

Shareholder Engagement

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A. How to Ensure Those on Your Engagement Team Will Stay the Course

You'll read our note below about how to give a "non-answer" answer in the appropriate circumstances; this one is more about ensuring everyone on your engagement team - when meeting with investor stewardship teams - is providing consistent answers and is staying the path with the proper demeanor for your engagement.

Here's a few suggestions about how to perhaps achieve this:

1. **Limit who is on your engagement team** - You want as small an engagement team as you can. This helps to make engagement more intimate. Which helps to build relationships.

You should be doing this two ways. One is to keep a critical eye open during a prep session with those not accustomed to the way engagement works – and if it seems like they're not really going to get the hang of it, you should politely remove them from the engagement team. Hurting their feelings a little is more preferable than a blown engagement.

The other way is to simply gain the valuable input from subject matter experts on your team, but don't ask them to be on the engagement team. For example, you may ask your environmental team for input on climate-related issues, but not include them in the engagement process directly.

2. **Stay on message with ready answers** - You want to script your answers. Then script it again. But then ditch the script.

What do I mean by that? I mean you want to create a message that you - and everyone on the engagement team - can stick with, regardless of how the topic at issue is raised. But you want to sound fluid when that topic is discussed. You do not want to sound like you're reading a script. That absolutely is a killer when it comes to being persuasive.

Having a prep session if the engagement is important is crucial. Having a prep session if you have someone not accustomed to being involved with an engagement is also important.

In the prep session, if someone is not on message, you need to take that seriously. Really make sure they understand that they can't go rogue during the real thing. You may need to have someone above their management level drive that point home if you don't think they're taking you seriously. Not an easy situation.

3. **Understand who answers which questions** – You need to be organized. You should already have hashed out the agenda for the engagement in advance. So for your engagement team's own purposes, have it in writing about who leads on which agenda item. Make sure everyone on the team gets the memo.
4. **Understand who handles the curveball questions** – You'll soon see a blog from Karen Lisko about how to handle an unexpected question. There's a formula that you can use to handle these types of queries. This is valuable advice that you can use for any aspect of your life.
5. **Agree on the overall demeanor of your approach** – I'm sure you've heard that the bulk of communication among humans is non-verbal. That's true even if your meetings are on Zoom or another video platform. What you're doing with your hands, your facial expressions, matter.

Make that topic part of your prep. In most cases, I imagine you want the meeting to be collegial and collaborative. If so, your team should be all smiles. And guess what - smiling is the *number one* sign of nonverbal confidence. It may sound crazy but it's something that should be practiced. Many think they're smiling, but that's only happening on the inside. It's not apparent to others. Call people out to get them thinking about that...

B. Most Important Word in Persuasion?

Maybe you've been doing great during your shareholder engagement efforts. Maybe not. Either way, you can always improve, right?

Our firm's communications pro - Karen Lisko - says that the most important word in persuasion is the term "you." Not "we" or "I." What persuades us is being told how much something affects us. By using the term "you," you are bringing that message home to them. Ears perk up. Count how many times you use the word "you" in your next persuasive communication. You might be surprised.

And you want to use the term "you" as early as you can in the dialogue. Grab their attention that way. Then keep using the term - if you can - to keep them engaged during the engagement.

Remember to use "you" in the singular. Don't say "as many of you" or "some of you." You need to keep making it feel like you're having a one-on-one conversation with each person in your audience. By broadening the term, you make the listener feel like you see him or her as a glut of people.

C. Practice Your Smile

Here's one that's bound to sound a little zany. Practice your online smile. More great advice from our firm's communications pro: Karen Lisko.

Part of being persuasive, of being genuine, is being inviting and friendly. And given that video calls limit the level of your nonverbal communication opportunities, you have to take advantage of the ones that you have.

You may think you're smiling broadly. But the reality may well be different. To make a smile convey through a video call, you have to smile a little big bigger - and a lot more frequently - than you might do in-person.

D. How to Handle Unexpected Questions (This is the "Biggie")

If your engagement team has done their homework, the meeting should go well. According to plan. Until that curveball comes swimming in.

Starting your response with something predictable like, "That's a good question" is not a response at all. It's a stall tactic and it's not impressive. Try to use a one-liner that sounds like you were expecting that question all along. You might say, "That's the *right* question." Now you said something unexpected *and* you complimented the questioner at the same time. You also could say, "There's a right answer and a wrong answer to your question. Let's go with the right one."

