Collaboration and Learning Between IR and PR

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A decade ago, most big companies didn’t have investor relations professionals, and if they had an employee that was responsible for financial communication, that person was typically a manager working in public relations. These days, practically every big company doesn’t only have an investor relations director, but an entire department dedicated to investor relations. Additionally, in many cases, this investor relations department reports directly to the chief financial officer, not to any executive in the public relations department. However, many PR executives believe that investor relations should be a part of their responsibilities since they tend to manage the relationship that companies have with the general public, which means that shareholder relationships fall under that umbrella.

IR and PR

Among all the different operational challenges that most companies have to face, communication is one of the most important elements in terms of its contribution to the value of a business. The communication activities of every company fall both on public relations and investor relations departments. However, for many years, despite their similarities, these two departments have had limited communication. For some of the top brands and corporations, each piece of communication should be aligned, coordinated, and consistent. Those communications include internal, corporate, and customer, along with investor and public relations. When companies are able to align their communication strategies, they will generate better visibility with the target audience, a higher market cap, and an increase in sales.

Collaboration

If investor relations and public relations departments don’t collaborate, companies risk damaging their reputation and leaving a notable amount of shareholder value aside. Companies can’t separate the impact of an article about them that was published in a notable outlet from the impact of reports done on that brand by an analyst. That’s why investor relations and public relations departments have to be coordinated. This is because businesses shouldn’t tell outlets, the public, and analysts different things.

Learning

One of the common misconceptions about investor relations departments is that PR professionals don’t have the necessary understanding of the financial aspect of managing a company and that they, therefore, aren’t qualified for investor relations departments. However, customers, investors, and other stakeholders don’t have the distinction that companies have regarding PR and IR departments. That distinction is based on their individual tasks and functions when they’re looking for information or a perspective on a brand. That’s why it’s important for companies to ensure that both PR and IR departments understand where they intersect, what the target audience is looking for, and what can influence the perceptions of the target audience. Aside from understanding each other, both departments should also be looking to learn from one another. For instance, public relations professionals can learn from investor relations professionals about how to give investors information on a company, including its long-term vision, work culture, and core values. On the other hand, investor relations professionals can learn about storytelling that can influence awareness or closeness with other stakeholders or shareholders.

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