



# ACTIVATING THE FINANCIAL BRAND

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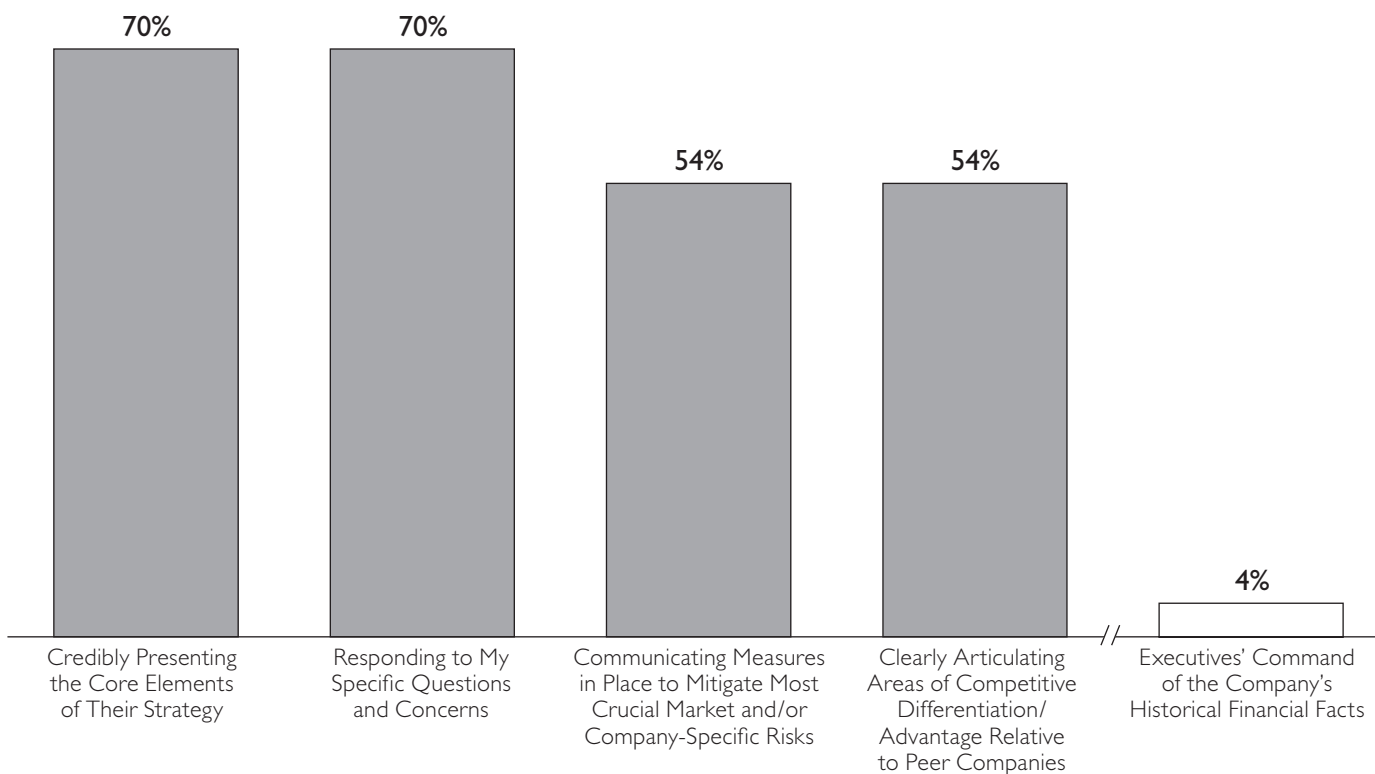
*How the Best Companies Use Key Messages to Stand Out in the Market*

# WHAT MATTERS MOST TO PMs

**Portfolio Managers (PMs) prioritize clear articulation of strategy, execution credibility, and competitive differentiation**

Percentage of PMs Listing Factor as a Top Attribute for Informing Their View on Management Quality and Credibility

2008 PM Survey



n = 50.

Source: Investor Relations Roundtable research.

