



# Five Essentials of Effective Earnings Releases:

## Lessons from the Experts

Business Wire regularly convenes expert panels to keep you up to date on the latest investor communications best practices. This recap of our most recent discussions focuses on how to get the most out of earnings releases, compiled from two separate webinars and one panel discussion in the U.S. and Canada.

## Meet Our Experts



**David C. Collins**, Managing Director at Catalyst IR: David has 25-plus years of experience counseling a diverse array of companies in the successful execution of their investor relations, corporate communications and social media programs.



**Evan Schnidman**, Founder and CEO of Prattle: Prattle uses Natural Language Processing (NLP) to analyze corporate communications.

## LAZARD

**Alexandra Deignan**, Director, Head of Investor Relations, Lazard: Alexandra is also former IR specialist at Schnitzer Steel and Curtiss-Wright Corporation.

## THE WALL STREET JOURNAL

**Aaron Rennie**, Senior Publishing Editor at The Wall Street Journal: Aaron is also former editor for NewsPlus, the Dow Jones Newswires web portal for financial professionals.



**Ana Raman**, Senior Manager, Investor Relations at Shopify: Shopify is the leading multichannel commerce platform.

## Bloomberg

**Joe Carroll**, Houston Bureau Chief, Bloomberg News: Bloomberg delivers business and markets news, data, analysis and video to the world, featuring stories from Businessweek and Bloomberg News.

## Standing Out in a Crowded Communications Space

Our panelists spoke to their top five strategies to improve the visibility of your earnings release and make critical communications stand out during peak earnings announcement periods.

1. **Be Consistent**
2. **Be Organized to Maximize Your Audience's Time**
3. **Make Your Headline Work Harder**
4. **Lead With Your Release**
5. **Timing and Distribution Matter**

# 1

## Be Consistent

Consistency is everything, according to our experts, and involves the type of information provided, how it's presented, and the tone of voice and messaging used to convey that information. These are things to remember:

### **Don't make them dig. Present information that's easy to understand.**

Analysts and journalists are looking for specific information for specific industries, and they need to be able to compare results quickly.

Joe Carroll says, "There are certain numbers that we'll always want, look for and we're going to find them, even if they're not in the release." That means communicators need to make sure to include all the material your audience needs in the same way every time.

Consistency also extends to the definitions used and the methods of measuring progress against previous periods. According to David Collins, "Investors appreciate that you don't redefine your non-GAAP measures every quarter but that you remain consistent in that definition and then provide the comparisons, so they know what to compare to."

### **Get your C-suite involved and on board.**

Alexandra Deignan described how the quality of reporting often depends on company leaders. "Every industry has its own key metrics that add color to the overall earnings release," she said.

"But for the most part, the key difference isn't the industry metrics, it's really the C-suite, how they interpret disclosure rules and the amount of transparency they are comfortable providing to investors. That's really what makes the difference when you go from company to company."

It's not just about providing the results, she added. "There are market drivers, accounting and timing factors, for example, that can significantly impact results. The strongest argument for increased transparency is that the company is better able to answer the question that investors are asking, rather than waiting for an analyst or another industry participant to answer it for you."

Deignan sees it as a crucial part of her role to ensure that the C-suite has a conversation about all of the information available and the best way to provide clear and concise results well before earnings release day.

**"The strongest argument for increased transparency is that the company is better able to answer the question that investors are asking, rather than waiting for an analyst or another industry participant to answer it for you."**

Alexandra Deignan, Director, Head of Investor Relations, Lazard

## Be clear about changes.

If a company needs to make changes to the way figures are reported, or the information that is shared, our panelists have a suggestion: Telegraph the changes either through a separate news release when the decision is made or by reaching out to journalists and analysts ahead of the busy earnings period to walk them through the changes and the reasons behind those changes. Companies should avoid springing changes on journalists and investors in the earnings release.

## Stay true to your tone and message.

With the rise of companies like Prattle that deploy Natural Language Processing (NLP) to analyze corporate communications, the focus on language is becoming more precise. Evan Schnidman said, “I think it’s incredibly important to note that we’re not trying to predict overall price movement from the financials. What we’re trying to do is figure out how the communications themselves are likely to impact price.”

NLP systems are built around the idea of looking for inconsistencies or discontinuity in language or tone—what’s different from before—and then taking a closer look at what those changes might mean, positively or negatively. When companies start to drift from their messaging, they’re often unaware of it, according to Schnidman.

“On average, somewhere in the neighborhood of 20% of all price movements are actually attributable not to the financials, but to things that have been said in those corporate communications. So we really worry about how consistent those communications are.”

