations Officers

The 2015/16 survey of IR leaders.



Introduction

Korn Ferry's Corporate Affairs Center of Expertise and Financial Officers Practice have collaborated for a fifth time with the National Investor Relations Institute (NIRI) to survey investor relations leaders at Fortune 500 companies about how this critical function is evolving.

The results show that survey respondents, highly credentialed leaders in America's top companies, not only have significant levels of experience and key relationships internally and externally as investor relations officers (IROs), they also play an increasingly critical role in guiding the strategic narratives of their companies and in safeguarding their companies' financial reputations. They also advise and counsel the C-suite and chief financial officers (CFOs) in navigating a complex landscape of analysts, investors and activists with myriad agendas.

The IR strategy and related tactics are increasingly complex and nuanced and often must be coordinated, delivered, and sequenced under tight deadlines and in challenging circumstances.

Although Fortune 500 IROs did not focus on any singular challenges in their roles, they responded in the Korn Ferry-NIRI survey with general concerns about the heavy demands they confront, especially in balancing their many duties and obligations and in dealing with the added stresses of responding to increasing shareholder activism.

Their professional lives also have been complicated, they said, by continuing changes and volatility in the equity markets, intense regulatory scrutiny, the need for increasing transparency in finance-related communications, and the many and varied ways that rapidly advancing technologies allow investors and other stakeholders to access financial information about organizations 24/7.

To provide a clearer picture of today's requirements and rewards among top industry leaders, Korn Ferry and NIRI collected responses from more than 200 IR professionals in Fortune 500 companies, the preponderance of whom work in mid-cap or large-cap companies; 88% of the organizations were NYSE-listed.

The Korn Ferry-NIRI survey was conducted from February to April 2016, a period twice as long as for previous surveys. Responses cover information from calendar year 2015. Almost three times as many professionals completed the survey as are included in this report, which focuses on IROs who serve in Fortune 500 companies. Because this annual work collects robust information requiring busy executives to volunteer their time for longer than many other professional surveys, the questions were randomized, and not all respondents answered all the questions posed. Numbers in the report don't always add up to 100%.

Investor relations officers now show deep finance expertise:

- 55.7% have a CPA
- 48.1% have an MBA
- 25.7% have or are pursuing a CFA
- 11.9% were analysts on the buy- or sell-side

Although the IR function has, on occasion, been viewed as a communications role, today the backgrounds and training show the majority of IR professionals coming from finance or analyst backgrounds; only a small percentage of respondents said they came from corporate communications or PR roles.

But the evidence in reporting lines clearly shows that these leaders—31.6% of whom hold vice president titles of some kind—are mission-critical in their companies' financial structures. Indeed, 42.2% of IROs responding said they report to their organizations' chief financial officers (CFOs).

As in past surveys, a heavy concentration of respondents came to the function from backgrounds in:

- Corporate finance (27%) or accounting (18.6%).
- More than half have CPAs; more than a quarter have or are pursuing CFA; and almost half said they have MBAs.
- Financial acumen and technical fundamentals are now the norm for IROs, 11.9% of whom reported in this survey that they at one point had served as analysts on the buy- or sell-side.

Profile of the Fortune 500 IRO

Background and education.

Serving as a Fortune 500 IRO demands deep knowledge of finance. Slightly less than half of respondents said they have MBAs, and more than half have CPAs. More than a quarter have or are getting CFAs. Just under half of respondents came to their IRO roles from corporate finance or accounting roles. A significant slice of IROs said they previously were analysts (buy- or sell-side) or had been in investment banking.

Figure 1

Former analyst (sell-side, buy-side).

