

Quick Reference Card (QRC)

Best Practices for Creating Marketing Handouts

Use the ADVICE™ Framework So Clients Will Want Your Marketing Handouts

- **Aware:** Acknowledge alternative views and alterations to your thesis
 - Demonstrate that you are aware of those taking the other side of your recommendation by addressing views driving the scenarios you've chosen not to take (i.e., "Where we could be wrong" section)
- **Differentiated:** Highlight where you differ from consensus
 - Using the FaVeS™ framework for each stock highlight if you differ from the consensus thinking
 - In those instances, where you are materially different than consensus, what is the catalyst(s) to get the market to your way of thinking?
- **Validated:** Support out-of-consensus views with independent research
 - Without divulging proprietary sources, provide information/data from at least one informed, independent, and reliable source (preferably two or more if it's critical to your call) to validate your out-of-consensus thesis
 - Quantify as much as possible, but don't overwhelm with dense tables or overly-busy charts
- **Conclusion-oriented:** Start with conclusions on each page
 - Include an overview page for each sector covered, listing your favorite and least favorite stocks
 - Make it clear if you are recommending to buy or sell the stock/sector
 - If the page pertains to a critical factor, identify the stock(s) it impacts, including quantification
- **Easy-to-consume:** Make it clear enough to be understood by almost any institutional investor
 - Have a clear message by ensuring your research content has already met the requirements of the ENTER™ quality framework (Expectational, Novel, Thorough, Examinable, & Revealing)
 - When creating your first handout, start the process with an outline to ensure clarity and no redundancy in the final product
 - Include a comp table with all the stocks in your universe
 - Avoid jargon or unexplained acronyms
 - On busy pages, point to or highlight where to focus attention
 - Don't use more than 2 slides or 5 bullet points per page
 - If you begin adding more pages, find others to remove
 - For each stock:
 - Provide your upside, downside, and base-case scenarios, preferably in graph form
 - Highlight key catalysts and risks
 - Ensure your communication helps a PM understand if you're more or less favored toward a specific stock or group of stocks
 - If valuation is critical to your out-of-consensus view, illustrate with a graph

Review Regularly

1. When data changes frequently, create a dynamic link back to the original file to avoid manually updating the handout. Review the data from these links before printing for client presentations to ensure updated linked data still matches the text.
2. Approximately 24 to 48 hours before leaving on a marketing trip, review every slide and make updates as necessary.
3. At least once per quarter (preferably a week after earnings season, when all of your models should be up to date), review the entire marketing handout and ask yourself, "Does it answer the most pressing questions I'm getting from clients?"
4. Always have at least one unmarked copy of your marketing handout with you when traveling, as you never know when you might run into a client or new industry contact who wants to discuss your stocks.

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Best Practices for Presenting to Others

Content

1. To ensure your presentation is clear, thorough, and concise, create an outline first (you may want to use PowerPoint's "outline" view found on the "View" ribbon to make it faster to build your presentation)
2. Remember, the presentation isn't to show how much you know but rather to provide the audience what they need to make an investment decision. This philosophy can cut a 30-minute presentation down to 3 minutes.
3. To meet the needs of portfolio managers, equity research presentations should contain specific elements on both a strategic and tactical level.
 - a. Strategically, ensure the outline/presentation includes these components below (not necessarily in this order), which make up our ADViCE™ framework (for examples of each, see [QRC, Utilize ADViCE™ Framework to Maximize Message Delivery Impact](#)):
 - i. **Aware:** Make others aware of alternative scenarios and views, as well as adjustments to your thesis
 - ii. **Differentiated:** Explain how you differ from the consensus thinking about the stock and its catalyst(s)
 - iii. **Validated:** Support your out-of-consensus view with independent research
 - iv. **Conclusion-oriented:** Be conclusive about stocks and their catalysts (the first slide should start with a conclusion)
 - v. **Easy to Consume:** Make it easy for others to consume by avoiding highly-specific jargon, complicated charts, and dense tables of numbers
 - b. Tactically, ensure the outline/presentation includes these components below (preferably in this order and no more than one slide per item below):
 - i. Start with your conclusion, which should be stock-specific (e.g., becoming more/less bullish, upgrading/downgrading, raising/lowering estimates)
 - ii. Show the price target math
 - iii. Brief explanation to highlight your out-of-consensus view, which will be one of the following (FaVeS™ framework*). If you don't have one of these, you probably have no reason to be presenting:
 1. Your financial forecast; and/or
 2. Valuation multiple/method
 - iv. Research to support the out-of-consensus view mentioned above
 - v. Quantify how much your forecast or valuation differs from consensus (how much upside is due to your out-of-consensus view)
 - vi. When and why will consensus adopt your view?
 - vii. What could go wrong?

