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- ***Investor Relations***

## Presentation matters

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**T**oday's public company chief executives must have more than a firm grasp of the myriad of internal elements that contribute to a company's ultimate success or failure. Corporate executives must also be adept at selling themselves and their companies to investors. They must know how to perform, operationally, financially, and in "show biz" terms. They are the public faces of the companies they run, and as such are responsible for much of The Street's perceptions.

For many executives, giving speeches – be they formal AGM-type speeches or informal investor one-on-ones – can be a chore. This can be especially true for those that come from the financial or production side of business, as opposed to the sales side. However, with training and practice most can overcome their initial hesitation and deliver winning, persuasive presentations.

Our notions of effective public speaking started with Aristotle whose theories, written over 2,000 years ago, are still valid today.

Aristotle developed a system of rhetoric that entailed three "artistic proofs":

- **logos** – logic or reason used as a coherent argument in stating the facts,
- **ethos** – the personal ethics or credibility of the speaker as displayed during the course of the speech, and
- **pathos** – the appeal to the emotions of the audience.

Coherent arguments, personal credibility, and empathy with the audience – each of these elements is essential to a successful presentation, but the most important one may well be pathos. Without pathos or empathy between the audience and speaker, there can be no successful "call to action".

Pathos is also sometimes defined as "passion". Without passion and enthusiasm from the speaker, no amount of logic, credibility, or state-of-the-art multimedia can win over an audience.

Keeping Aristotle in mind, let's take a look at some pointers for effective public speaking.

### **Know your audience**

Study the audience demographics so that you understand their knowledge and interest level. You will never be able to connect with an audience that you don't understand. A presentation geared to the needs of a sell-side analyst may fly over the heads of your Annual General Meeting audience, or even your own Board.

Some audiences will be less formal than others, allowing the presentation can to be more conversational. Some, such as institutional investors, may be looking long-term, while a retail audience is probably looking for short-term gains. These different needs and expectations should be addressed.

### **Know your objective**

Different audiences provide different opportunities for you to sell yourself and your company. Each time you speak in public, it is an opportunity to persuade an investor or potential investor to buy or hold your stock. Remember, there's no such thing in the investment world as an "information session". You're never really called on to "update" an institutional investor. Every meeting, every speech, every presentation is a sales call and the executive's job is to be the chief salesman for the company's stock.

### **Plan your content**

There's a never-fail formula for planning a presentation:

- State your agenda at the beginning.
- Deliver the information or message you promised to deliver in the agenda.
- Recap at the end, referring back to the points covered.

Plan your presentation to include a maximum of four to six key messages. Any more than that will get lost in the shuffle. You might want to stress:

- The company's vision of where it and the sector are heading,
- Corporate strengths – track record, cash reserves, entrepreneurial leadership,
- How you are dealing with a competitive, global market,
- The growth you've enjoyed to date and the prospects for growth in the future,
- Management's dedication to delivering shareholder value, and
- Management's commitment to open and honest disclosure, and ethical business practices and corporate governance.

Since the regulations against selective disclosure preclude you from discussing non-public, material information, most of what you say in a public presentation should be readily available in your existing public documents.

If you are using slides, keep them simple. Investors appreciate a professional looking presentation, but don't overdo it. In today's tight economic market, unless your business is media or Internet related, a high-end multimedia presentation with all the bells and whistles begs the question, "Why are they spending money on this?"

I know there are experts who will quote statistics on what audiences remember based on what they see versus what they hear. But investors don't come to see fancy multimedia, they come to hear and see how the executives present themselves.

### **Control your delivery**

Having discounted expert statistics above, I hesitate to say this, but much of your message will be delivered non-verbally: through facial expressions, body language, and tone. Investors may forget your key messages, but they will come away with a feeling for **your** honesty, expertise, and ability to deliver on your promises. This impression will be based to a

large extent not on what you say, but rather on how you say it.

Your speaking style boils down to a few basic essentials:

- **Grooming** – Be neat, clean, and dressed appropriately. You'd think this would be a given, but I've seen a CEO show up at his own AGM without the required business suit, shirt, and tie - and seen investors bristle because they perceived his casual attire as a lack of respect.
- **Body Language** – Researchers tell us that we communicate more through our body language than we do through our words. Be alert, yet comfortable in your posture. When standing, avoid keeping your hands in your pocket. (If this is a habit, make sure your pockets are empty so you're not rattling change, or better yet, break this habit.)