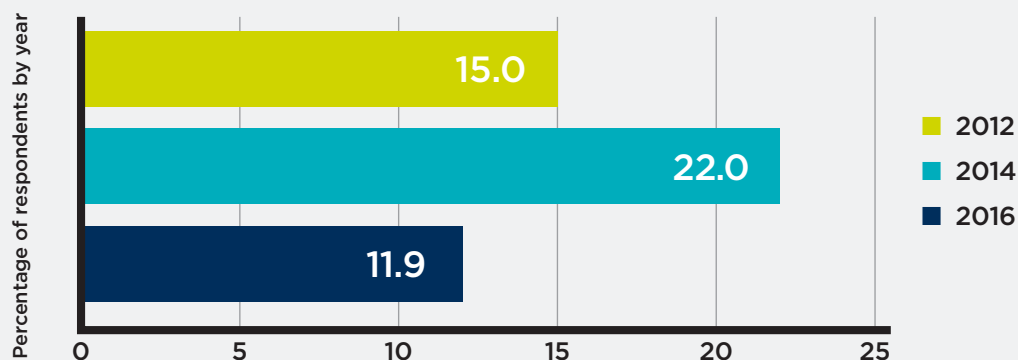


Figure 2

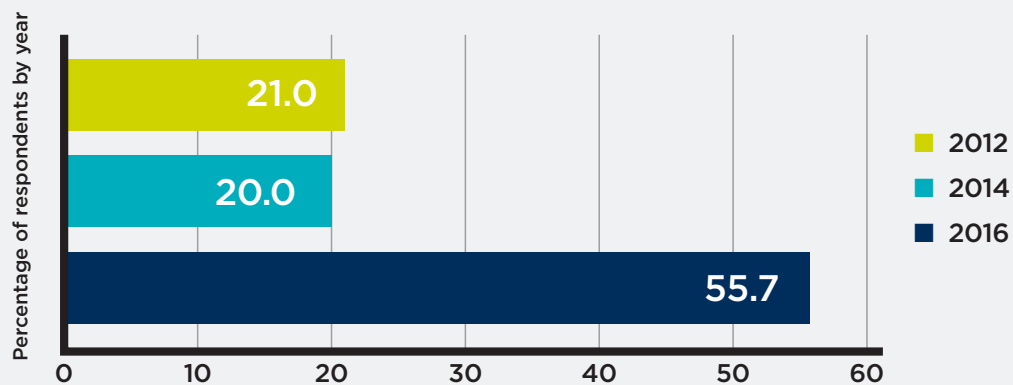
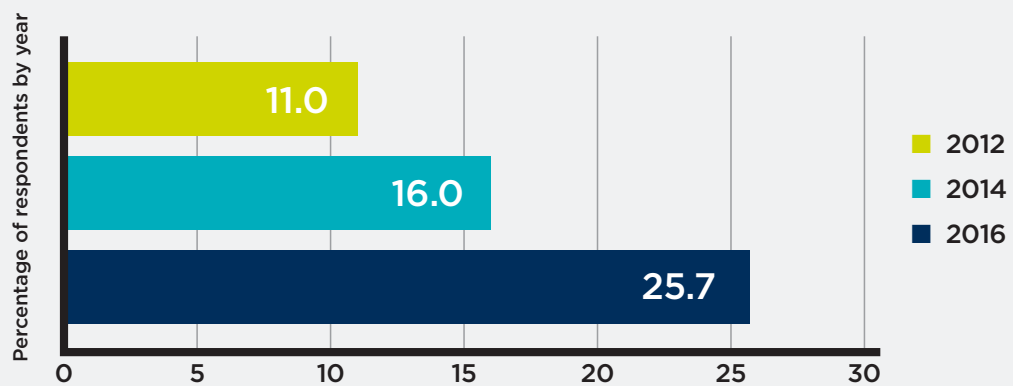
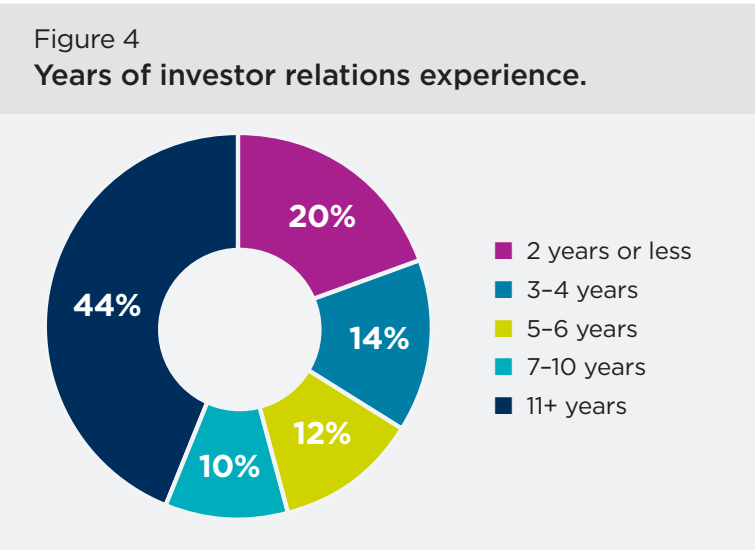
CPA designation.

Figure 3

CFA designation.