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When quantifying the unique FaVeS™ element above, it's often much better to show comparisons of new estimates vs. prior estimates or vs. consensus in a table format such as below:

Company	Our Former Estimate for 2018	Our New Estimate for 2018	Change in Our Estimate	Current Consensus for 2018	Our New Estimate vs. Consensus for 2018
ABC	\$1.00	\$1.35	35%	\$1.10	23%
XYZ	\$2.00	\$1.80	-10%	\$2.10	-14%

Slides

1. Use your firm's template, if one exists. If not, create one that has the same header, footer, and font throughout
2. Do not have more than five lines of text per slide
3. The font size should be easily readable for everyone in the room (or for viewing online) -- at least 14 point, and preferably larger, which shouldn't be a problem if you're following the "5 line max" rule directly above
4. Let pictures and easy-to-read charts tell as much of the story as possible. Do this by breaking up the text with *relevant* images and exhibits. Places to find good stock photos include [iStock](#), [Shutterstock.com](#), and [Adobe Stock](#). With this said, use only graphics that help convey or reinforce your message (e.g., background clipart, irrelevant images, etc.)
5. Include video if it's critical for conveying your point, but understand it adds technical complexity, which raises the odds of a technical glitch
6. If others in your firm will likely find value in the slides, save the presentation on a company network
7. Avoid the mistakes mentioned in "[Death by PowerPoint](#)" (if the link breaks, search the web for "Death by PowerPoint" by Alexei Kapterev)
8. If portions of the presentation will likely be made again and it relies on market data (such as a sell-side marketing deck), set it up to automatically link to a market data feed. This can be a big time saver but requires the slides to be manually reviewed before each presentation to ensure the data updated correctly and is consistent with the text

Delivery

1. When presenting, keep in mind that the human mind can read much faster than the typical person can speak. Therefore, by the time you get halfway through reading the slide aloud, everyone else is finished, allowing their minds time to wander. In order to avoid this problem:
 - a. Rather than read slides verbatim, use them to accentuate or support the points where you provide greater elaboration or an anecdote
 - b. Don't use your slides as a lazy man's speaker notes. Use PowerPoint's "presenter" view or Keynote's "presenter" display so you can see your notes while the audience sees your slides (search YouTube for videos that provide a brief tutorial on how to use)

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- c. Practice, practice, practice, so you're not reading your notes verbatim, which tends to be slow and often lowers the confidence level you convey to your audience. The more important the presentation, the more you should practice
2. Get to the meeting room at least 15 minutes early and ensure everything is working correctly (at least 20% of the time, when I'm presenting, I discover something that needs to be adjusted in the room). Use a microphone if it's available (nobody will complain if you use one, but they may not understand if you don't)
3. Speak at an appropriate speed and volume:
 - a. In general, speak at the maximum speed that will be understood by most of the participants (slow down if your audience is made up of individuals who do not speak your language as proficiently as you)
 - b. Slow down to make important points, and speed up to convey enthusiasm
 - c. If in a larger group, make sure the people in the back of the room can hear you well
 - d. Lower the tone of your voice to demonstrate confidence
4. Convey the correct body language
 - a. If in person, convey the correct body language (research has shown that 65% to 93% of the message delivered can be nonverbal...which is why practice is so important)
 - b. The objective is to appear in control (relaxed and confident)
 - i. Be energetic
 - ii. Make good eye contact
 - iii. Maintain good posture
 - iv. Don't cross your hands or legs
 - v. Smile, if appropriate
 - vi. Stand up if presenting to more than five people

Detailed Reference Card (DRC)

Utilize the PRACTICE™ Framework to Influence Others

PRACTICE™ Framework for Influencing Others



* What's in it for them?

Use the PRACTICE™ framework to influence others in these situations:

- Obtaining insights from information sources (see Exhibit 1)
- Sell-side analysts attempting to win over institutional buy-side clients (see Exhibit 3)
- Buy-side analysts attempting to win over their internal portfolio managers (see Exhibit 4)

We also have the following stand-alone detailed reference cards that utilize the PRACTICE™ framework in related areas:

- *Generating Sustainable Sources of Insight with ASPIRE™ Framework*
- *Questioning Techniques for Obtaining Insights Using the ICE™ Framework*

Detailed Reference Card (DRC)

