Beware: Conference Call Slip-Ups

BY KEN HASELEY

For most publicly traded companies, the quarterly earnings conference call is an investor relations staple — an important communications tool to reach analysts and investors.

But not all executives are conference call savvy. When Steve Wynn, chairman and CEO of Mirage Resorts, held his first investor conference call, it didn't go very well. At one point, he attempted to hold a group discussion, but there was only silence when the listen-only participants couldn't contribute. In another call, he addressed a female analyst as "honey." Ouch!

Then there's Jeffrey Skilling, former Enron president. During a conference call, an analyst chastised the company for not providing a balance sheet and cash-flow statement in time for the call. Skilling responded with a sarcastic, "Well, thank you very much. We appreciate that," then added an expletive.

If conference calls are part of your investor relations efforts, you want to generate the best possible return on that investment. Here are some typical mistakes to avoid:

1 **Poor scheduling:** Hold your conference call a day or two after you release your earnings. This gives analysts time to prepare for the call. The best days are Tuesday through Thursday. One company in the Central time zone held its conference at 8:30 AM, Eastern Time. That presented some problems not only for New Yorkers (most of whom rarely roll into the office before 9:00 AM), but also for those in other time zones. And try to avoid scheduling your call at the same time chosen by one or more of your important competitors.

2 **Insufficient preparation:** Busy executives often end up "winging it" during conference calls. Avoid this mistake. Plan your work, then work your plan. In other words, carefully script your remarks, then stay on script. Rehearse your remarks three times, aloud, into a tape recorder. One segment that usually gets short shrift during preparation is Q&A. Develop a list of the questions you anticipate, along with answers. Also, ask yourself, "What questions do I hope no one asks?" Then prepare answers.

3 **Inappropriate length:** Analysts sometimes have to participate in several calls per day — perhaps as many as six — a real challenge to their stamina and concentration. If your call is too long, they'll begin to multi-task, have one of their associates take over for them, or they may even disconnect from the call early. Try to keep your call to about an hour, including Q&A.

4 **Too many company spokespersons:** Don't confuse or overwhelm your audience with a "cast of thousands." Your CEO should be the featured speaker and should lead off. There should be no more than three or four other senior execs, including the CFO and head of IR, who usually serves as moderator.

5 **Lots of facts, but no key message:** Conference calls provide you with an opportunity to review the financials, discuss recent or upcoming developments, and answer questions. But you should also have a specific message. State it clearly and repeatedly; don't expect your listeners to infer it. Help them see

the big picture. Ask yourself, "What one or two things do I want my audience to know and remember after the conference is over?"


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6 Boring delivery: Most executives read from a prepared script. There's nothing intrinsically wrong with that. Analysts are used to it (though usually bored by it), and doing so can keep you out of trouble with the SEC. Daily, you see or hear news anchors reading from a prepared text. But they do it in a way that makes you forget they're doing it. You must achieve this same skill level. Practice, but don't sound "canned." To increase your energy and project more authority and enthusiasm, consider standing up while participating in the call. Also, incorporate stories, examples, anecdotes and analogies into your remarks or responses. Human beings are hard-wired to stop when a story starts. But don't read the story; *tell it* — to add a note of spontaneity to your delivery.

7 Not enough time for Q&A: Each company speaker should limit his or her prepared remarks to about five minutes. That will leave ample time for Q&A. Be sure to monitor the number of calls in the queue. If time limitations prevent some analysts from being able to ask questions, revisit or establish guidelines (e.g., limit the number of questions per analyst), allocate more time to Q&A, or shorten your answers.

8 One-way communication: Who says information has to flow one way in a conference call? Analysts follow and talk to a wide range of companies and industry experts. If you hear something of interest, don't be afraid to ask a few questions of your own.

9 Technology problems: You cannot afford and should not tolerate technical glitches of any kind. They speak volumes about your company, and are not easily forgotten. Whether you're conducting the call over phone lines or streaming it via the Internet, make sure your service provider is delivering a trouble-free experience. If you're one of the growing number of companies incorporating PowerPoint visuals or video into your conferences, make sure those visuals are appropriate and well crafted. And that they work!

10 No follow-up: Your conference call is not over when it's over. The executives who participated should collectively review how the call went. Individually, each executive should listen to the archived call — identifying his or her own strengths and weaknesses. In addition, your IR professional should occasionally call a few analysts to get some feedback. IRU

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those who is regarded as one that uses technology to its advantage. The pages of *Update* are full of companies which set the trends in good ways. Follow their examples.

4. Lean on NIRI. NIRI works tirelessly to bring you information, opportunities for learning, and the accumulated wisdom of those who have long been members of the profession. Join your local chapter and become an active member. Read every NIRI publication you can get your hands on. Visit the Web site **(www.niri.org)** regularly. Reach each out to those who have less experience than you do. Being a mentor to another person will enrich your professional life in ways you can only begin to imagine.

5. Look at yourself objectively. This last can be hardest. Examine who you are and what you stand for. Are you getting in your own way in terms of your career? If so, what can you do to change? Do you need to learn to plan a meeting better? Are you as meticulous about keeping commitments and returning phone calls as you should be? Is your understanding of market forces current? Do you understand new trends in trading? Once you determine what needs to be changed you can take the necessary steps to make those changes.

Uncertainty and change are as inevitable as weather and tides and are not under your control. Your response to them is what you can and should control. Your career, and your life, will be happier, fuller and richer for it.

Patricia Reuss is the owner and primary consultant for Write for You, a writing, editing and training consultant firm in the Washington DC area. She can be reached at **pmreuss@verizon.net,** or through her Web site at **www.write-for-you.net.**