

Chapter 26

Special Considerations for the Most Important Delivery Channels

This chapter builds on the communication message principles discussed in Chapter 25 by providing specific considerations for the most common types of stock communications, specifically:

- In-person conversations, presentations, and telephone calls
- PowerPoint presentations
- Marketing handouts
- Voicemails
- E-mails and text messages
- Research reports

Conveying Research Insights via In-Person Conversations, Presentations, and Telephone Calls

Most stock-based communication contains an element of influencing. Specifically, the analyst generating the stock idea wants the recipient to act on the idea and then reward the analyst for the idea. The most

personal forms of communication, such as in-person conversations, presentations, and phone calls, offer a better opportunity to influence others than less personal forms of communication, such as e-mails, voicemails, and reports. In addition to building trust, which is critical to the influencing process, being live also allows the other person to ask questions. Keep in mind that this two-way street can only be achieved if the analyst is a good, active listener. When meeting others or making presentations to a small group, especially with people you meet infrequently, analysts should identify the following from the participants:

- Determine what they would like to get from the interaction (preferably beforehand, but at the beginning is acceptable).
- Periodically ask if they have any questions.
- If there are only one or two participants, ask about their background or current situation (e.g., what's your role, how's your performance, how's your firm?).

For relationship building, make sure to keep track of their responses, either mentally or in a database. If they show concern about XYZ's margin erosion, make sure to bring this up next time you're discussing the stock with them. And it doesn't end with just the professional stuff; if they tell you they're about to have a baby, make sure to ask about the baby the next time you speak with them. It helps to build a stronger bond.

If it's an important interaction and you don't know the participants very well, prepare by getting information about them so you can better convey empathy for their position or concerns. When sell-side analysts are asked to call or visit a client, they should always first have a dialogue with the client's salesperson to identify key concerns or work styles. This helps the analyst understand the needs of the client.

It's easier to influence if you start with their position and build toward yours. For example, start a meeting by asking for the portfolio manager's view on the economy. Based on the reply, begin to pitch stocks that will play well. (I'm not suggesting changing your views to meet those of the PM's.)

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