# FINANCIAL BRAND DEFINED

**A company's Financial Brand...**

Components of Financial Brand Management

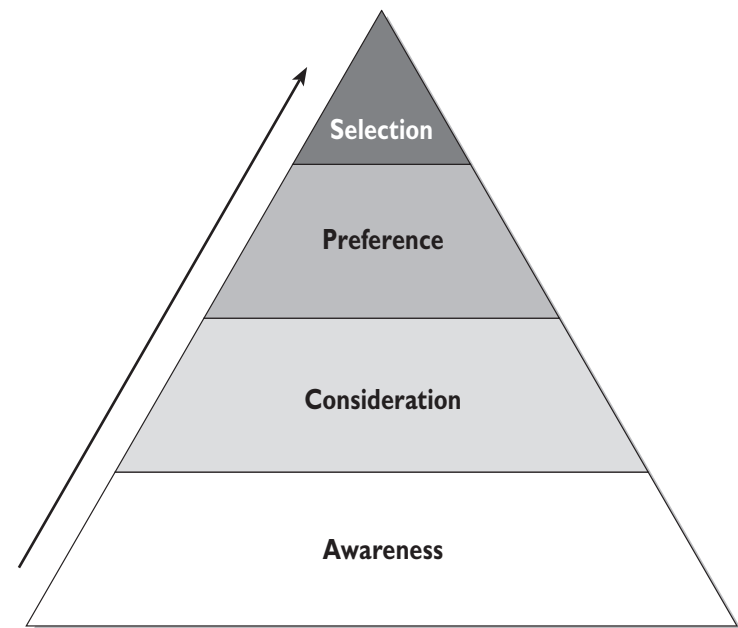


**Financial Brand** (*n*): The investment community's perception of a company's product/service offering, financial track record, strategy, competitive differentiation, and execution credibility that meaningfully differentiates the investment case in the financial markets

**...not only creates awareness but actually results in selection by investors**

Hierarchy of Investor Decision Making

*Illustrative*



—PLAYING FOR KEEPS—

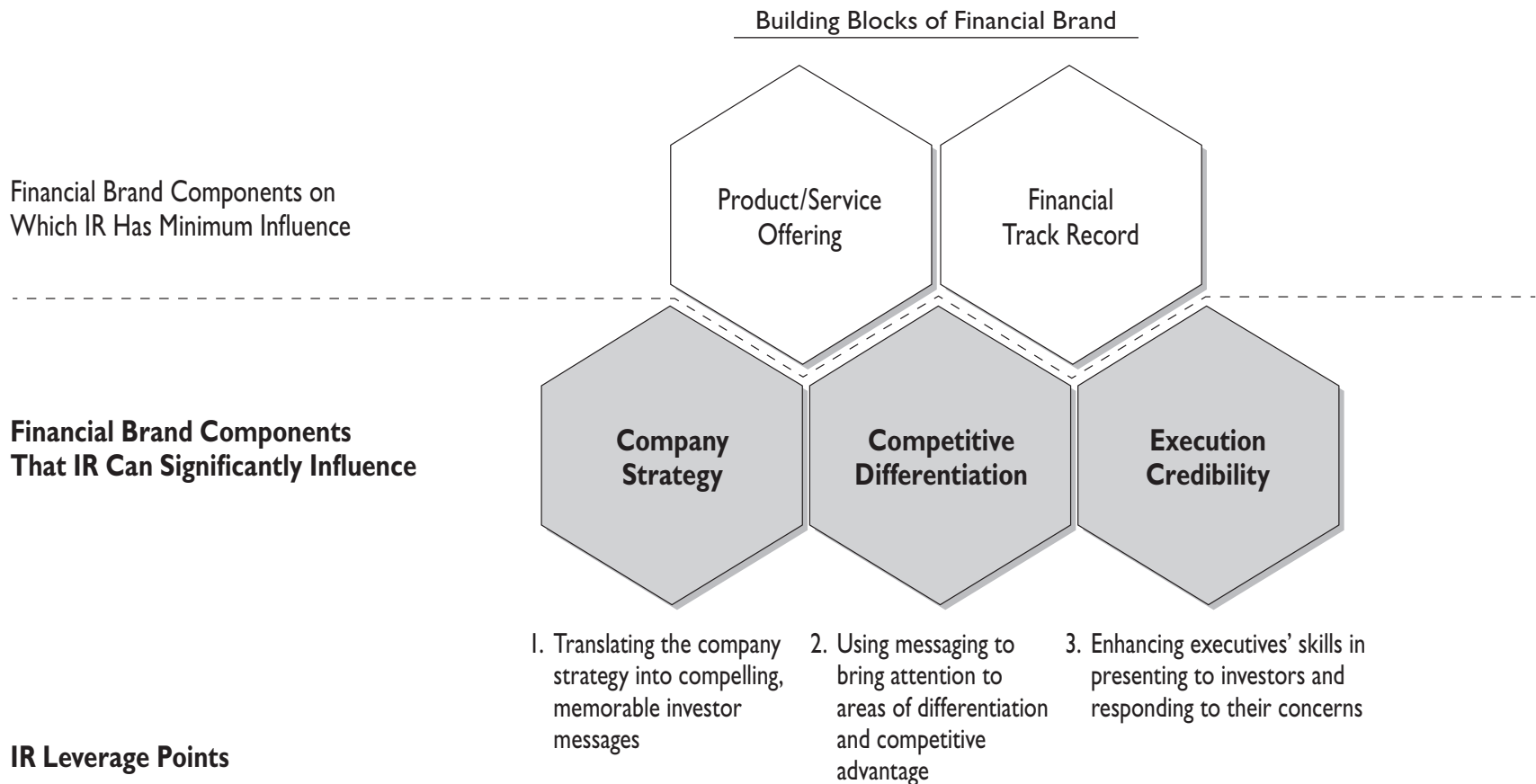
“Branding isn’t just about being liked—it’s about getting stakeholders to choose you over competitors. We want analysts to talk about us as the stock of choice.”

