



The Ultimate Guide to Earnings: 10 Best Practices

Q4

When it comes to cultivating investor interest and influencing your shareholder base, all roads lead to earnings. Arguably, quarterly earnings present your best shot at making a strong impression on the Street and framing expectations for investors. Each quarter offers a new opportunity to communicate your company's performance and track record, reinforce forward looking strategies, and address the investment community's concerns.

From constructing a story to drafting the press release, scripting the call, and preparing for Q&As, there are more than a few industry best practices that can help position you and your team for a successful earnings.

Here are 10 tips to help guide you:



1 Control the narrative

According to an [IR Insights Report from IR Magazine](#), 88% of IROs said that building strong relationships with investors and analysts is the most critical factor for successful IR. Between the close of the quarter and your quarterly report, it's good practice to incorporate feedback from key analysts and investors into your earnings messaging.

Consider your most critical buy and sell-side conversations. Conduct an online survey with analysts and investors about topics they most want covered. Actively monitor major media headlines and follow industry trends, to identify stakeholder interests and determine what specific topics should be addressed.

Understand how your earnings data fits into the context of the broader industry. Analyze peer quarterly results, earnings call transcripts, and Q&As. Knowing how your peers position themselves on key issues will also help you differentiate your company.

Highlight your company's strengths and points of differentiation. Anticipate how analysts and the media will interpret what they hear on the earnings call. One approach is to imagine 3-5 specific headlines you'd want to see reported in post-call coverage. Then work to seamlessly integrate these messages into all communications to better control, or influence, the narrative.



2

Be consistent, confident, and authentic

It's all about framing the strongest and most reliable impressions with the Street. That not only means the information you provide, but also how you present it — from messaging to tone of voice.

Build trust and credibility. Your key messages should be consistently woven across every quarterly earnings communication. If you're revisiting previous earnings themes, make sure your current messaging is in agreement with what you've said in the past. And release your earnings at the same time every quarter, so analysts and media know when to expect your results.

Be clear, confident, and forward-looking. When it comes to presenting your financial data and conveying the state of your company, illuminate your company's strengths within the framework of your quarterly numbers. This means creating a focused story, with a release that's rich in content and a script with clear and concise messaging that supports the future vision you are trying to convey.

Use a voice that's always authentic and true to your brand. Ultimately, management teams inspire the most trust when they're sincere and direct. While not every quarter can be a winner, be realistic about your statement both retrospectively and looking ahead. After all, it's the longer-term value appreciation that means the most — not the day-to-day volatility. And don't be afraid to inject some of your brand's personality into the messaging.

SONOS

Sonos stayed authentic to their brand by playing the song “No Sleep till Brooklyn” by the Beastie Boys at the beginning of their first earnings call in 2018. This helped to signify the team's relentless drive in bringing the brand to the public markets. According to their Director of Corporate Finance, Daniel Welch, “the song represented the countless sleepless nights and determination behind the design and build of Sonos' first product - from a napkin sketch, to a fully functional home audio system that would change the way audio is experienced in the home.”



3 Bring your results to life with visuals

While the numbers are the focal point, strong visuals can help catch and hold the attention of your audience. Bring your story to life with visual assets that clarify, simplify, summarize, and/or highlight key information. Video can also be a great way to showcase management personalities and personalize your message.

Use graphics to present your company's financial health. For both financial and non-financial readers alike, financial tables are a critical part of the earnings release. It's important to visually present your performance and financial trends, with immediate access to supporting material. Using infographics can make your financial news more accessible and easier to digest, while sharing slides and video clips of your call's biggest talking points are effective ways to attract attention after the call.

Hold the attention of your audience and communicate transitions. Guide and engage your audience, using 10-15 core slides that outline your key points and takeaways. For each presenter, create a lead-in that summarizes what he/she will address.

