

The letters 'IR' in a bold, dark blue, sans-serif font, positioned inside a white square.

Research
Report

magazine

Small & Mid-cap IR

An analysis of the differences in IR practice and IRO views at companies with less than \$1 bn market cap and less than \$5 bn market cap, in comparison to the practices and views found at larger companies

Introduction

Much of how IR professionals go about their role depends on the size of the company they work for. Company size can determine the resources they have at their disposal, their interaction with investors and the wider capital markets, their job function, objectives and the involvement of senior management.

Due to their size, large and mega-cap companies – those with a market cap above \$5 bn – tend to command most of the attention when discussing IR. But there are many more publicly listed companies below this threshold and their approach to investor relations may differ.

This report looks at a number of IR issues by company size with particular attention being paid to small-cap and mid-cap companies. We examine IR resources and the role of IROs, engagement with investors and senior management, the priorities of IROs, use of external services and attitudes to corporate involvement in social issues.

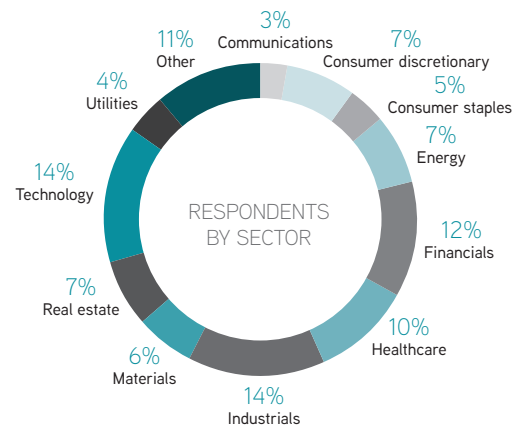
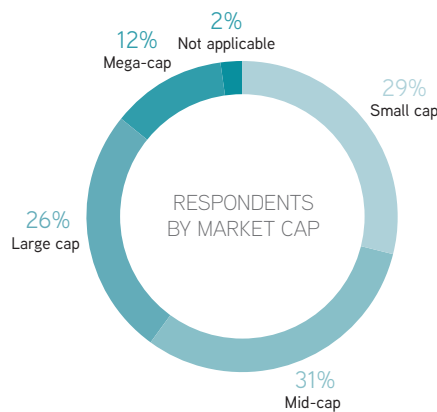
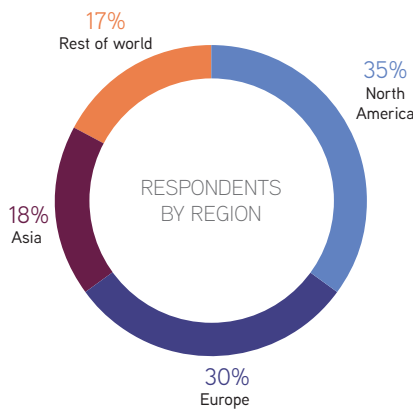
The data analyzed in this report is taken from IR Magazine research over the past 18 months. Some findings here have already featured in previous IR Magazine reports, such as the Global IR Practice Report 2022 and the Investor Events report. Other data has been taken straight from the latest

rounds of the IR Magazine Global IR Survey held between Q1 2022 and Q1 2023. Any data taken from these surveys is the most recent available data on this subject.

For the purposes of this report, market cap sizes are defined as:

SMALL CAP	<\$1 BN
MID-CAP	\$1 BN-\$5 BN
LARGE CAP	\$5 BN-\$30 BN
MEGA-CAP	>\$30 BN

Total number of respondents: 1,763



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Key findings

- IR teams at larger companies typically have more than double the IR budget of small and mid-cap IR teams.
- From small to large cap, each increase in cap size sees an increase in team size of just over 33 percent.
- The median salary for both small and mid-cap IROs is one pay bracket lower than for large/mega-cap IROs.
- The number of IR team members with no additional responsibilities outside of IR increases with company size.
- From small to mega-cap, the real-term rise in the number of investor meetings increases with each cap size.
- The key difference in the number of investor conferences attended is between small-cap and mid-cap companies.
- More than a third of small-cap IR teams report directly to their CEO, compared with 18 percent at mid-cap, 7 percent at large cap and 8 percent of mega-cap IR teams.
- There is little difference according to company size in the amount of time senior management spends on IR.
- Senior managers at small-cap companies typically attend approaching two thirds of all their meetings with investors, compared with 53 percent at mid-cap companies, 41 percent at large caps and just under three in 10 mega-cap firms.
- Both small and mid-cap IROs place greater importance on increased research coverage than do large or mega-cap IROs.
- As company size rises from small to mega-cap, there are more than five extra analysts covering them for each cap size.
- It is less common for small-cap companies to outsource proxy solicitation than for other companies, and notably more common for them to use outside services for their IR websites.
- Small-cap IR teams are less likely than teams at other cap sizes to receive questions from investors on women's rights and racial discrimination.
- Half of all IROs at small caps and just under half of IR professionals at mid-cap companies agree that companies should focus on their core mission and only comment on issues that directly affect that mission.

IR budget

Figures from the 2022 Global IR Practice Report show IR budget increasing with cap size, from a small-cap average of \$210,000 to \$529,000 among mega-cap companies. This rise in IR budget with company size is not regular as cap size increases.

For companies below \$5 bn in market cap there is a slight rise in average IR budgets from \$210,000 at small cap to \$232,000 at mid-cap, an increase of just over 10 percent. Average IR budgets rise 18

percent between large cap and mega-cap. But the biggest difference in IR budgets comes between companies with less than \$5 bn in market cap and companies with a higher market cap. From mid-cap to large-cap, IR budgets jump from \$232,000 to \$448,000, an increase of more than 93 percent. This essentially means IR teams at larger companies will typically have more than double the IR budget of small and mid-cap IR teams.

Budget

Small cap



Mid-cap



Large cap



Mega-cap



IR team size

Average IR team size ranges from 1.7 members at small-cap IR teams to 5.6 at mega-cap, meaning mega-cap teams are typically more than three times the size of those at small-cap companies. The big difference, however, is between large cap and mega-cap IR teams, where there is a jump in the average size from 3.1 to 5.6, an increase of more than 80 percent.

From small to large cap, team sizes rise more regularly: each increase in cap size sees an increase in team size of just over 33 percent. This means the average mid-cap investor relations team size is roughly halfway between those found at small caps and those of large-cap companies.

Team size (people)

Small cap



Mid-cap



Large cap



Mega-cap



Salary

With IR budgets at bigger firms typically more than twice those found at smaller companies and with team sizes increasing with market cap, does this mean team members at larger companies get paid more? The simple answer is yes.

Analyzing data from the last IR Magazine Global IR Survey we can establish the median salary ranges for both IR heads and IROs. The median salary for heads of IR at small-cap companies is in the \$150,000 to \$199,999 range. For mid-cap IR heads, the median pay

is \$200,000, with as many earning above as below this figure. For IR heads at larger companies the median salary falls in the \$200,000 to \$249,999 range.

There is a similar story for other IR professionals: the median salary for both small-cap and mid-cap IROs falls between \$75,000 and \$99,999. For IROs at larger companies the median average salary is one pay bracket higher, falling between \$100,000 and \$149,999.