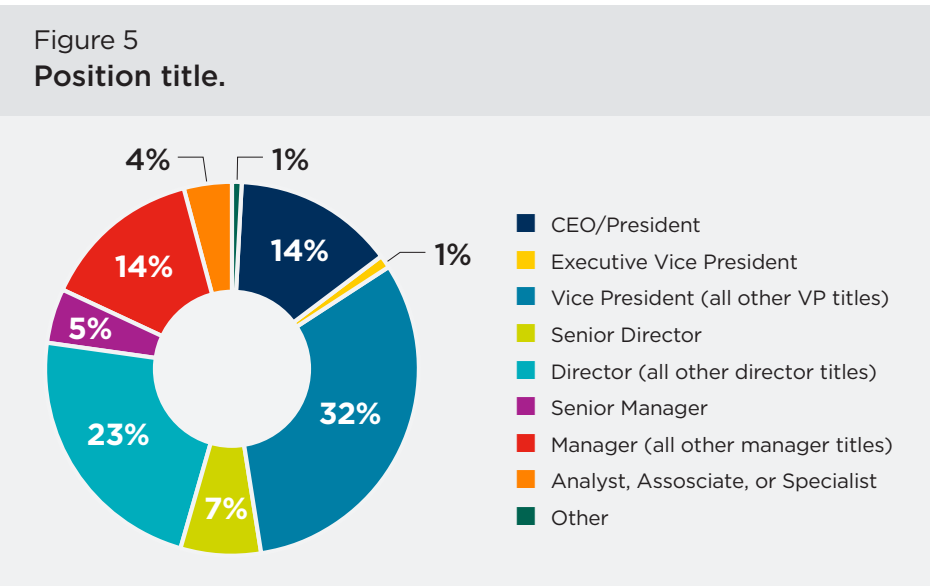
Experience in IR.

Among Fortune 500 IROs responding to this survey, 43.7% have been in investor relations for 11 or more years.



Job title.

For 32.5% of IROs, a vice president title (VP or Executive VP) is the norm, while 29.8% hold director titles (senior director or director—all other titles). A slice of IROs—14% of those reporting—are CEOs.

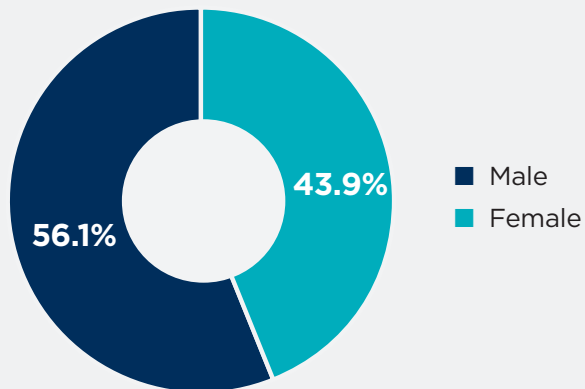


Gender gap.

This gap for IROs was reduced again in this survey, with 43.9% of respondents female, up from 41% two years earlier.

Figure 6

Gender breakdown.

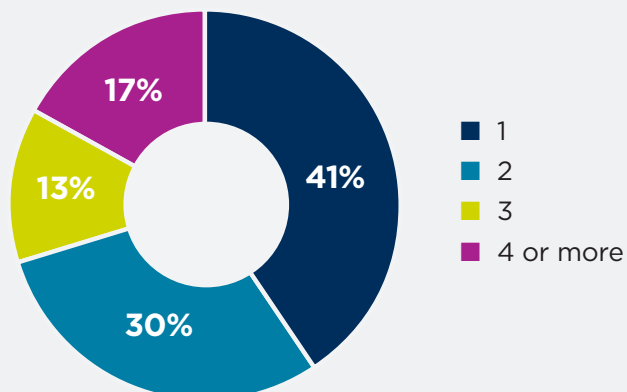


Career Path.

Most Fortune 500 IROs said they had worked in at least one other industry before taking their current roles.