4 Be transparent and look to the future

Every industry has its own key metrics to add colour to earnings results. Market drivers, accounting, and timing, can all significantly impact the big picture. Increasing transparency enables you to answer questions that investors are asking, instead of waiting for an analyst to answer it for you.

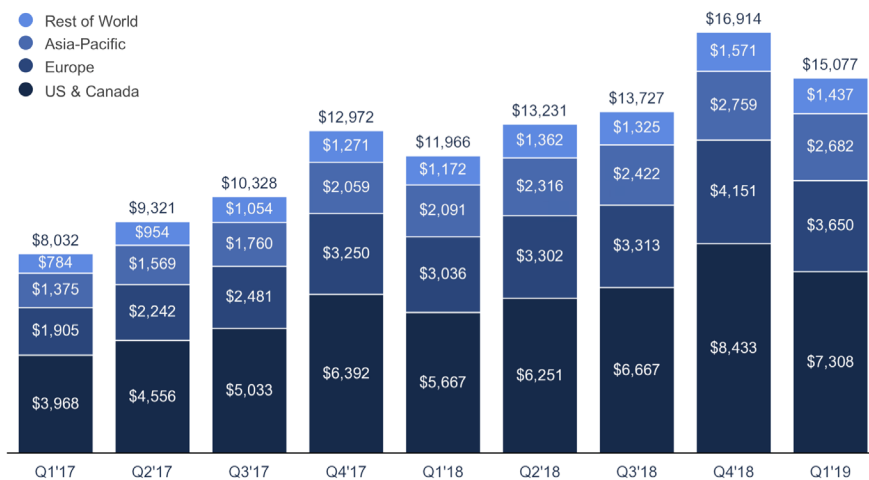
Give investors a deeper look into the financials. This kind of transparency fuels a more focused discussion and also helps reduce "clarifying" questions that take up a lot of Q&A time. One example might be illuminating growth opportunities, by providing a table with historical volume and price movements by region.

Clearly contextualize financial results and their business drivers. Focus on notable growth drivers with segment details, including business models and end market exposure, and be sure to incorporate forward-looking color on what's driving trends. Show that your management is on the pulse of investor sentiment and concerns, using a tone that's balanced and approachable (never defensive).

Revenue by User Geography

In Millions

- Rest of World
- Asia-Pacific
- Europe
- US & Canada



Present your year-to-year (or quarter-to-quarter) performance and financial trends in a more visual format

5

Make an impact with concise and consumable information

Wall Street's most precious asset isn't capital — it's time. Make it as easy, clear, and concise as possible for investors, analysts, and journalists to find information, understand your story, and interpret (and compare) your results.

Make it as easy as possible for readers to find key content. Help media and investors scan your press release for priority news, by showing key performance metrics, and the drivers behind them, with bullet points and bolded headings. Structure your release with clear titles and concise performance overviews, and use hyperlinks so readers can go directly to downloadable presentations, management bios, and product pages.

Stay relevant and concise in all earnings communications. Not only does this increase the impact of your message, but it also allows more time for audience participation and Q&As. Wrap up earnings on a high note, ending the call with a CEO-delivered summary of essential investment highlights.

6

Tailor communications to primary and secondary audiences

While the numbers will always lead communications to the Street, secondary audiences may become unintentional spokespeople for your organization. In addition to focusing on your shareholders and analysts, IR professionals should consider other stakeholders, such as employees, customers, and board members when crafting your key messages.

Consider what information is most relevant to various audiences. Of course, your quarterly press release, script, and slides are targeted toward analysts and investors, but earnings can also be an opportunity to engage with other audiences on the state of your business. Consider tailoring communications to each audience segment, highlighting what's most significant and specifically speaks to them.

Inform your audiences with messages you want them to share. Keep in mind that some individuals may not fully understand the financials, so provide a little context around how your results actually impact them.



20%

of all **price movement** is attributable not to the financials, but to what's been said in those corporate communications.