Utilize the PRACTICE™ Framework to Influence Others

Exhibit 1: Influence Information Sources Using PRACTICE™

Step of PRACTICE™	Steps to Influence Others
<p>Prepare to influence (1 of 2):</p> <ul style="list-style-type: none"> • “What’s in it for them?” (WIIFT) • “How can I conform?” 	<ol style="list-style-type: none"> 1. Research “what’s in it for them?” (see Exhibit 2) to ensure you know what will motivate them to have a conversation with you <ul style="list-style-type: none"> • Search for the person on Google, LinkedIn, Bloomberg, Facebook, Twitter, etc., to help identify potential needs (notoriety, knowledge, friendship, etc.) • If you’ve been provided the contact’s name via a colleague, ask about the contact’s motivations 2. Research their background, so you know how best to conform to “their ways” (as discussed in the “C” of PRACTICE™ below). This isn’t to say you automatically adopt their way of thinking and style, but know it, so you are prepared.
<p>Prepare to influence (2 of 2):</p> <ul style="list-style-type: none"> • Self-awareness 	<p>Self-assess by honestly answering these questions (resolve deficits where possible):</p> <ul style="list-style-type: none"> • Will you be credible to this person? (Ensure you know the critical factors for a stock) • Do you have strong communication skills? • Are you a good listener? (most people over-estimate their ability) • Are you empathetic? • Do you adapt well? • Do you have a large network of contacts to potentially share as “currency” with this contact?
<p>Rapport building</p>	<ul style="list-style-type: none"> • Be the first to say “hello” and thank the interviewee for their time • Ask questions to get to know them in a sincere and genuine manner, which will build the all-important trust (work towards answering WIIFT) • Show reverence to the person by noting why you have reached out to them • Mention if you were referred to the person by someone they know • <u>Listen attentively -- at all costs, do not interrupt</u> – it shows a lack of respect and may convey an oversized ego. When others want to speak, let them do 95% of the talking for the first conversation – it’s all about them • Establish common ground by agreeing with points they make – don’t have a debate during your first conversation • Be confident (but not arrogant) by having already researched the topic and practicing the questions to be asked (using the ICE™ framework). Individuals are more likely to respond to a confident person than someone who is unsure or hesitant • Offer to provide something to meet their needs (the “rule of reciprocity” will likely lead them to offer you something)
<p>Ask about needs (WIIFT)</p>	<p>If you haven’t already learned the interviewee’s “WIIFT” during your research in the “Prepare” step above, start the conversation by getting this answered (see Exhibit 2)</p>
<p>Conform</p>	<ul style="list-style-type: none"> • Avoid passing judgment if the information source says something you disagree with (you won’t build trust if you start by disagreeing with the person) • Use terms or jargon that show you know the topic, but not those that may not be understood by the information source (e.g., “ROIC,” “PEG ratio”) • If in-person, dress in a manner that will help connect with the person • Embrace “their ways” by showing interest in something unique to their profession, personal background, or geographic region
<p>Trustworthy (build credibility)</p>	<ul style="list-style-type: none"> • To illustrate your expertise, show or send the information source some of your insights, if allowed (in advance of the first meeting/conversation if possible) • Be honest about capabilities and deliverables, and follow through on commitments and promises (take notes during meetings and then review afterward) • Proactively explain that you will maintain their confidentiality • Treat everyone with respect (e.g., even the information source’s assistant or receptionist)

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Utilize the PRACTICE™ Framework to Influence Others

Step of PRACTICE™	Steps to Influence Others
<p><u>I</u>gnore distractions (external and internal)</p>	<ul style="list-style-type: none"> • “Be in the moment” with the person by avoiding distractions such as emails, phone calls, texts, etc. (turn it all off or to “do not disturb” mode) • As discussed in our ASPIRE™ framework, for in-person interviews, try to find a location conducive to a conversation - and potentially note-taking (not a loud coffee shop or convention banquet table) • Ignore internal distractions such as: <ul style="list-style-type: none"> ○ Inattention ○ Self-absorption (which can include mentally preparing for your next question before the current question has been answered) ○ Misinterpretation ○ Personal biases
<p><u>C</u>ommunicate persuasively</p>	<ul style="list-style-type: none"> • Use a comforting non-threatening tone, timing, pace, and volume that will appeal to the listener (A person who feels attacked, rushed, or doesn’t understand your question isn’t likely to provide open and honest answers) • Convey body language that shows you are interested in the conversation: <ul style="list-style-type: none"> ○ Good eye contact, posture, and facing the other person ○ Smiling ○ Energetic ○ No crossed arms or legs ○ No scanning smartphone ○ Avoid skepticism in facial expressions and tone ○ Lean forward to show interest • Ask the interviewee’s opinion on topics • Use these strategies below, which can be found in the QRC “Utilizing Weapons of Influence for Equity Research:” <ul style="list-style-type: none"> ○ Reciprocation ○ Commitment and consistency ○ Social proof ○ Liking ○ Authority ○ Scarcity
<p><u>E</u>nsure needs are met (WIIFT)</p>	<p>These are discussed in detail in the “R” portion of the ASPIRE™ framework. Some of the most effective best practices include:</p> <ul style="list-style-type: none"> • Satisfy all reasonable direct requests in a timely manner (e.g., send them information they requested or connect them with another industry contact) • Offer to include the information source in a proprietary event, such as a private monthly conference call with 5-6 other experts • If allowed by your firm, offer to send the information source your research • Periodically contact the information source to offer help, not just when you need information

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Utilize the PRACTICE™ Framework to Influence Others

A key element of the PRACTICE™ framework is to ensure you determine “what’s in it for them,” preferably well before your first conversation or email. The following exhibit includes typical needs of good information sources and non-monetary methods to fulfill those needs.