Median salary range

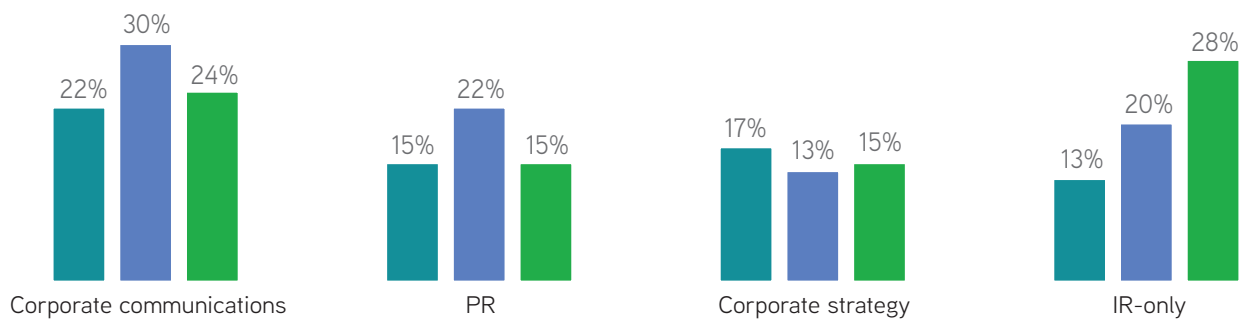


Responsibilities & role before IR

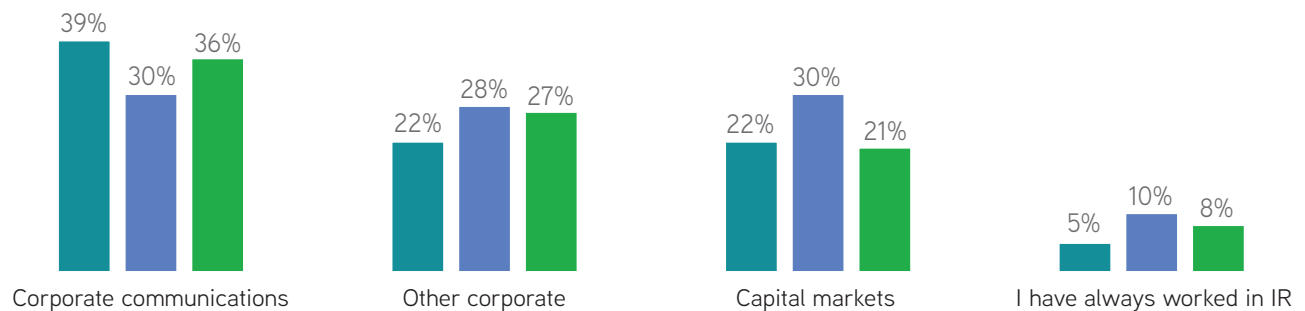
When analyzing data from the last global IR survey on the additional responsibilities IROs have, it is clear that more IROs at mid-cap companies have additional corporate communications and PR responsibilities, while marginally more small-cap IROs have responsibility for corporate strategy. The number of team members with no additional responsibilities outside of IR increases with company size.

More small-cap and fewer mid-cap IROs have a background in corporate communications, while fewer small-cap IROs have a background in other corporate roles. A higher number of mid-cap IROs come from a capital markets background.

Additional responsibilities



Role before IR



Investor meetings

According to the 2022 Global IR Practice Report, the average number of in-person and virtual investor meetings held in the 12 months from Q3 2021 to Q3 2022 ranges from 69 at small caps to 232 among mega-cap companies.

The real-term rise in the number of investor meetings increases with each cap size. Mid-cap companies held an average of 107 meetings with investors in this time, an increase of 38 on the 69

meetings held by small caps. This number jumps a further 47 meetings for large caps and then a further 78 to the 232 investor meetings held by mega-cap companies.

The 38 extra meetings from small to mid-cap represents an increase of 55 percent. This drops to a 44 percent increase from mid-cap to large cap and back up to a 51 percent increase between large cap and mega-cap.