Ian Wright  
Corporate Relations Director  
DIAGEO

Source: Armstrong, B., and R. Graziano, “Strengthen Your Financial Brand to Improve Valuation,” Ashton Partners, 2001; Investor Relations Roundtable research.

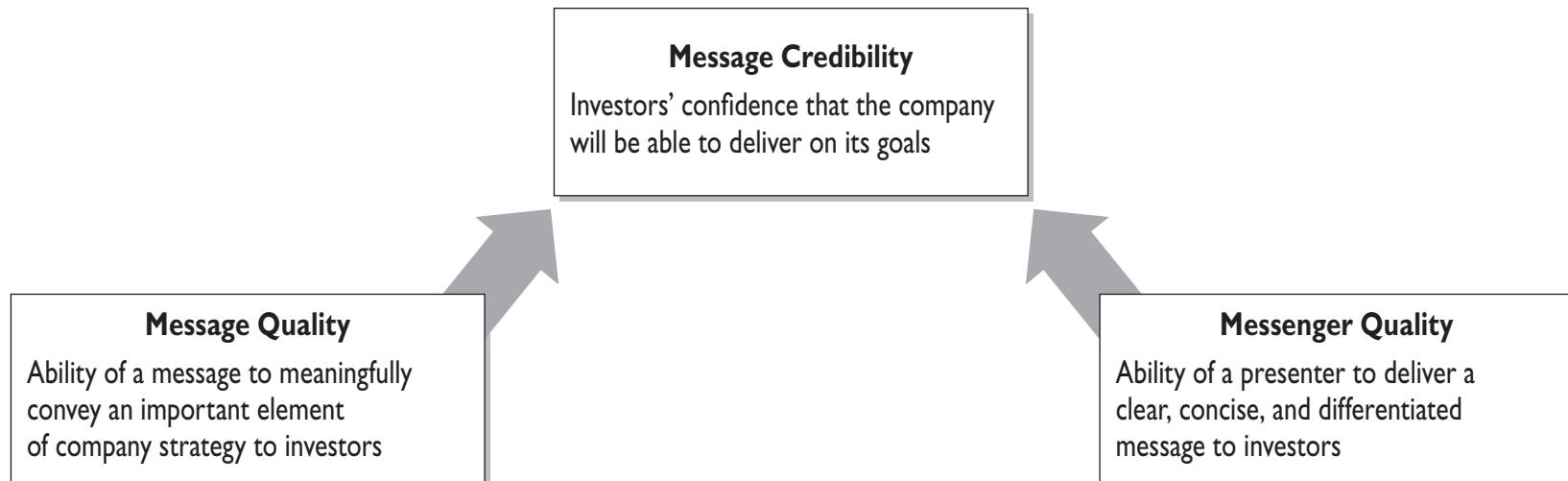
# IR'S ROLE IN ACTIVATING THE FINANCIAL BRAND

