

Investor relations from here on in

 By [Derek Abdinor](#)

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Corporate transparency is the winner after every market correction - from the 1930's New Deal laws through to King II and [Sarbanes-Oxley](#). Being involved in your company's investor relations/corporate affairs section, this will affect how you communicate to the markets and even internally.

The rise of activist shareholders and government regulators will require cogent communication, and the loss and merger of investment firms may impact coverage.

The small guy

"Why do I need to communicate more than I have to with minority shareholders? If I want to talk to the market, I pick up the phone and call six investment houses." A year ago this was the prevailing thought in investor relations. I sincerely hope it's changed: retail investors are less likely to move shares around and tend to be loyal, also becoming informal marketers for your brand. Direct communication with them is building trust. Trust is the magic of the markets.

Earlier in the year, the regulators of the US markets mentioned a movement toward "reversing the deretailisation of our markets". Before that had a chance to be implemented, the "governmentisation of our banks" seemed to be the trend. Cheap shots aside, expect direct communication to shareholders to be strategically, if not politically, endorsed in South Africa.

The board

I was recently in Washington DC for a financial reporting conference while the markets were diving like European centre-forwards. News of the [AIG executive spa session](#) on bailout money kept featuring. People throughout the reporting chain seem to be generally annoyed at the levels of board oversight employed in corporate America. How could one be on the board of Fannie Mae/Freddie Mac/Investment Banks and not see that one was [leveraged dozens of times over](#)? The days of non-executive board members giving the financials a cursory thumbing-through while they race from AGM to board meeting number 12 will come to pass. Perhaps the JSE could extend the AltX directors induction courses to other shores?

There needs to be internal assurance that the full financials are presented in the most accessible way to decision-makers as possible. PDFs of reports and access to the ERP system are not enough: the technologies are there or nascent and need to be employed to full effect. It's a great truism that the information online is a double-edged sword: tools exist to compare executive compensation across companies.

The tactics

Communication and relationship-building will be key for the duration. Now is the time to work on your image to investors; huddle up and get the things done that you couldn't when you were shuttling between Jozi and Cape Town and doing roadshows and analyst presentations. Linda Kelleher of the US National Investor Relations Institute urges one to use the corporate website to its full effect, and use related technologies where applicable.

ABOUT DEREK ABDINOR

Derek runs AQME, South Africa's network for independent publishers and consults to established companies in optimising their digital businesses. He would like to see a healthy media ecosystem where media, brands and advertisers can thrive; where foreign and corporate control of our digital media is limited; where free speech allows us to build the society we believe in; and the introduction of a new ethic that will portray our industry as one of virtue and value.

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