Investor meetings

Small cap

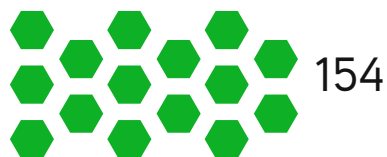


10 meetings

Mid-cap



Large cap



Mega-cap



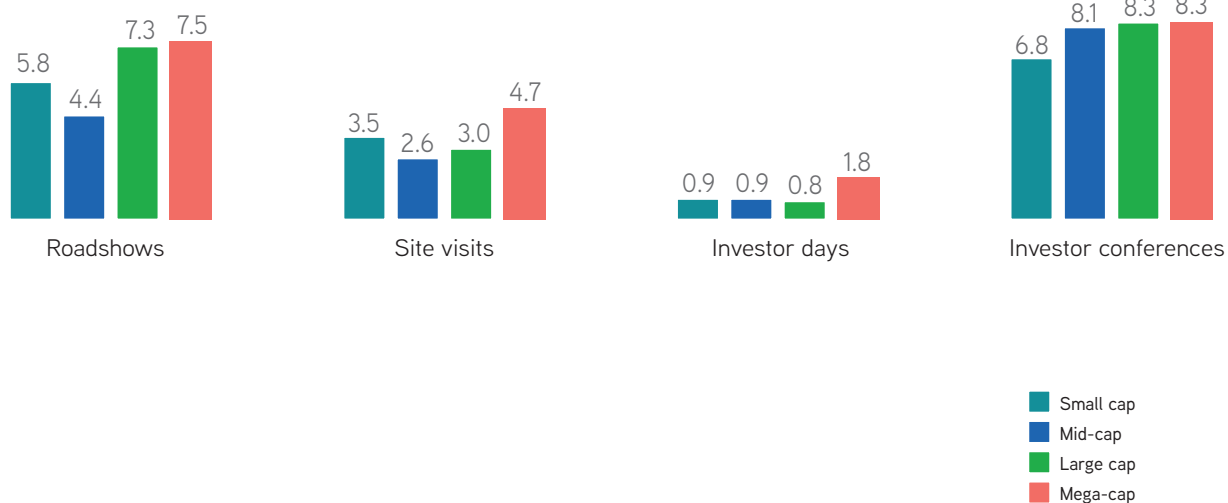
Investor events

According to this year's IR Magazine Investor Events report, the number of in-person and virtual roadshows held in the second half of 2022 actually fell between small-cap and mid-cap companies. The main difference is between the number of roadshows held by companies above \$5 bn in market cap and the smaller companies below this threshold.

The average number of site visits and investor days both increase significantly from large cap to mega-cap but vary less in number

between small cap and large cap. The key difference in investor conferences attended is between companies below and above \$1 bn in market cap. From mid-cap to mega-cap the average number of investor events attended in the second half of 2022 was more than eight. The falls to 6.8 for small-cap companies.

Investor events



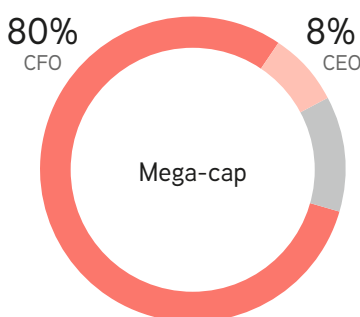
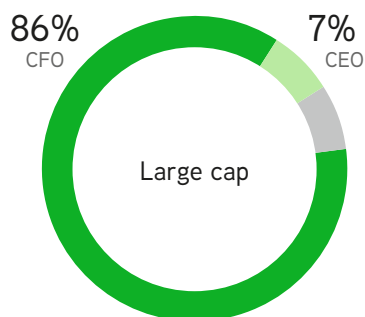
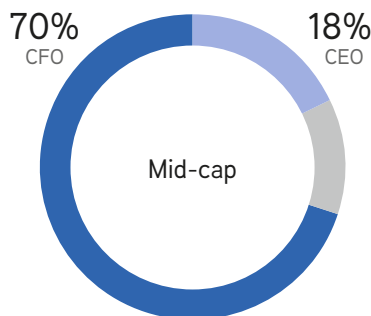
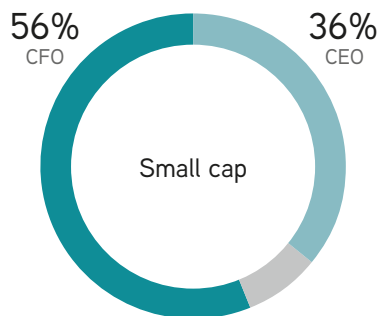
Reporting structure

When it comes to the reporting structure for IR teams, those at small and mid-cap companies are more likely to report directly to the CEO and less likely to report directly to the CFO than large-cap and mega-cap IR teams.