7 Optimize the impact of your earnings release

Maximizing the visibility and engagement of your earnings release is critical to standing out during peak earnings periods. To differentiate your earnings release in a crowded communications space, the experts at Business Wire recommend a few key best practices:

Present a story that's easy to understand. Journalists, analysts, and investors are looking for industry-specific information. They need to be able to compare results quickly. A well-organized release helps newsrooms meet tight deadlines and your audiences quickly understand the story. Use clear language, bullet points near the top of the release, and newest numbers in the left-most column. Include clear tables and layout information in an intuitive, easy-to-understand way.

Lead with your release. While visuals and multimedia elements are certainly recommended, be sure to include all relevant information in the release, rather than in supplementary

material or on a website. Doing so will ensure the right audiences see the right information about your company. Don't hide important pieces of information in your conference call either. Include them in your press release to increase the likelihood of reaching your target audience.

Be clear about changes. If your company needs to make changes to the way figures are reported, or the information that is shared, telegraph changes through a separate news release when the decision is made, or by reaching out to journalists and analysts ahead of the busy earnings period. Walk journalists and investors through the changes and the reasons behind those changes.

Make your headline work harder. For many companies, an "X company releases 3Q earnings for 2020" headline structure won't generate enough interest — and that equates to a lost opportunity for increasing the potential audience. 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. Include keywords in your headline that describe your company's industry and indicate the direction that the earnings reveal.

Stay true to your tone and message. On average, 20% of all price movement is attributable not to the financials, but to what's been said in those corporate communications. With the rise of Natural Language Processing (NLP) to analyze corporate communications, the focus on language is becoming more precise. NLP systems look for inconsistencies in language or tone, and what those changes might mean, positively or negatively. Avoid unintentional shifts in tone by strategically speaking with one voice and central theme, and conveying the same messages and data points consistently.

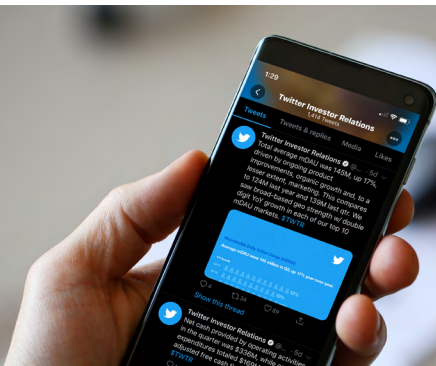
[Click here](#) for more earnings release best practices from Business Wire.

For IR teams, the investor website and social media channels are essential platforms for spreading the word about earnings results. According to [Brunswick's 2019 Digital Investor Survey](#), 98% of investors use digital sources to conduct research, and 88% are making decisions based on information they have learned online. Of all the IR trends we witnessed in 2019, the surge in social media use was among the most notable. [Recent research](#) shows that three quarters of FTSE 100-listed companies are now using social media for results reporting, and have a combined following of more than 37 million people.

Showcase your earnings story on your IR website.

Create a dedicated earnings section on your site that's comprehensive, including your press release, webcast, earnings deck, and call transcript. On earnings day, feature a pop-up alert on the homepage, with one-click access to the webcast.

Don't forget about social media. Using social media to announce key compliance information can help spread your story. Along with distributing its earnings release over a commercial newswire, Twitter itself uses a variety of social channels to amplify reach and engagement. Following the call itself, consider sharing short video clips of the biggest talking points.



98%

of investors use digital sources to conduct research.



Electronic Arts Inc. features all earnings materials on its website to make it easy for investors and analysts to find, including past earnings and related information. Senior Manager of Investor Relations, Erin Rheaume, explains “when you look at our recent quarter within the context of past earnings, it’s so logically laid out. You see everything you need at a glance.” For investors, “going back and looking at the numbers over the past few quarters is really helpful.”