*IR has a unique opportunity to shape three critical building blocks of a Financial Brand*



$$\text{CREDIBILITY} = f(\text{MESSAGE}, \text{MESSENGER})$$

*The two factors that directly impact message credibility are message quality and messenger quality*



#### A NOTE ON METHODOLOGY

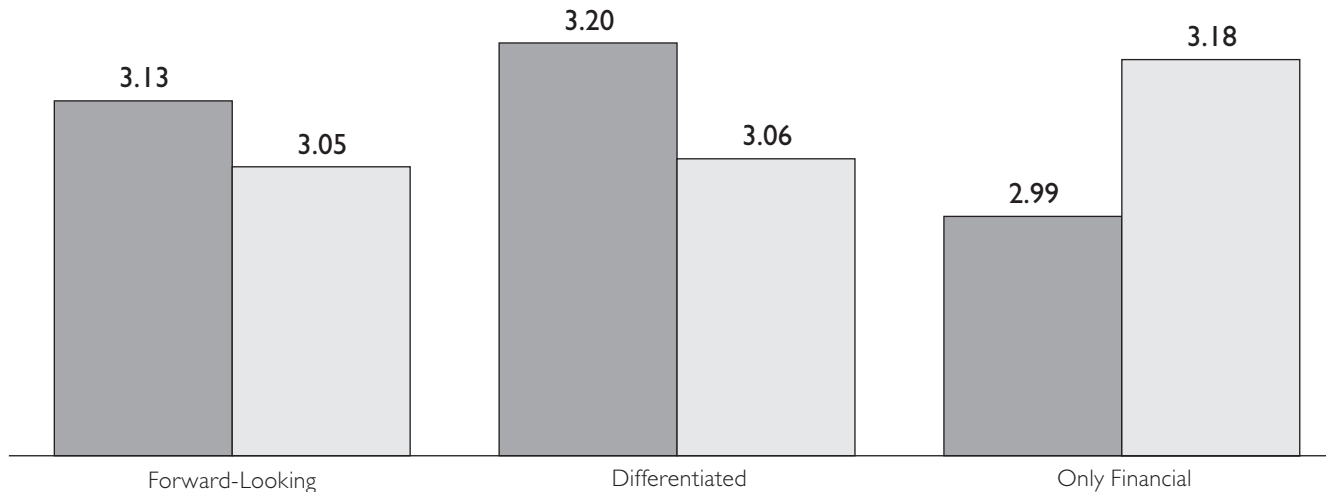
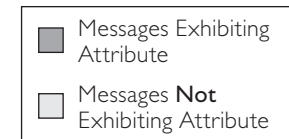
- More than 60 companies have used the Message Absorption Diagnostic (MAD) to measure the recall and credibility of their key messages, as well as the effectiveness of their speakers.
- The Roundtable has developed a comprehensive benchmarking database by collecting assessments from more than 1,500 investors on the quality of investor messages and speakers for participating companies.

# ATTRIBUTES OF THE STRONGEST MESSAGES

**The most effective messages are forward-looking, differentiated, and not financial**

Average Message Credibility Score

1 = Not Credible, 4 = Very Credible



*Definition*

The message describes something the company is going to do or achieve, not just what it has done.

The message highlights areas of competitive advantage or difference versus peers.

The message only focuses on financial metrics.

*Example*

“Alpha Company will supplement growth through selective strategic acquisitions.”

“Alpha Company’s European operations will be a key driver in outperforming its peers.”

“Alpha Company will reduce costs and increase revenue.”

