



Boss Talk: Taking IR Beyond Basic Science

September 19, 2014

Panelists:

Peter Bensen, Senior Executive Vice President and CFO, McDonald's Corp.

Alan Dean, Executive Vice President, CFO and Treasurer, CBOE Holdings, Inc.

Ted Dosch, Executive Vice President-Finance and CFO, Anixter International

Moderator: Larry Larsen, Corporate Communications and Investor Relations Consultant

Key Takeaways

IROs add value through messaging. The CFO panelists said message development and message management is central to the IRO's role. In their view, value-creating IR activities include helping to tell an investment story that's not overly bound up in numbers; explaining the company's markets, strategy and successes in plain English; and gathering feedback from analysts to measure how well the message is being heard.

Handling the lightning rod issues. As a large, global company, McDonald's is easily drawn into controversies about business practices and geopolitical issues. The most recent crises included McDonald's NFL sponsorship in light of domestic violence concerns; activist campaigns for an increase in the minimum wage; and its business in Russia, due to the closure of McDonald's restaurants in Moscow and the Crimea after additional U.S. sanctions were announced. The CBOE is a small-cap company with a high profile because of the nature of its business. The firm also faces challenges in managing relations with the 19 analysts who cover the company. Anixter considers itself to be less visible due to its position as a B-to-B distributor, but the CFO and IRO routinely field questions about the general regulatory and social climate around sustainability.

The "big picture" challenge is to manage the story despite uncertainty. "Markets don't like uncertainty," said Dean. "The challenge is to stay one step ahead of a changing environment so we're leading communication and not just responding defensively." None of the panel companies provide EPS guidance, although each company provides some guidance ranges about the many operational, financial and intangible levers that can create shareholder value.

The IR perspective is important to the board of directors. Through regular written reports and other channels, each CFO goes into board meetings armed with the IRO's perspective. However, the CBOE is the only one of the three companies whose IRO presents directly to the board at every meeting. Dean said the CBOE board appreciates the IRO's perspective, which he acknowledges can be different than his own.

The CFO relies on the IRO to manage corporate access. The CFOs cited varying levels of structure in handling incoming requests for management's time. McDonald's sets aside one day a month for senior management to meet with investors, supplementing regular conference presentations by senior management and/or the IRO.

– Bess Gallanis