A shift in tone or message not only sends a clear signal to NLP systems but also to your human audience. According to Schnidman, “It’s simple human psychology that when there is bad news to deliver, we all distance ourselves from that, and we often do that by injecting more formal language. Our system is designed to pick up on not just those individual language or individual word choice differences, but the linguistic patterns themselves. How does this word, phrase, sentence and paragraph fit into the broader framework of what’s been said in all historical communications?”

So, avoiding unintentional shifts in tone is key, but how do you avoid it when there are many different communicators and communication channels at the same company?

Ana Raman described how her team at Shopify seeks to avoid this problem. She says, “Integrating your strategy so you are using one voice, and having a solid theme, is vital when communicating across audiences. We want to make sure that we’ve armed our spokespeople very well to represent the company in that consistent manner so that the audiences are picking up our data points and our messages.”

## Be Organized to Maximize Your Audience's Time

As with consistency, which helps make your release easy to interpret and compare, clear organization of information is also an essential element.

Collins said, “The most precious asset on Wall Street is not capital. It’s time. If you’re making your releases efficient, focusing people on key issues, differentiating yourself, helping people understand the story from that release and not having them go to multiple sources to patch it together, then you’re going to be effective. If you make it an Easter egg hunt, investors are just not going to invest the time to try to figure it out.”

“...[N]ot just the results but explaining what happened and what you’re doing about it.”

David C. Collins  
Managing Director, Catalyst IR

## Be clear. Be concise. Be thorough.

For Aaron Rennie, a seasoned newswire veteran, a well-organized release helps newsrooms meet tight deadlines. “Clear language, bullets up top, newest numbers in the leftmost column just make it easy for editors to understand, and we can get the headlines out to investors quicker.”

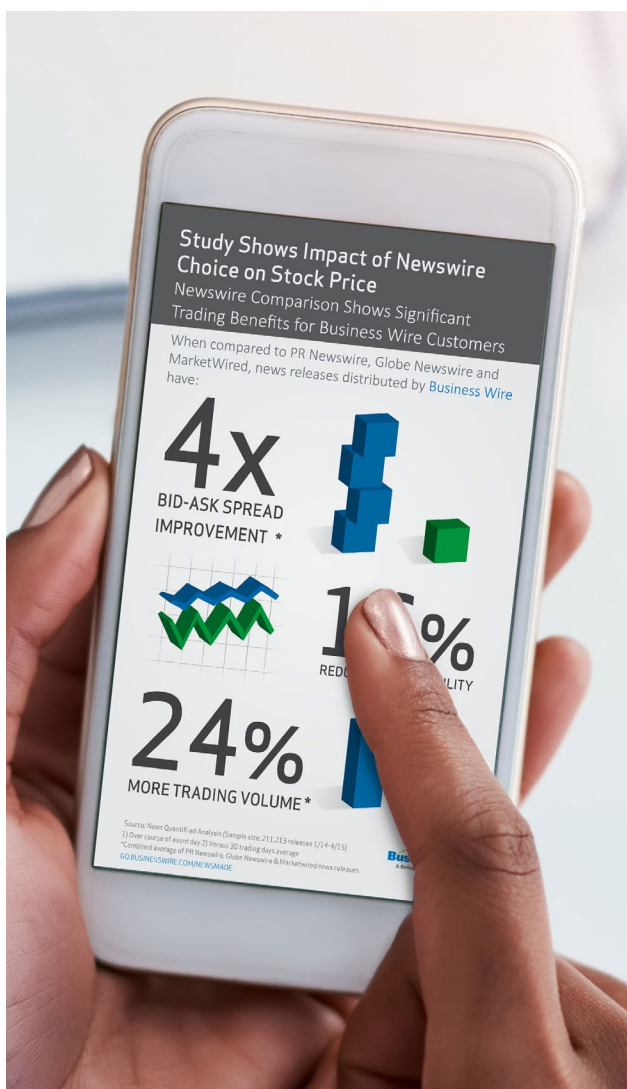
Collins agreed and also noted that organization helps readers to understand the narrative. “What an investor wants is to pull out from the release the factors that help shape expectations for the future, so not just the results but explaining what happened and what you’re doing about it.”

In conclusion, our panelists all agree that including clear tables, with information laid out in an intuitive, easy-to-understand way, and adding quotes from the CEO that speak to direction, not just a repetition of the numbers, all go to help readers quickly understand and share the story.

## Make Your Headline Work Harder

The headline is the first thing that readers will see and the first chance to generate readership. For many companies, a stock “X company releases 3Q earnings for 2018” headline structure won’t generate enough interest — and that equates to a lost opportunity for increasing the potential audience.