Relax when sitting. A tense posture, with arms crossed delivers the message that you are "closed", "up tight", or "anxious". Slouching is usually seen as a sign of boredom. On the other hand, leaning forward slightly demonstrates interest. Smiling, nodding, and sitting with your arms unfolded, say you're engaged and open to discussion and comment.

- **Pacing and Tone** – Most people have a tendency to rush. Start slowly and gradually speed up to a moderate pace, slowing down occasionally for emphasis – especially for your all-important closing. Vary the tone and volume of your voice to provide interest. Don't be afraid to show some excitement and animation - your enthusiasm for your company and its products needs to be communicated.
- **Eye Contact** – You can't persuade anybody if they don't trust you, and trust is based on believability. When dealing with other people, the number one physical element that denotes credibility is eye contact. In a one-on-one or small-group presentation, making eye contact is simple. When addressing a large group, the key is to look about the room and talk to **one person at a time**, for the length of one phrase or thought, then move slowly onto the next person.

(If you're working from a prepared script, run your finger down the side of the page as you read so that when you look up at the audience and then back down you won't lose your place. For really

important speeches, it pays to use a teleprompter.)

### **Practice!**

Learn the content, know your message, but don't memorize. Being comfortable with the material is more important than being able to recite it word for word. Most speakers, especially for small-group presentations, work best from notes rather than a fully developed script. Having said that, be sure to polish and spend some extra rehearsal time on your opening and closing.

Time your presentation, including each internal section. Knowing internal timings can help if you find yourself overtime and need to make cuts on the fly. (This shouldn't happen if you've rehearsed properly.)

### **Practice aloud**

I've done a number of carefully rehearsed group pitches, in which I was one member of a presentation team. Before any group rehearsal, I would spend hours rehearsing my part out loud. The more you practice, the smoother your delivery will be. If you're going to use a podium, practice with one, or at the very least, standing up.

If possible, do a final rehearsal in the actual room in which you will be presenting. Learn the layout of the room and the mechanics of the AV equipment. This is usually possible only with more formal speeches, such as at an AGM, try at least to look at the room and layout in advance.

### **Rehearse the Q&A**

In most cases, how you handle questions is more important than how you deliver your prepared presentation. Investors are looking for executives who can think on their feet and answer simply and quickly. Work with your investor relations officer (IRO) to draft prepared answers for the toughest questions imaginable. Your IRO is in constant communications with both retail and institutional investors and has been answering those tough questions in phone calls, emails, and face-to-face meetings. Nine times out of ten, nobody asks the really tough questions. I've rigorously drilled many executives in preparation for an AGM or conference call and then sat by while the investors lobbed them easy ones. But it pays to be ready.

During the actual event, have someone write down the questions as they come in, or jot them down in short form yourself. Then repeat or restate the question as an opening. This tactic is especially helpful during multi-part questions and

also gives you some extra time to gather your thoughts.

Keep your answers short and to the point. There is a great temptation, having delivered a carefully structured and timed presentation, to ramble on during the Q&A. Avoid this at all costs. Your answers should be no more than two to three minutes maximum – 30 seconds if it's a media interview. The reporter will be looking for a succinct quote or sound bite.

If you don't know the answer personally, your first option is to call on somebody else who is present to answer. This can play to your advantage, demonstrating the depth of your management team. If no one is available to answer, then promise the questioner that you will find the answer and get back to them. And do it promptly. Above all, never fake it – the audience will know immediately and whatever credibility you've built up will be irretrievably lost.

Once you've finished the Q&A, deliver a prepared second closing that repeats a couple of key messages in a few powerful sentences.

### **Be confident**

The key thing to remind nervous executives of before they speak is that they are the experts. Most executives know their company and its story inside out. They live and breathe their business. They know the answers to any and all questions an audience can ask.

In most cases, the audience is sympathetic rather than antagonistic. They want the executives to do well. They may ask tough questions, but they are also open to simple, concise, and honest answers.

Becoming a successful public speaker is really a matter of practice, both behind closed doors and out in public. The more you do it, the more comfortable you will become. It's never easy to speak in public, but with preparation and rehearsal, anyone can master this art of persuasion.



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