

**A Winning Investor Relations Strategy**  
**Course Outline**

<b>CLASS 1</b>	<b>INTRODUCTION AND THE ANALYSTS-MANAGERS EARNINGS GAME</b>
<b>2/9/15</b>	
<b>I.</b>	<b>Introduction</b> <ul style="list-style-type: none"><li>• Course objectives</li><li>• Why capital markets are crucial to the success of corporations</li><li>• The essence of investor relations—avoiding shareholders’ disappointment</li></ul>
<b>II.</b>	<b>The “All Important” Earnings Game</b> <ul style="list-style-type: none"><li>• The intricate interplay between financial analysts forecasting corporate quarterly earnings and managers striving to beat the consensus</li><li>• Managerial earnings manipulation to beat analysts’ forecasts and maintain the growth façade</li><li>• The hazards and futility of financial information manipulation</li><li>• What to do and not to do when you are about to disappoint investors</li></ul>
<b>III.</b>	<b>From the trenches: How is investor relations practiced (guest speaker)</b>
	<p><u>Readings:</u> Text—Introduction and Chapters 1 and 3, and assigned relevant publications. <u>Case Discussion:</u> J. Fox and J. Lorsch, “What Good Are Shareholders?” <u>Harvard Business Review</u>, July-August 2012.</p>
<b>CLASS 2</b>	<b>EFFECTIVE COMMUNICATION WITH INVESTORS</b>
<b>2/23/15</b>	
<b>I.</b>	<b>Soft and Hard Information</b> <ul style="list-style-type: none"><li>• How to communication with “Limited attention” investors</li><li>• How to harden soft information</li></ul>
<b>II.</b>	<b>The Quarterly Conference Call: Main Communication Venue</b> <ul style="list-style-type: none"><li>• The quarterly earnings call</li><li>• How to enhance the effectiveness of conference calls</li><li>• Measuring the effectiveness of conference calls</li></ul>
<b>III.</b>	<b>Managerial Earnings Guidance</b> <ul style="list-style-type: none"><li>• Guidance—a forward-looking disclosure</li><li>• The raging controversy about guidance</li><li>• The facts: what guidance does and doesn’t do</li><li>• Measuring the effectiveness of guidance</li></ul>
	<p><u>Readings:</u> Text—Chapters 2 and 6, and relevant articles <u>Case discussion:</u> A recent conference call</p>

**CLASS 3 ACTIVIST INVESTORS****3/2/15**

- I. **Investor activism—an historical perspective**
- II. **Challenging managers by shareholder resolutions and proxy contests (guest speaker)**
- III. **“Say on Pay”—shareholders voting on managers’ pay and its impact**
- IV. **Hedge Funds’ Interventions in company affairs**
  - What do they want?
  - What do they achieve?
  - How should managers react to such intervention?
- V. **Short Sellers: a nuisance or a force for good?**

Readings: Text—Chapter 11, and various readings

Case discussion: The case against shareholder activism

**CLASS 4 VOLUNTARY INFORMATION DISCLOSURE****3/9/15**

- I. **Legally required and voluntary disclosures of information to shareholders**
- II. **Why release information voluntarily?**
  - The shrinking of accounting’s relevance
  - Akerlof’s lemons
  - Fact-based benefits of voluntary disclosure
- III. **Criteria for effective disclosure**
- IV. **Voluntary disclosures in various industries**
- V. **A template for optimal disclosure**

Readings: Text—Chapter 7 and reading

Case discussion: The iPhone case

**CLASS 5 PROACTIVE INVESTOR RELATIONS: MAINTAINING HIGH SHARE PRICES AND PREVENTING MISHAPS****3/16/15**

- I. **The managerial objective—Are U.S. managers myopic?**
- II. **Immunization against shareholder and SEC lawsuits**
- III. **The hazards of overvalued shares**
  - The temptation to prolong and exploit share overvaluation
  - Making bad acquisitions
  - Manipulating financial information
- IV. **And the dangers of undervalued shares**
- V. **Optimal Corporate Social Responsibility**
- VI. **The view from the CFO’s perspective (guest speaker)**

Readings: Text—Chapters 4, 5, and 8

Case discussion: Corporate social responsibility

**CLASS 6 INVESTOR RELATIONS AND SOCIAL MEDIA**  
**3/23/15**

- I. The internet's impact on corporate communication
- II. Strategies to counter adverse information spread on the web
- III. How to harness social media to advance corporate strategies
- IV. Course summary: Optimal investor relations strategy

Readings: Text—Chapter 14

**GENERAL NOTES:**

Text: Baruch Lev, Winning Investors Over, Harvard Business Review Press, 2012.

Attendance: Class attendance is required.

Grade: Course grade will be based on students' project and class discussion.