Exhibit 2: What's In It For Them (WIIFT) Examples of Information Sources

Their Primary Need (WIIFT)	Their Specific Need (WIIFT)	Fulfill Their Needs
Information	Access to insights from senior management of companies within the industry	<ul style="list-style-type: none"> • Provide them insights after participating in calls or meetings with senior management of the companies in your universe • Forward key quotes from a quarterly call transcript or press release when relevant
Information	Understanding of their company and its stock price	<ul style="list-style-type: none"> • Provide an explanation about their company’s stock valuation relative to the past and their peers • Provide an update on days when their stock is volatile, or company is in the news
Information	Understanding of the industry trends or their company’s competitors	<ul style="list-style-type: none"> • Forward insights you come across when researching (including blogs, journals, webcasts, etc.): <ul style="list-style-type: none"> ○ Major industry developments ○ Their company’s competitors • Provide access to your research (if allowed by your firm) • Explain the critical factors on the minds of investors • Forward them information about relevant industry events they may want to attend
Information	Access to other experts	<ul style="list-style-type: none"> • Introduce them to your other relevant information sources • Invite more than one information contact to an event as an opportunity to meet one another • Forward them information about relevant industry events they may want to attend
Emotional	To be recognized as an industry thought leader	<ul style="list-style-type: none"> • Forward requests from the press to them that you receive • Recommend them to speak at conferences or private dinners you host (in conjunction with a conference or seminar where you can gather a group of experts) • In your post-interview thank you email, mention how you intend to give them recognition with others as the industry thought-leader
Emotional	Ego boost (some overlap with WIIFT directly above)	<ul style="list-style-type: none"> • Explain to the individual why they are considered the best expert to speak with, and during the interview, frequently note how appreciative you are to be getting such insightful information from an industry guru • In your post-interview thank you email, acknowledge their talents and how they are one of the few people in the industry that is so knowledgeable
Emotional	Desire to honor request from colleague or friend who referred you to the information source	<ul style="list-style-type: none"> • Often, information sources will be flattered to learn their colleagues or friends referred you to them. If this is the case, let the information source know you will thank that colleague/friend because the introduction was so worthwhile
Emotional	Develop more friendships within the industry	<ul style="list-style-type: none"> • Dedicate time to them during industry social events such as conference and annual award dinners • Take to lunch or dinner when you’re in the same town • In your post-interview thank you email, mention how you appreciate making the personal connection

Detailed Reference Card (DRC)

Utilize the PRACTICE™ Framework to Influence Others

Exhibit 3: Influence Institutional Buy-Side Clients Using PRACTICE™

Step of PRACTICE™	Steps to Influence Others
<p>Prepare to influence (1 of 3):</p> <ul style="list-style-type: none"> Target only key clients 	<p>Target to influence buy-side counterparts working at your firm's most profitable accounts (avoid investing time building relationships with clients that are not likely to add to your bottom line). These include:</p> <ul style="list-style-type: none"> Key counterpart at those firms deemed a "priority" by your firm Seasoned buy-side analysts who can provide a window into real-time buy-side market psychology
<p>Prepare to influence (2 of 3):</p> <ul style="list-style-type: none"> "What's in it for them?" (WIIFT) 	<p>Speak to your firm's salesperson to get the following answered before your first conversation with a new client:</p> <ul style="list-style-type: none"> Firm/fund characteristics (mandate, cap size, region, style, etc.) Preferences (details vs. big picture, quantitative vs. qualitative, etc.) Demeanor (formal vs. casual, cynical vs. open-minded, etc.) <p>(See details found in our QRC "Know Your Client to Yield Influence and Gain Votes")</p>
<p>Prepare to influence (3 of 3):</p> <ul style="list-style-type: none"> Self-awareness 	<p>Self-assess by honestly answering these questions (fix deficits where possible):</p> <ul style="list-style-type: none"> Are you an expert on the critical factors for this conversation? <ul style="list-style-type: none"> Ensure you know the critical factors for a stock Ensure your research meets the ENTER™ quality framework Do you have strong communication skills? Are you a good listener? (most people over-estimate their ability) Are you empathetic? Do you adapt well? Will you be credible to the client?
<p>Rapport building</p>	<ul style="list-style-type: none"> Reach out to make the initial introduction (don't wait for a new client to call you) Make them feel important (be the first to say "hello," use their name, compliment, and ask questions) Show respect to the client even if they have less experience within the sector or fewer years as an analyst Build common bridges by mentioning the names of other individuals you work with or have worked with at the client's firm (but not in a boastful tone) Listen attentively -- at all costs, do not interrupt -- it shows a lack of respect and may convey an oversized ego. If clients want to speak, let them do 95% of the talking -- it's all about them. Be confident (but not arrogant) by ensuring you know the topic when answering a question. (You are better off saying "I'll need to get back to you" when answering a question than providing an incorrect answer.) Offer to provide something to meet the client's needs (the "rule of reciprocity" may lead them to accept your calls more quickly) It may seem obvious, but always thank clients for spending time with you -- they have alternatives
<p>Ask about needs (WIIFT)</p>	<p>If you haven't already learned the client's "WIIFT" during your research in the "Prepare" step above, start this step by discovering it. Buy-side clients are often motivated to speak with sell-side analysts because they want:</p> <ul style="list-style-type: none"> Help identifying and forecasting critical factors as well as the associated risks and opportunities for the assigned universe of stocks Greater access to company management via the sell-side analyst Help assessing the market psychology about a stock (by asking sell-side analysts about conversations they're having with other buy-side clients) Association/friendship with a high-profile analyst in their sector