Then, use an impromptu structure that gives your questioner a direct response that is both complete and brief. (The words in parentheses are your internal structure - not what you would necessarily say out loud.)

(*What* is the issue?) “Our company expects X to happen...”

(*Why* is that significant?) “This is important because it means our bottom line will be ...”

(*Where* does that leave your shareholder?) “That impacts you by ...”

E. What Should You Say to Investors When There’s Nothing Pressing?

Some years you’ll be lucky and things are going swimmingly for the company and it doesn’t seem like investors will want to meet. Investors often say that they don’t want to meet just for the sake of meeting.

But how do you know for certain whether that’s the case for you. The answer is “you don’t.”

So a good approach is an email that reads something like:

“Here’s a few things that have been going on with our company over the past year that you might not know about. Is there anything else that you want to know about? Anything top of mind? We are happy to have our normal exchange if you think it would be of value to you.”

That approach is a little better than saying something like:

“As you probably know, our company has had a real good year and we haven’t heard any complaints from shareholders. But if you still want to conduct our normal exchange, we are happy to do it.”

This first approach is less presumptive – and it feels like more of a true exchange that builds a better relationship.

F. How to Land a Meeting with an Investor Who Doesn’t Want to Meet

If your company is on the smaller size, you might have trouble attracting the attention of someone who already invests in your company – but from whom you want to solicit their vote at the next shareholders meeting. Shareholder Engagement 101.

Here’s a few suggestions about how to perhaps achieve this:

1. This is a persuasion exercise. So you may want to send messaging that might grab their curiosity. Our communications guru at the firm – Karen Lisko – recommends that you spell out in bullets what you’re after, but wording it in a way that piques interest.

For example, Karen suggests you give them an odd number of minutes. “I need you for 7 minutes of your time.” It might grab them because it’s unexpected and strange. It’s short. But package the message in a way that they seem important and necessary. It might not always work, but it should increase your odds.

2. Try other avenues of reaching someone at the investor. Ask your directors, your senior managers, if they might have a relationship with someone at the investor.

3. Be persistent. Don't give up after a single try. Someone might be busy when you first send an email. When you first leave a voicemail.

But be careful here. Don't overdo it either. Nor should you send any messages indicating you're annoyed that they haven't responded. That's obviously counter-productive.

4. If they've met with you before – but now won't do it again – ask for a candid explanation of why that's so. Did you go over your allotted time the last time around? Was someone on your team not responsive enough? Perhaps rude? Assure them that you won't take their response personally. And try to make that the case...

G. 7 Tips for the Best Engagement Appearance You Can Pull Off

There's an abundance of tips online about how you can look your best when it comes to video meetings. You really should take advantage of that when it comes to online engagement.

I'm not necessarily talking about your actual personal appearance – although there are plenty of tips online for that! – I'm talking more about your technology set-up and how you express yourself physically during the meeting.

Our firm communications guru, Karen Lisko and I have combined to give you these 7 tips – but it's written in the first person:

1. **Placement in the screen** – This is where I see folks fall down the most. I like to be fairly close to the webcam – so that my head is near the top of the screen, but not above it at all if I can help it.

This might require you to have a stack of books under your laptop to have that at the proper distance to pull this off. Raising my laptop keeps my eye level near – or slightly above the midline – and allows room for my hands to play a role when I speak.

I'm about an arm's-length from my screen. The use of hands brings more energy to my remarks, helps to punctuate what I'm saying, guide people to help understand what I mean. So I'm not so stiff. (But beware of "monster hands" – when your hands extend towards the webcam rather than off to the side. Do gesture but keep your hands closer to your torso.)

2. **Lighting** – You want good lighting that lights your face. Some folks say natural sunlight is best. For me, that can be dicey with a bald head. Same with an overhead light.

I do have some natural sunlight but I have my shades closed somewhat – and supplement that with a simple ring light. You can get a nice 10 inch ring light with a long stand for only \$30. It plugs right in to one of your USB ports. Otherwise, I don't have any other lights on in the room.

3. **Background** – Simple is good for me, uncluttered. This is an area where I find it's up to do what you prefer, what matches your personality.

If you happen to have any choice in the matter. Some folks don't have the ability to have a dedicated space for their calls in their homes – or their dedicated space isn't too pretty. People do take note of your background for sure – probably more than the clothes you're wearing. On the other hand, I wouldn't get too wrapped up in this – people understand that you're working from home.

I'm in my oldest son's bedroom – he's been gone for more than 8 years now – and he made some small adjustments to the books on the shelves. Emptied them out a little.

