



# IR

Research  
Report

magazine

## **The IR Function**

**An analysis of investor relations within the corporate structure**

Who does IR report to?

How frequently does IR meet with senior management?

How frequently does IR meet with board members?

What committees does IR meet with?

What is discussed in these meetings?

What is the level of IR interaction with other departments?

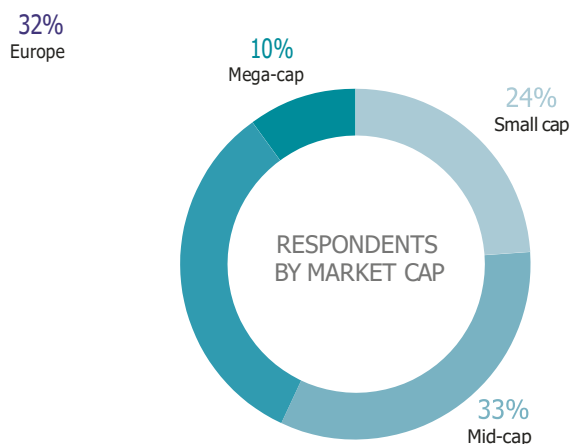
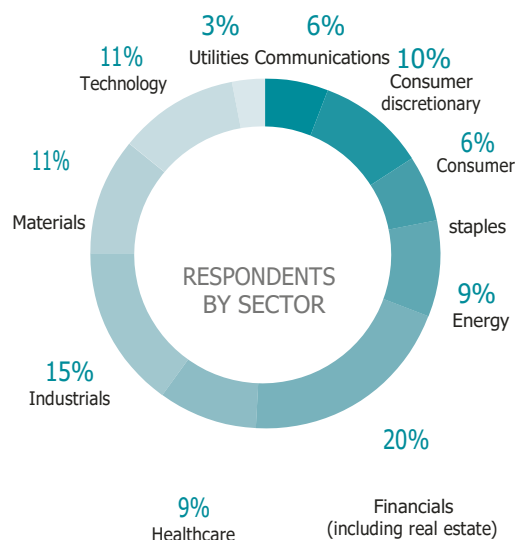
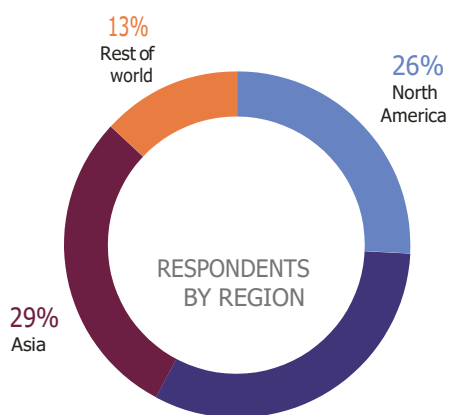
# Introduction

How investor relations sits as a function within a company is a key element in the execution of IR. In order to understand how IR operates internally, it is important to know what the IR department's relationships are with senior management and the board of directors. It is also necessary to understand how IR interacts with other departments.

This report looks at the reporting structure of IR, how often IR is discussed with senior management and company directors, and what particular issues are discussed with them. It also studies the level of contact between IR and other key divisions within the organization.

The report is based on findings from IR Magazine's Global IR Survey 2018. Fieldwork for questions relevant to this report took place between Q1 and Q3 2018. More than 1,000 respondents answered questions relevant to this report. The findings are reported as global averages, as well as being broken down by geographical region and market cap size. For the purposes of this report, the regions identified are North America, Europe and Asia, while market cap size is classified as follows:

<b>SMALL CAP</b>	<\$1 BN
<b>MID-CAP</b>	\$1 BN-\$5 BN
<b>LARGE CAP</b>	\$5 BN-\$30 BN
<b>MEGA-CAP</b>	>\$30 BN



Total respondents 1,152

## Key findings

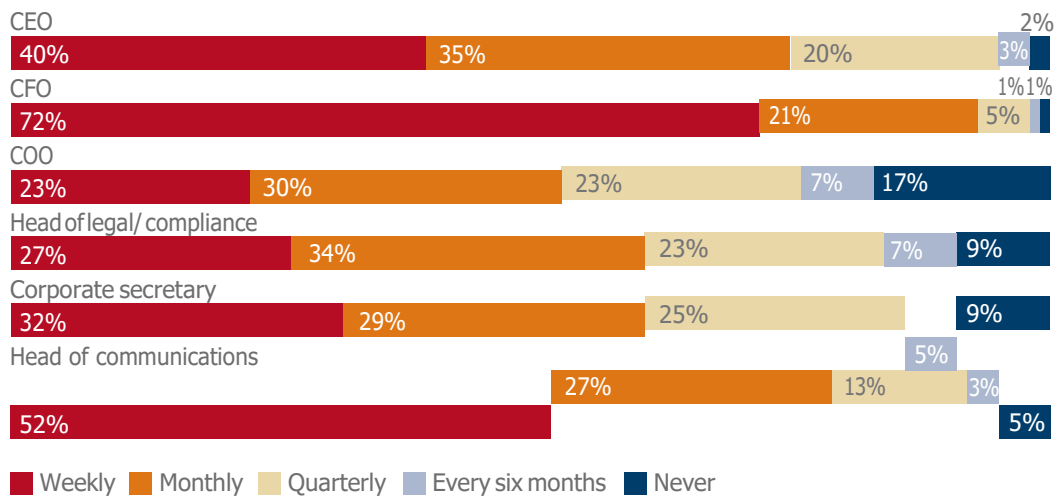
- *Just under six in 10 IR heads report directly to the CFO, while just under three in 10 report directly to the CEO.*
- *Four in 10 IR heads meet with their chief executive weekly, while three quarters meet with him/her at least monthly.*
- *More than nine in 10 heads of IR meet the CFO at least once a month, with 72 percent meeting him/her weekly.*
- *IR heads at Asian companies are less likely to meet weekly with senior management than their North American or European counterparts.*
- *Smaller companies are more likely than firms of other market cap sizes to have weekly meetings with senior management.*
- *IR heads who report directly to the CEO have more regular meetings with senior management than heads who report to the CFO.*
- *Company strategy is the most frequent topic to be discussed between IR and senior management.*
- *Just over half of IR heads meet with the whole board at least twice a year, with 37 percent meeting with it quarterly.*
- *More than three in 10 heads of IR never meet with the whole board, while 30 percent never meet with the board chair.*
- *Smaller companies are more likely than firms of other cap sizes to meet with the board quarterly.*
- *Earnings and company strategy are the most frequent topics discussed with directors.*
- *Nine in 10 IR teams are in contact with their accounts/finance department more frequently than once a month.*
- *A quarter of IR teams are in contact with HR on a less than quarterly basis.*
- *North American IR teams have the highest level of interdepartmental contact. Asian IR teams have the lowest level of contact.*

## Meeting with senior management

Nearly three quarters of IR heads meet with their CFO on a weekly basis to discuss IR issues, with 93 percent meeting at least once a month. A majority of IR bosses hold weekly IR meetings with the head of communications, while three quarters discuss investor relations with their CEO at least monthly, with 40 percent meeting weekly.

COOs are typically the senior management member least engaged in IR. While 23 percent of IR heads hold weekly discussions with them, 17 percent never meet with the COO to discuss IR issues.

How often does the head of IR meet with senior management to discuss IR issues?



## Discussions with directors

As with IR discussions with senior management, company strategy and earnings are the topics most commonly discussed with directors, followed by analyst feedback. The logistical practicalities of scheduling investor meetings are less likely to be discussed with directors than with senior management, while governance issues and investor policies feature more prominently in discussions with directors.

The order of frequency with which these issues are discussed with directors remains the same in all regions, with the exception that investor policies are marginally more discussed than accounting issues in North America.

There is also very little difference in the frequency of topics discussed according to company size. Small-cap companies discuss analyst coverage more frequently than earnings, while large and mega-cap companies discuss earnings more frequently than company strategy.

### Which of these topics are discussed most frequently with directors?

(Average frequency index 1-5 scale)