Detailed Reference Card (DRC)

Utilize the PRACTICE™ Framework to Influence Others

Step of PRACTICE™	Steps to Influence Others
<u>C</u> onform	<ul style="list-style-type: none"> • Think in their style of investing (if the client is at a value shop, think “value” before starting a conversation) • Embrace “their ways” by showing interest in something unique about their firm, personal background, or geographic region • Match your presentation style with the client’s preference (formal vs. casual, cynical vs. open-minded, judicious vs. relaxed with time, loud vs. quiet, etc.) • Begin the discussion by asking questions to understand their perspective. When clients say something you disagree with, ask them to expand, so you better understand before providing your view • Avoid using terms or jargon that the client may not understand
<u>T</u> rustworthy (build credibility)	<ul style="list-style-type: none"> • To illustrate your expertise, show or send the client your best thought-leading work (in advance of the first meeting/conversation, if possible) • Be honest about capabilities and deliverables. (Say, “I’ll need to get back to you” if you don’t have the answer to a question.) • Follow through on commitments to send follow-up info (take notes during meetings and then review afterward) • Show the client you have thought about where you could be wrong • Treat everyone with respect (including the client’s assistant, receptionist, mailroom clerk, etc.)
<u>I</u> gnore distractions (external and internal)	<ul style="list-style-type: none"> • “Be in the moment” with the client by avoiding distractions such as emails, phone calls, texts, etc. (turn it all off or to “do not disturb” mode) • Ignore internal distractions, such as mentally preparing to pitch an idea before the client has finished explaining their perspective or asking a question • When possible, choose a location conducive to a conversation and potentially a presentation. (A “lunch meeting” isn’t as good as it sounds if it’s in a crowded restaurant.)
<u>C</u> ommunicate persuasively	<ul style="list-style-type: none"> • Use a comforting tone, timing, pace, and volume that will appeal to the client • Convey body language that shows you are interested in the conversation: <ul style="list-style-type: none"> ○ Good eye contact, posture, and facing the other person ○ Smiling ○ Energetic ○ No crossed arms or legs ○ No scanning smartphone ○ Avoid skepticism in facial expressions and tone ○ Lean forward to show interest • Use metaphors, stories, and analogies when conveying your views to help the client remember both you and your views • Link and build (i.e., start with one of the client’s strong views and build to yours) • Use visioning (i.e., vividly show how the future will look if your stock call plays out as expected) • Ask the client’s opinion on topics where it is warranted • Use these strategies, which can be found in the QRC “<i>Utilizing Weapons of Influence for Equity Research</i>” <ul style="list-style-type: none"> ○ Reciprocation ○ Commitment and consistency ○ Social proof ○ Liking ○ Authority ○ Scarcity

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Utilize the PRACTICE™ Framework to Influence Others

Step of PRACTICE™	Steps to Influence Others
<u>E</u> nsure needs are met (WIIFT)	<ul style="list-style-type: none">• Satisfy all reasonable direct requests ASAP (e.g., send them information they requested)• Offer to invite key clients to special events that may help in their areas of interest• Ensure clients are receiving the desired information on their respective universe in a desired manner (e.g., via email, voicemail, personal calls, etc.)• Proactively reach out to clients when new insights are found on topics of interest (keep a database of client needs) and seek new areas of need• Offer to conduct bespoke research on a topic of interest if it will also help your franchise

Detailed Reference Card (DRC)