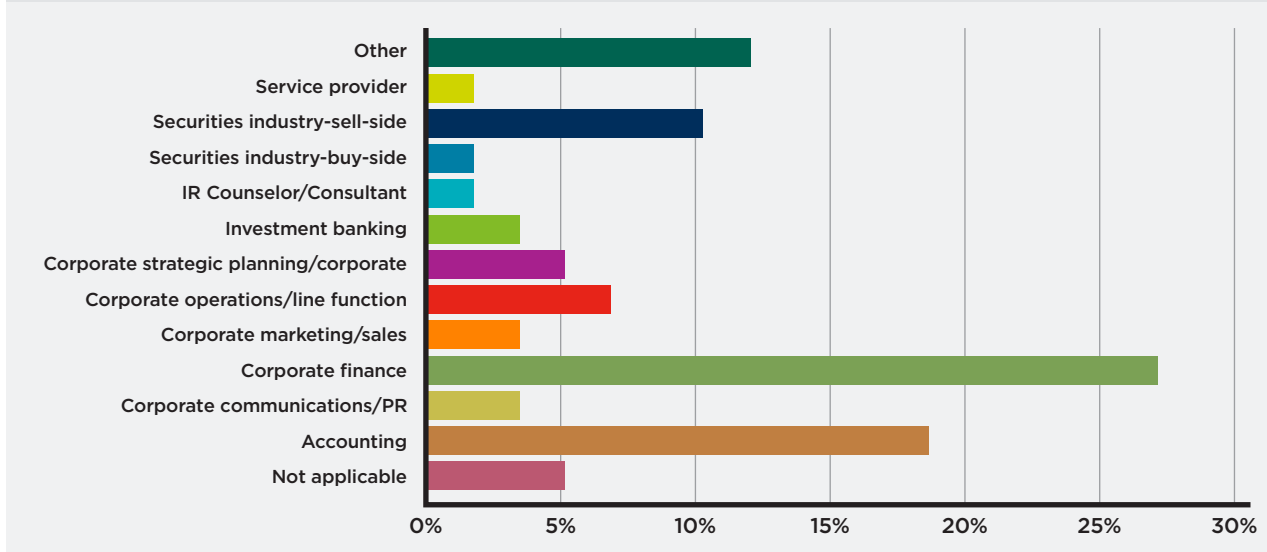
Figure 7

Career path.



Although many IROs arrive with experience outside investor relations, the function itself is less frequently used as a rotational role in the Fortune 500, our data indicate. In 2016, the IRO role was considered a rotational position by only 3.6% of our respondents.

Figure 8

Experience outside investor relations.

Among the IROs responding to this year's survey, 61.8% see themselves in the position as a career, committed to a future in investor relations; that's up from 49% of respondents who held that view in 2014 and almost identical to what respondents expressed in 2008 (61%).

For the 15.5% who see the IRO role as transitional or for the 22.7% who responded that they are undecided about their posts, it is unsurprising that other opportunities in finance may beckon: 63.2% of respondents who were undecided or who see their IRO roles as transitional said they aspire to other posts in corporate financial leadership; 26.3% would like to be CFOs, while 10.5% hope to be chief strategy officers.

Scope of responsibilities.

The IR role can expand to include other corporate roles, including competitive intelligence, corporate development, and strategic planning. But 75.6% of our respondents this year said their duties and responsibilities are limited to investor relations.

Among the most-listed responsibilities in the portfolios of IROs with roles beyond investor relations were corporate, external, and internal communications; corporate social responsibility/sustainability; financial analysis; treasury; competitive intelligence; corporate development; governance; reporting; and strategic planning.

Figure 9
Scope of responsibilities outside IR.

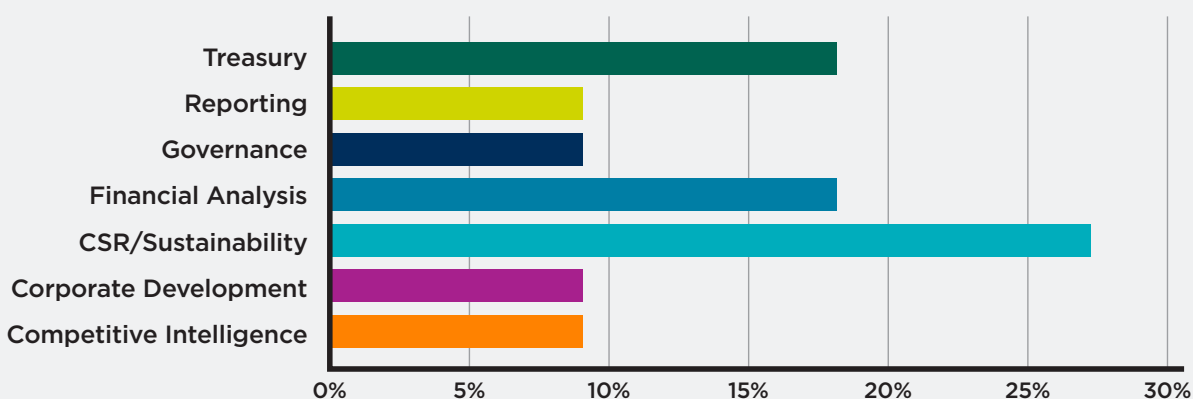


Figure 10
Reporting relationship.