	2019	2018
Earnings Release	Q1 Q2 Q3 Q4	Q1 Q2 Q3 Q4
Prepared Remarks	Q1 Q2 Q3 Q4	Q1 Q2 Q3 Q4
Earnings Slides	Q1 Q2 Q3 Q4	Q1 Q2 Q3 Q4
Webcast	Q1 Q2 Q3 Q4	Q1 Q2 Q3 Q4
Financial Model	Q1 Q2 Q3 Q4	Q1 Q2 Q3 Q4
Transcript	Q1 Q2 Q3 Q4	Q1 Q2 Q3 Q4
SEC Filings	Q1 Q2 Q3 Q4	Q1 Q2 Q3 Q4

9 Do your homework for Q&As

Q&As are a critical part of the earnings call. But there's not much room for "winging it." If a CEO sounds inarticulate or flustered, investors and analysts could interpret it as insufficient business knowledge or a deeper concern about the business. This is becoming more and more apparent with the influx of AI tools, used by investors to monitor voice and body language during earnings calls and investor presentations.

It's essential to try to anticipate questions, *especially* the most difficult ones.

Dedicate as much time as possible to identifying key questions and crafting "the best" answers. It goes without saying that you'll want to provide your management with key talking points and metrics to address any analyst question. It's critical to have clear, straightforward answers lined-up, and be able to succinctly explain the context behind strategic changes and initiatives.

Monitor Wall Street research and the priority issues for analysts and investors. Take conversations with the Street and questions from relevant past calls into consideration. You might also want to survey participating analysts ahead of the call and review their prior reports and forecasts. Look to commonly asked questions tied to sell-side and buy-side analyst models, along with questions that your peers were asked on their calls.

Prepare your executives for the most difficult questions. It may not be your favorite aspect of quarterly earnings prep, but just because you'd rather not answer a particular question, doesn't mean you won't get it on the call.

"Build a roadmap for all of your stakeholders, share it with them, and don't forget to test for success."



Matt Van Tassel,
Manager of Global
Disclosure Services
at Business Wire

10 Be proactive about follow-up and measure success both externally and internally

It's important to be strategic and proactive about earnings call follow-up. Check-in with sell-side analysts immediately after the call, to make sure they understand what your company has put forward. You might also consider a short survey with top holders to get feedback.

Gathering feedback after the call, both internally and externally, will help you better prepare for your next earnings. Matt Van Tassel, Manager of Global Disclosure Services at Business Wire advises IR professionals to "build a roadmap for all of your stakeholders, share it with them, and don't forget to test for success."

Frame the story with key earnings takeaways. Send out a post-earnings email with key takeaways to covering analysts and key shareholders, along with your release, call transcript, slide deck, and a link to the webcast and transcript. Take the initiative and reach out to priority audiences, personally answering questions and scheduling executive follow-up calls. Organize all of your earnings documents in a central hub on your IR site, so it's highly visible and easy to access after the call.

Examine covering analyst research, outlook, and any sentiment changes from the Street. Conduct a sentiment survey — a quick pulse check with top holders, to get feedback on how much the message resonated and if it was effectively communicated. Are they saying what you wanted them to say? How well were your key messages received and pulled through in the resulting coverage? If your investor community is active on social, consider monitoring IR social channels to gauge response and tone after the call.

Assess if your management team was effectively prepared on the call. Were they expecting the right questions? Were there any surprises? Taking a hard look at what worked (and what didn't) will make your next earnings all the more effective.

Interested in learning how other companies have optimized their processes to create stress-free earnings?
[Read our Sonos Case Study.](#)



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Q4 is a leading global provider of cloud-based investor relations, with the mission of partnering with customers to achieve their strategic IR objectives. With best-in-class customer experience and an innovative suite of IR technology, Q4 is a trusted partner to over 1,200 of the world's largest brands. With our comprehensive portfolio of IR communications and intelligence solutions, supported by an industry-leading customer experience model, we empower our customers to build impactful and strategic IR programs. Q4 has offices in New York, Toronto, Copenhagen, and London. To learn more, visit: www.q4inc.com.

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