

PRWEEK

City & Corporate: IR becomes priority for City firms

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Comms group **Sage Holdings** has acquired shareholder identification specialist Capital Precision as UK agencies are looking to expand their investor relations offerings.

Sage owns city firm M: Communications and a key rationale for the deal is the opportunity it offers Sage's corporate agencies to deepen its investor relations capabilities.

'It is a huge leap forward for us,' said Hugh Morrison, M: co-founder. 'There is a clear market opportunity for accurate and timely shareholder identification from Capital Precision fused together with quality strategic investor relations from ourselves.'

M: is by no means the only City agency looking to expand into the IR space, with other heavyweights such as Brunswick and FD focusing on shareholder comms.

But in the UK in particular, the agency world has not focused on direct investor comms in recent times. Corporate brokers have traditionally looked after most IR work in the UK and many agencies had relationships with those brokers that they were keen not to damage.

Edward Firth, managing director of FD's IR practice, said: 'Brokers still have an important role to play, but there is a growing realisation that they have other customers paying their bills which means it is not easy for them to be objective in the advice they give. In this environment there is a strong argument for completely objective and honest advice to senior management.'

While IR is not the most profitable area of comms work, in a market starved of IPOs and M&As, agencies are increasingly looking to broaden their service offering.

Firth noted: 'In a deal-dominated market much of financial comms focuses on high profile analyst and media work. In a downturn that dynamic changes, and it becomes crucial for companies to focus on building long-term relationships with a group of core supportive investors.'

The importance of IR is growing, given the advent of activist and increasingly sophisticated shareholders.

In the current downturn shareholders have made life uncomfortable for an increasing number of boards. A shareholder rebellion over the Middle Eastern cash injection at Barclays, part-arranged by Amanda Stavely at PCP Capital Partners (PRWeek 14 November), is the latest example.

Catriona Cockburn, Citigate Dewe Rogerson's IR director, said: 'When shares fall it is the managers that investors trust who will benefit. It is vital to have a good relationship rather than let them take a view based on what is in the FT.'

HOW I SEE IT - Paul Lockstone, MD, Edelman Financial

There continues to be a difference in emphasis between the UK and US in investor relations. IR tends to lead financial comms in the US, but in the UK it remains the domain of the finance director and separate from the corporate comms team.

PR should amplify and complement the IR message and consistency of that message is key. The risk that is inherent with two separate functions is that a company will give out conflicting messages. The rise of the activist shareholder and hedge fund investors has meant the merging of IR and PR disciplines is even more vital.