Collins said, “If the headline isn’t giving you anything to help you understand why that news might be meaningful, then you’ve just missed an opportunity to get some new eyeballs, some new discovery.”



## Be industry-specific and searchable.

He also advised getting words into the headline that describe the industry the company is in, and also to indicate the direction that the earnings reveal. “We did a little survey, and remarkably few releases were being optimized in terms of financial measures or if the results are going up or down. When you click through to look at the release, some companies were doing extremely well, and you would not know it from the headline they were using.”

In addition to catching the eye of journalists, headlines also play a role in how easy it is for a release to be discovered on the internet. Schnidman said, “The more you can specify the title for SEO purposes, the harder it is for people to meta up the reproduction of that with a lot of other conflicting material. It makes it easier for systems to crawl and find the appropriate information.”

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## 4 Lead With Your Release

Panel moderator Michael Becker, Business Wire's Executive Vice President of Strategic Partnerships and Initiatives, posed the question, "What about additional content? We're seeing a trend toward multimedia assets like infographics and video. Do these additional assets help or hinder the earnings consumption process?"

On balance, it seems the return on investment from developing a full multimedia strategy is incremental when compared to optimizing the release for newswires; however, the answers from our panel clearly illustrated the varying needs of financial journalists.

From the newswire perspective, Aaron Rennie said, "No, they don't help. They just slow things down. I mean, we want just bullets, text, give it to us straight away as quickly and efficiently as possible. Infographics and video might look nice, but they don't speed things up at all. From a newswire's perspective, images slow down the interpretation and dissemination of their analysis."

He prefers that all the relevant information be in the release, rather than in supplementary materials. This includes quotes that help inform the direction of the company.

Collins agreed, noting, "The number of people who can see a release is so much greater than the much smaller subset of people who listen to the call or read the transcript. You're doing yourself a huge disservice to hide important nuggets in your conference call and not put them in your press release."

### Avoid adding extra steps.

The same holds true for releases that only provide a link to a website. Rennie says, "It's unbelievably annoying when we get releases where it says, 'Come to our website and click on this link to get the earnings figures.' It slows you down. It's an extra step. Just give us the numbers. Just tell us simply and clearly on your release saying, 'This is our net, this is our EPS, this is our revenue.' Don't make us take the additional step of going to your website to find the information that you could have just handed out already."

It's worth noting that Prattle, the NLP system, also analyzes earnings calls along with other communications. Schnidman said, "We consider the prepared material versus the Q&A as completely separate sections. We score them separately, and we treat them very differently because the tone of those things is so different. In so much as you can, put more of the prepared remarks from the earnings call into the release."

Collins added, "People are busy. Make the release carry the water, and if you can add value with other things, some people will look at it and benefit, but make sure the release has been fully optimized."

### Don't fear social media.

Social media also has a part to play in augmenting your message, according to Collins. "I think it's scary to a lot of IROs but base usage of social media to just put your news out in a tweet or a post that provides a link to a fully vetted disclosure gets it in front of potential new eyeballs. To me, that's a no brainer. It doesn't cost you anything. It's a very nominal amount of time."

## 5 Timing and Distribution Matter

There's much debate among IROs about timing and distribution of earnings releases. Our panel offers several different perspectives.

Rennie, whose newswire prioritizes getting the headlines to investors as fast as possible, offered an easy tip to stand out. "Because a lot of earnings come out precisely at 4:00 or 4:15 and the releases get lost in this barrage at those times," he said. "If a release comes out at a slightly quirkier time, like let's say 4:18 instead of 4:15, I think that would get noticed more."

For Collins, timing is less relevant than ensuring the broadest possible distribution. "Don't just put it on your website," he said. "Use a wire service that gets it out to all the financial portals around the world instantaneously."

He also provided some interesting insights into the value of publishing post-market rather than pre-market, especially when more and more of the initial analysis is done by NLP processes or with XBRL tagging.

"The contents are getting digested faster and faster. You need to be aware of that and be more complete in your disclosures so that rapid-fire digestion of your content isn't missing some key elements that you've left for your conference call," Collins says. "Also, getting your disclosures outside of market hours when the topic needs more time for digestion by investors can be helpful."

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David C. Collins, Managing Director, Catalyst IR





## More Best Practices for Effective Earnings Releases

Thanks to Joe Carroll, David C. Collins, Alexandra Deignan, Ana Raman, Aaron Rennie and Evan Schnidman for sharing their five essential strategies for maximizing earnings releases. If you want to hear more, including some great real-life examples, together with a more in-depth look at what NLP processing is bringing to the earnings release landscape, you can access the full Earnings Release Webinar [here](#).

Stay tuned for more of Business Wire's expert panels on the latest best practices and innovations in your industry.

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