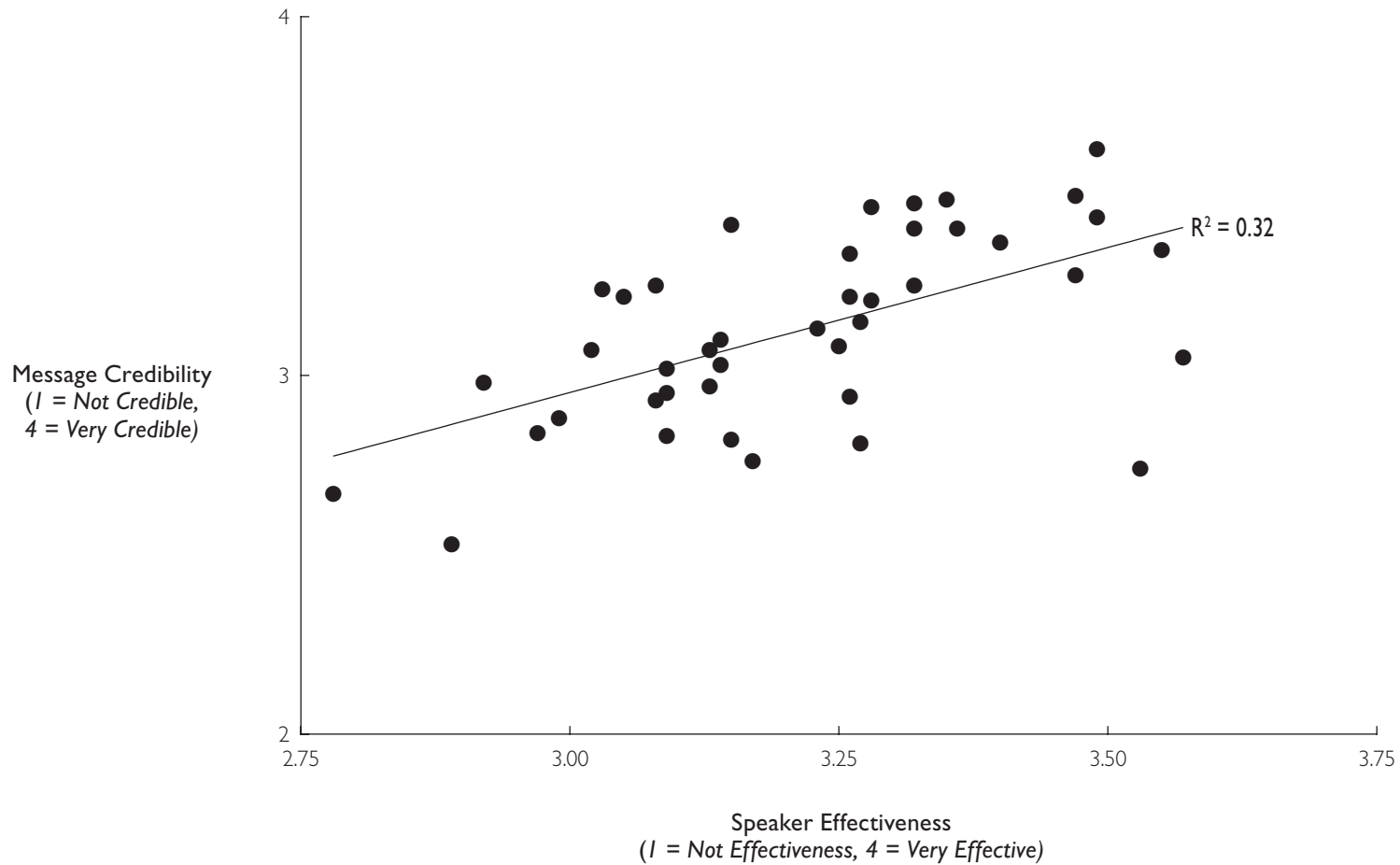
Source: Investor Relations Roundtable research.

# THE MESSENGER MAKES THE MESSAGE

**Overall message credibility is strongly correlated with executives' communication effectiveness**

Correlation of Message Credibility and Speaker Effectiveness

Message Absorption Diagnostic



Source: Investor Relations Roundtable research.

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