Utilize the PRACTICE™ Framework to Influence Others

Exhibit 4: Influence Internal Portfolio Managers Using PRACTICE™

Step of PRACTICE™	Steps to Influence Others
<p>Prepare to influence (1 of 3):</p> <ul style="list-style-type: none"> Target the key decision makers 	<p>Target the PMs who likely have interest in the stock being discussed:</p> <ul style="list-style-type: none"> PM with authority to make final investment decision, responsible for a fund with an investment style suitable for the stock being recommended
<p>Prepare to influence (2 of 3):</p> <ul style="list-style-type: none"> “What’s in it for them?” (WIIFT) 	<p>Utilize internal colleagues to get these questions answered before your first conversation:</p> <ul style="list-style-type: none"> What is the PM’s mandate and style? Are there similar stocks currently in the portfolio? Has the stock been in the portfolio in the past – if so, why was it sold? Which portions of the portfolio have been performing the best/worst YTD or over the past 12 months?
<p>Prepare to influence (3 of 3):</p> <ul style="list-style-type: none"> Be self-aware of your strengths and weaknesses 	<p>Self-assess by honestly answering these questions (fix deficits where possible):</p> <ul style="list-style-type: none"> Are you an expert on the critical factors for this conversation? Do you have strong communication skills? Are you a good listener? (most people over-estimate their ability) Are you empathetic? Do you adapt well? Will you be credible to the PM?
<p>Rapport building</p>	<ul style="list-style-type: none"> Use every opportunity to get to know your firm’s PMs. The more you know, the faster you can influence. Show respect to the PM even if they ask basic questions about the sector or stock Compliment the PM on stocks that have performed well recently Listen attentively -- at all costs, do not interrupt – it shows a lack of respect and may convey an oversized ego. If PMs want to speak, let them do 95% of the talking – it’s all about them. Be confident (but not arrogant) by ensuring you know the topic when answering a question. (You are better to say “I’ll need to get back to you” when answering a question than to provide an incorrect answer.) Offer to do more than requested for the PM, such as following up on unanswered questions or scheduling a call with an information source (the “rule of reciprocity” may lead them to be more receptive to your future calls) Thank the PM for their time
<p>Ask about needs (WIIFT)</p>	<p>If you haven’t already learned the PM’s “WIIFT” during your research in the “Prepare” step above, start this step by discovering it. PMs are often motivated to speak with their analysts because they need to know if a recommended stock will:</p> <ul style="list-style-type: none"> Act very similar or different than stocks already in the portfolio Add or reduce exposure to key themes Outperform the other stocks in the sector Look like an intelligent choice to the fund’s clients Unexpectedly blow up

Utilize this framework in our workshop: [Generate Differentiated Insights Through Better Discovery, Questioning and Influencing](#)

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Step of PRACTICE™	Steps to Influence Others
<u>C</u> onform	<ul style="list-style-type: none"> • Think in their style of investing (if the PM manages a value fund, think “value” before starting a conversation) • Embrace “their ways” by showing interest in their investment performance (a great call or sector that’s doing well) • Match your presentation style with the PMs preference (formal vs. casual, cynical vs. open-minded, judicious vs. relaxed with time, loud vs. quiet, etc.) • Avoid using terms or jargon that the PM may not understand • If in-person, follow standards or customs expected by someone of their generation. (Even though you may not be required to wear a tie at work, you might want to have one on the day you meet with the PM.)
<u>T</u> rustworthy (build credibility)	<ul style="list-style-type: none"> • Research topics thoroughly before presenting to PMs. (They’re not looking for a guess or hunch but rather better information than can be found in the general marketplace.) • Be honest about capabilities and deliverables. (Say, “I’ll need to get back to you” if you don’t have the answer to a question.) • Follow through on commitments to get answers to questions (take notes during meetings and then review afterward) • Show the PM you have thought about where you could be wrong • Treat everyone with respect (including the PM’s assistant, receptionist, etc.)
<u>I</u> gnore distractions (external and internal)	<ul style="list-style-type: none"> • “Be in the moment” with the PM by avoiding distractions such as emails, phone calls, texts, etc. (turn it all off or to “do not disturb” mode) • Ignore internal distractions, such as mentally preparing to pitch an idea before the PM has finished addressing other concerns • If possible, choose a location conducive to a conversation and potentially a presentation. (The PM’s office is likely better than the trading floor or morning meeting room.)
<u>C</u> ommunicate persuasively	<ul style="list-style-type: none"> • Use a comforting tone, timing, pace, and volume that will appeal to the PM • Convey body language that shows you are interested in the conversation: <ul style="list-style-type: none"> ○ Good eye contact, posture, and facing the other person ○ Smiling ○ Energetic ○ No crossed arms or legs ○ No scanning smartphone ○ Avoid skepticism in facial expressions and tone ○ Lean forward to show interest • Use metaphors, stories, and analogies to help the PM remember your views • Link and build (i.e., start with one of the PM’s strong views and build to yours) • Use visioning (i.e., vividly show how the future will look if your stock call plays out as expected) • Ask the PM’s opinion on topics where it is warranted (e.g., “have you owned this stock in the past?”) • Use these strategies, which can be found in the QRC “<i>Utilizing Weapons of Influence for Equity Research</i>” <ul style="list-style-type: none"> ○ Reciprocation ○ Commitment and consistency ○ Social proof ○ Liking ○ Authority ○ Scarcity

