

## **How Small Companies Get Noticed: Investor Relations on a Budget**

*"Good Performance, Properly Communicated"*

Thousands of publicly traded companies are competing today for investor attention. While good financial performance and exciting products or services remain prerequisites, they alone are not enough to attract the attention of 'The Street', especially for small-cap and micro-cap companies.

We believe small companies today need to market their virtues to the financial community as potential investments -- as vigorously as they market their products or services. True, most small companies have limited budgets for marketing their products, much less 'marketing' their stock. So getting more out of the legal reporting requirements a company must already do can form a low-cost base for a proactive approach to their investor relations.

### **Primary**

Small public companies are essentially retail stocks, so getting a higher public visibility out of routine announcements is an obvious first place to look. These include required disclosures -- obligations that often can be leveraged into virtues. In experienced hands, some of these but certainly not all, can be positioned to attract the interest of industry or financial journals, and occasionally the public media. The best sources of potential ideas for news announcements usually come from significant company developments, or what we describe as 'trigger events', arising out of:

1. Marketing and Sales
  - New sales, or sales progress
  - Initiatives that help position the company in its markets
  - New products, or new marketing initiatives
    - Roll-up announcements (year-to-date progress)
2. Disclosure announcements:
  - Quarterly press releases
  - Shareholder reports
  - Annual and Special shareholder meetings
  - Other material events
3. Appointments, alliances, acquisitions, partnerships

The results can be enhanced by:

- Timing announcements in a way that helps build "visible momentum", that is, getting the right information to the right people at the right time -- to the extent

- practical and in keeping with regulatory guidelines,
- Strategic use of awareness techniques to create incremental synergies and thus momentum as the announcements are released (and create a receptive environment for subsequent events and announcements)
  - “Advancing” each announcement as appropriate to optimize awareness and receptivity, using selected contacts in the financial and public press and investment community
  - Following up on the announcements with one-on-one calls or face-to-face meetings with retail brokers or investors (and if practical conference calls), particularly with influential investors and the retail investor community, and the identification of further visibility and follow-up momentum-building opportunities.
  - The possible use of public or semi-public speeches and presentations to selected groups by the CEO and other senior executives, as appropriate and beneficial to the company, delivered to business, industry and investor associations.

NOTE: We recommend that very small companies (i.e., micro-caps) not undertake investor conference calls until they have built up a solid list of actively interested investors and brokers. The single most effective way of doing this is with a series of face-to-face meetings, i.e., 'road shows'. A conference call should attract at least 10-15 brokers and investors, and preferably many more, and ideally some financial or public media, to justify the expense and the time of the CEO and CFO.

### **Preparation**

A little planning goes a long way. The following will support initiatives to raise a company's visibility with the financial community:

1. Key Message(s):  
Development of the company's 'Investable Idea' or ideas, that is, the 'selling proposition' to be used in addressing investors. These consist of one or more compelling messages, carefully crafted to reflect the company's vision and prospects, and to serve as a guide for all communication.
2. Databases:  
Key contacts: Securities law mandates minimum disclosure requirements and are there to serve the public interest. Meeting these minimums does not mean the company is at the same time serving all of its best interests and those of its shareholders. A company also needs to communicate regularly with an expanding number of those interested in, or at least aware of, the company. This is done by:
  - a) actively building a master investor relations database of every contact with the financial community and of every contact initiated by current and prospective investors and shareholders, analysts, the business, financial and trade media, customers, suppliers, and other relevant stakeholders such as regulators and opinion leaders.