Virtual backgrounds can work just fine – although they can get a little annoying for some. It sort of depends on what you choose. Again, simple is good – try not to get too cute – otherwise you become secondary to your background and you disappear.

4. **What you wear** – Solid colors tend to work best. I wear a refined black short-sleever often. Broc started off wearing everything in his wardrobe and that was a mistake. Stripes are distracting. Bold colors are too much. Polka dots are downright silly.
5. **Internet speed** – This really could be #1 in this list but most people I've worked with have a good connection, good bandwidth, so they don't drop off their video calls. If you do, talk to your Internet provider to try and improve your situation. You can search the phrase "[Internet speed test](#)" to conduct a quick diagnostic of what speed you're currently operating at. The 100 mbps I'm operating at is nice and fast. A colleague had a new cable and broadband line buried at her house about a year into the pandemic and has had a much improved 'work from home' experience ever since.
6. **Webcam** – The quality of your webcam matters, but not really too much. A high-quality webcam improves your picture for sure. But for me, what's more important is knowing where the webcam is embedded in your computer. Because you want to be looking straight into the camera when you speak if you can.

This is really important. You want to be looking into the camera. Otherwise, it might feel a little bit like you're hiding something.

For my laptop, the built-in webcam is in a useless spot – the lower left corner – so using an external webcam that rests on top of my laptop allows me to look more easily into the camera.

One thing that's kind of hard to learn is to look into the camera rather than stare at your screen, looking at the folks talking to you – which is natural because it's easier to listen to others if you're looking at them. Plus we all strive for that eye contact. Which it feels like you're doing if you're looking at their eyes – but if your webcam is off-center, you're not actually making eye contact.

This takes a wee bit of self-training. Took me a day to get used to looking into the camera – and I have to remind myself all the time. It's a pain.

As for a high-quality webcam – HD quality – the clear favorite of the pros is the Logitech brand. A Brio is much more of a webcam than you probably need, think it runs about \$200 – if you can find one. The C920 is probably all you need and comes in at about \$90 – if you can find one. It's really easy to set up – you essentially just plug it into one of your USB ports.

By the way, you can buy a USB port hub to increase the number of ports available to you for under \$20. This is almost a "must have" if you're going to add an external webcam and microphone.

7. **Audio** – Audio quality is so important for video, more important than the webcam really. But I have it last on this list because most computers have pretty good microphones – so upgrading to a high-end microphone doesn't matter too much. I do have a high-end mic – the

Blue Yeti, which is a professional quality mic – and it runs about \$120 right now – considerably above where it normally costs.

It's easy to set up, a USB plug-in and it can safely sit offscreen if you want and it will pick up what you say. I use a pop filter – that is inexpensive - to remove the strong “S” sounds I tend to make.

For investor engagements – and many other work meetings held from home – it can be important to use a headset for confidentiality reasons rather than computer speakers. Many earbud versions of headsets also have high-end microphones, and this can be a good option for those whose home offices are short on privacy.

H. One Thing NEVER to Do When Engaging with ISS

When engaging with ISS, there's one thing that is at the top of the “Never Do” list. That is mentioning that your company subscribes to the services of ISS Corporate Solutions.

The research arm of ISS - the policy side - is the one that develops and applies the voting policies that ISS has. The clients for this research arm are institutional investors. ISS Corporate Solutions is a separate branch that sells services to companies, to help companies understand the policies that the research arm applies. There's a wall between these two ISS entities, which ISS takes very seriously.

If you do mention you subscribe to ISS Corporate Solutions during a call with ISS' research arm, that call will be immediately ended by ISS. They will then be forced to run that occurrence up the ladder within ISS - and it might wind up in you not being successful persuading ISS on an issue where you might have otherwise won the day.

So again, do NOT try to curry favor by ISS by mentioning - by even hinting - that ISS Corporate Solutions advised or otherwise helped your company do anything. Nary a word.

I. A Few Things NEVER to Do When Engaging with Institutional Investors

Recently, I blogged about the #1 thing to never do when engaging with ISS. Here are a few items you shouldn't do when engaging with your institutional investors:

1. Don't ask your investor a question that you could have answered for yourself if you had bothered to read their voting policies. Or could have otherwise been found with a simple Google search.
2. Don't ask your investor how they voted at your shareholder meeting last year (or the years before that). You can ask a proxy solicitor or other provider who has that data for that information, and institutional investors are increasingly posting reports on their voting decisions on their websites.