Detailed Reference Card (DRC)

Utilize the PRACTICE™ Framework to Influence Others

Step of PRACTICE™	Steps to Influence Others
<u>E</u> nsure needs are met (WIIFT)	<ul style="list-style-type: none">• Satisfy all reasonable direct requests immediately (e.g., follow-up with answers to their questions)• Ensure PMs are receiving the desired information on their favorite stocks in a timely manner• Proactively reach out to PMs when new insights are found on topics of interest, including those that may not directly impact your universe of stocks. (Think of the PM's "big picture" rather than just your universe of stocks.)

Quick Reference Card (QRC)

Know Your Client to Yield Influence and Gain Votes

A primary goal for sell-side analysts is to obtain client votes, which occurs more quickly and sustainably when sell-side analysts know their buy-side client's needs and preferences. Great analysts conduct research to know where their clients stand on each of the dimensions below, even before their first meeting. They also keep an ongoing database with this information to ensure they are targeting their clients effectively.

Firm/fund characteristics:

- Mandate: Long only, hedge fund or special situations
- Cap size: Large, mid or small
- Region: Domestic/regional, international or global
- Market maturity: Developed, emerging, or frontier
- Investment style: Aggressive growth, growth, GARP, value (relative or deep), momentum, and yield
- Turnover: high, medium, or low
- Analyst roles: Single (or related) sector, multi-sector, or generalist
- Vote type provided and time of year: Formal or interpreted and quarterly vs. April

Analyst's preference for...

- Detail vs. big picture
- Bottom-up vs. top-down approach
- Long-term trends vs. short-term data points
- Quantitative/numerical vs. qualitative (if quantitative, is there a priority on top-line growth, earnings, cash flow, or balance sheet items?)
- A favorite/least favorite sector or stock
- Communications preference
 - Proactive vs. reactive
 - Live phone calls
 - Voicemail
 - Email
 - Instant messaging
- Research in office or field research that requires travel

Analyst's demeanor:

- Formal or casual
- Cynical or open-minded
- Quick-learn or meticulous
- Judicious or relaxed with time
- Extravert vs. introvert
- Loud vs. quiet

Quick Reference Card (QRC)

Utilizing Weapons of Influence for Equity Research

Use the weapons below to win over information sources

Weapons of influence* and their application to equity research	Use with information source	Use with PM (or client for sell-side)
Reciprocation: offer to do something for the individual in hopes of getting what you need in return	This can be used with an information source by offering to send them something they need or answering questions they have about the industry, their company or stock prices.	Sending a PM/client something they would likely find valuable even if they didn't ask for it.
Commitment and consistency: Asking for a small commitment on their part so they are more open to the next exchange	When speaking with a new information source, ask for something very small, such as "would it be okay if I call you in 2 weeks?" When you make that call in 2 weeks, start "I want to thank you for agreeing to let me call you today..." because it will reinforce with them that they agreed to this conversation.	Asking a PM/client "if I do some additional work in this area would it be of value to you?" When you return with the additional work, remind them, "Based on our previous conversation, I followed through with this additional research" because it will reinforce that they asked you for this.
Social proof: to get others to act, suggesting it's common practice or in high demand	This can be helpful if calling an information source who may not be sure if he/she can speak to financial analysts. Start by saying, "I speak with a number of industry experts like you, but I never ask directly about their companies because that's often prohibited." This serves two purposes. First, it builds the image in their mind that they are not the only person doing this. Secondly, it shows that you are staying ethical with your actions and looking out for their interests.	Highlighting to a PM/client "a number of other PMs/clients have been asking me about this issue" will likely influence them to look into your work more intensely.
Liking: Making an effort to get the person to like you	Try to connect with the person by seeking something of common interest, which often makes them like you. Asking about things like their children, holiday plans, hobbies, etc., will show you have interest in them and often lead to something that you can connect with. If you are good at telling stories or jokes and time allows, doing so will often help the person to like you more. Try to read the cues to ensure you're not wasting their time.	
Authority: Demonstrating you are the authority on a topic	Even though you don't have authority over information sources or PMs/clients, you can be considered an authority. Continually take the conversation to a place where you have knowledge that they want or need. This will strengthen their interest in staying engaged.	
Scarcity: Convey that access to you or your information sources may be limited	After you have developed a number of information sources that are superior to the rest, host a call or event (dinner at industry event) with them to show they are part of an exclusive club. This can be done as infrequently as twice a year, as long as it clearly reinforces that the information source needs to continue to be of help if they want to remain part of the group.	Try to limit your personal interactions to situations where you have high-value information so that they consider time with you very precious. If you are updating them on every insignificant detail, you will lose scarcity value and likely the ability to influence.