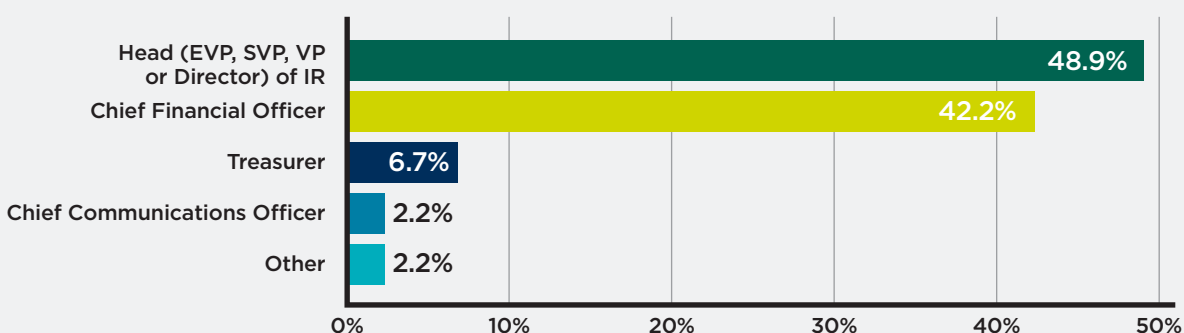


Figure 12

Head count.

Percentage by respondents, number of direct reports, excluding administrative staff.

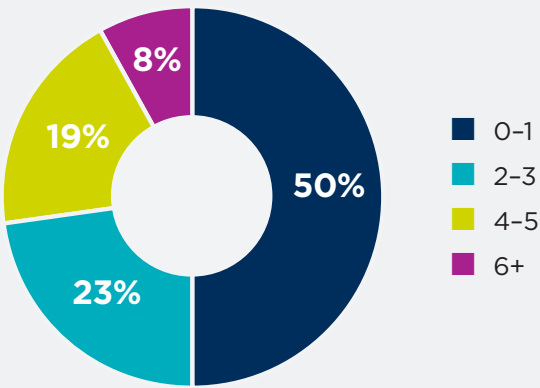
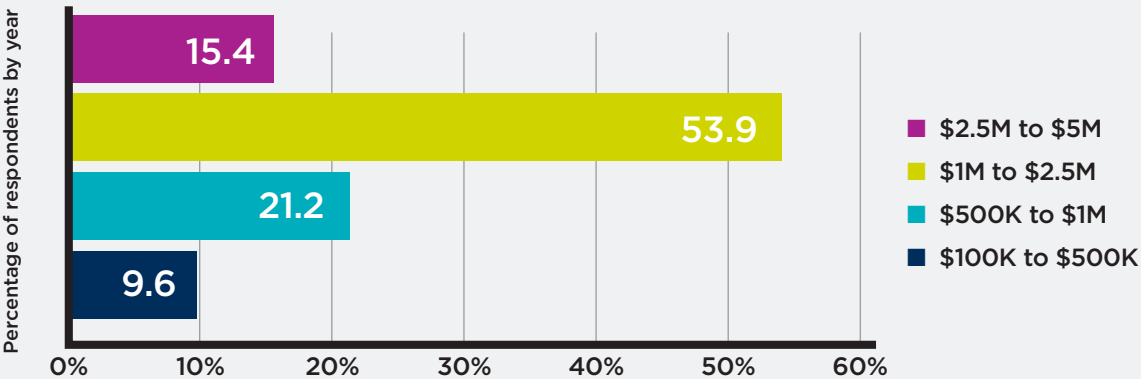


Figure 13

Budget



Compensation and bonus.

Equity and long-term incentive plans (LTIP) are prevalent key components of total compensation for top IROs. Among those responding to our survey, 73.3% said they receive restricted stock units (RSUs). Base salaries annually, as reported by respondents, ranged from \$42,000 to \$450,000. The median cash bonus fell \$2,000 versus what was reported in 2014.

- Average base salary: \$216,412
- Median base salary: \$216,650
- Average bonus: \$90,854
- Median bonus: \$75,000
- Average annual short term compensation (average base salary, plus average cash bonus): \$307,266

Benefits

These remained largely the same since the 2014 report, but deferred compensation fell as an option from 67%, as did financial/tax planning, a benefit that previously 18% of respondents said they received. In the latest survey, respondents reported that other popular benefits included life insurance (71.6%), family leave for maternity-paternity-adoption (30.3%), education stipends or tuition assistance (28.9%), and commuting expenses paid (7.1%).

- 401K—95.3%
- Health insurance—86.7%
- Deferred compensation plan—32.2%
- Medical examinations—22.8%
- Financial/tax planning—10.4%
- Car or car allowance—9%
- Special officer pension plan—5.7%
- Club membership—3.8%

Key contacts.

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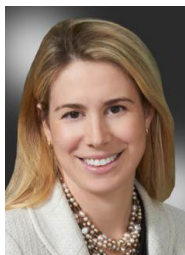
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