* The concept "Weapons of Influence" is from Robert Cialdini, author of *Influence: Science and Practice* as well as *Influence: The Psychology of Persuasion*.

Quick Reference Card (QRC)

Maximize Client Votes and Commissions Using the BREAD™ Framework

BREAD™ Framework for Maximizing Client Votes and Commissions



Build a marketing plan



Research investment controversies



Effectively communicate using ADViCE™



Assemble and prioritize client list



Develop client relationships with PRACTICE™

Build a Marketing Plan

- Identify the amount of time you can allocate to marketing vs. research and other activities
- Specifically identify how marketing time should be spent on the 10 most common marketing efforts (e.g., in-person meetings, phone calls, writing reports, etc.), including number of activities expected over each of the next four quarters (see our worksheet “Available Marketing Hours” which helps compute the specific metrics for the ten marketing efforts)
- Focus on client’s unmet needs by contacting 3-5 of the smartest clients in your sector(s) (might involve a salesperson providing an introduction) and ask for:
 - Topics not being researched
 - Competitor’s strengths (and weaknesses, if client is comfortable discussing)
 - Strengths missing among existing sell-side analysts
- Quantify how your management will measure your marketing success over the next year (e.g., client votes, salesforce votes, external poll votes) and review performance against these measures. Allocate marketing time only to clients that will improve your measures with management.

Research Investment Controversies

- Put your universe of stocks into the categories below. Cover the minimal number of stocks in the first category required to be relevant to clients while minimizing the number of stocks in the last category altogether (don’t bite off too much when new because clients want unique insights more than broad coverage from a new analyst):
 - Required for most buy-side conversations
 - Likely to be of buy-side interest
 - Not likely to draw wide buy-side interest
- Identify the critical factors for your universe (usually 1-4 per stock), especially for stocks in the first two categories above (see DRC, “Identify a Stock’s Critical Factors” for more details).

Quick Reference Card (QRC)

Maximize Client Votes and Commissions Using the BREAD™ Framework

- Develop unique insights about those factors most likely to move your stocks (see DRC, “Generating Sustainable Sources of Insight with ASPIRE™ Framework” for more details). Stay laser-focused on this list, and don’t waste time on any issues off this list.
- Before starting to market to clients, ensure your research is high quality (see QRC, “Utilize ENTER™ Quality Checklist Before Recommending Stocks” for more details)

Effectively Communicate Using ADViCE™

- Utilize our ADViCE™ framework when communicating your message (see QRC, “10 Questions to Ask Before Communicating a Stock Call” and QRC, “Utilize ADViCE™ Template to Maximize Message Delivery Impact”)
- Direct your initial communications efforts to winning over your salesforce
- Optimize the right balance among the seven communication channels (see our communications framework) to communicate effectively with clients (strive to achieve the metrics in step 1 of the BREAD™ framework)
- Build a marketing handout that showcases your unique insights (see our QRC, “Best Practices for Creating Marketing Handouts”)

Assemble and Prioritize Client List

- Identify the type of client vote that maximizes the method your firm uses for evaluating your performance (e.g., considered “Tier 1” by firm, among top Institutional Investor voters). Create a list of the top 100 holders of your stocks using this method. Tools that can be helpful include:
 - FactSet: run “Ownership” report (best method because it has fund-level detail)
 - Bloomberg: use “HDSM” function
- Determine if the stocks in your universe appeal to more than one investor style (e.g., large cap, small cap, value, GARP, growth, etc.). Contact salespeople to identify the primary contact(s) at each firm (there may be more than one if you cover different investor styles)
- Create a list of the top 50 contacts for each investor style (if you cover more than one style, the lists will likely have overlap). The goal is to make outgoing calls to the top 50 clients on days when you speak on your morning call about a stock within their interest. If you are new to a sector:
 - Start with a more realistic list (10-15) and grow it from there
 - Start by calling the clients on the list that will help build your confidence around the pitch, which will help when making calls to less familiar clients
- Accept inbound calls from any clients on the “Top 50” list and, depending on your firm policy, also from the next 50 (from our top 100 list above). Avoid taking calls from clients not on your Top 100 list (do not make outgoing calls to them).

Develop Client Relationships with PRACTICE™

- Utilize our PRACTICE™ influencing framework to develop and strengthen client relationships (see Exhibit 3 of DRC, “Utilize PRACTICE™ Framework to Influence Others”)
- Know your client’s (see QRC, “Know Your Client to Yield Influence and Gain Votes”)
 - Fund/firm characteristics
 - Preference for research
 - Demeanor