The key difference is found in the reporting structure of IR teams at small-cap companies. While IR teams at every cap size are

more likely to report to the CFO than the CEO, just 56 percent of small-cap teams report directly to their CFO, compared with seven in 10 mid-cap teams and more than eight in 10 large and mega-cap teams. Furthermore, 36 percent of small-cap IR teams report directly to their CEO, compared with 18 percent at mid-caps, 7 percent at large caps and 8 percent of mega-cap IR teams.

Reporting to senior management



Senior management time spent on IR

There is little difference according to company size in the amount of time senior management spends on IR. The average number of days spent in the 12 months from Q3 2021 to Q3 2022 varies from 42 days spent by mid-cap senior management to the 46 days spent by large-cap senior management teams.

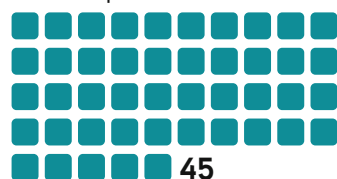
There is no great variation in the average number of meetings senior management attended in this time, rising gradually from 45

meetings attended by small-cap management to 67 by mega-cap management. This includes a rise of more than 26 percent from small cap to mid-cap and 13 percent from mid-cap to large cap.

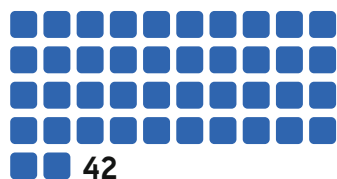
Senior managers at small-cap companies typically attend approaching two thirds of all their meetings with investors. This falls to 53 percent among mid-cap firms, 41 percent at large caps and down to just under three in 10 at mega-cap companies.

Senior management IR days

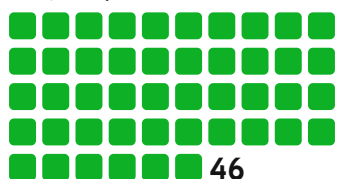
Small cap



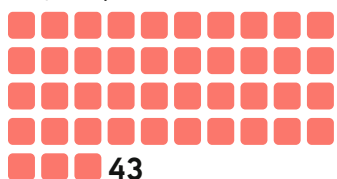
Mid-cap



Large cap

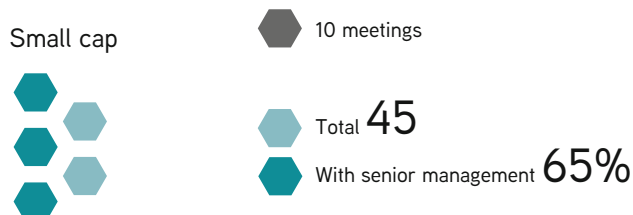


Mega-cap

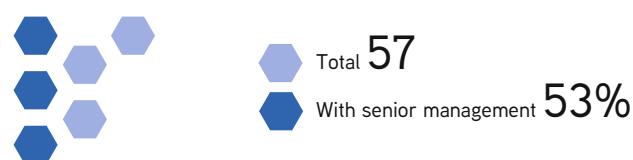


Investor meetings with senior management

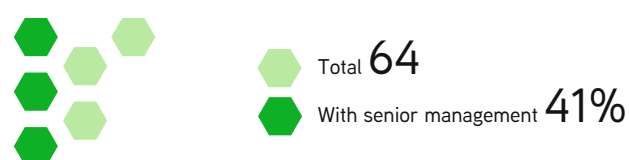
Small cap



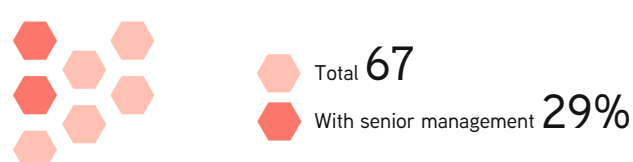
Mid-cap



Large cap



Mega-cap



IR objectives

At the end of last year, IROs were asked to rank the primary objectives for their IR program from a list of nine potential categories. For large and mega-cap IROs, enhancing engagement with existing shareholders and targeting new investors were the joint highest-ranked objectives, with 73 percent of respondents mentioning them in their top three. Small and mid-cap IROs prioritized targeting new investors, with 83 percent of small-cap IROs ranking this issue in their top three objectives.

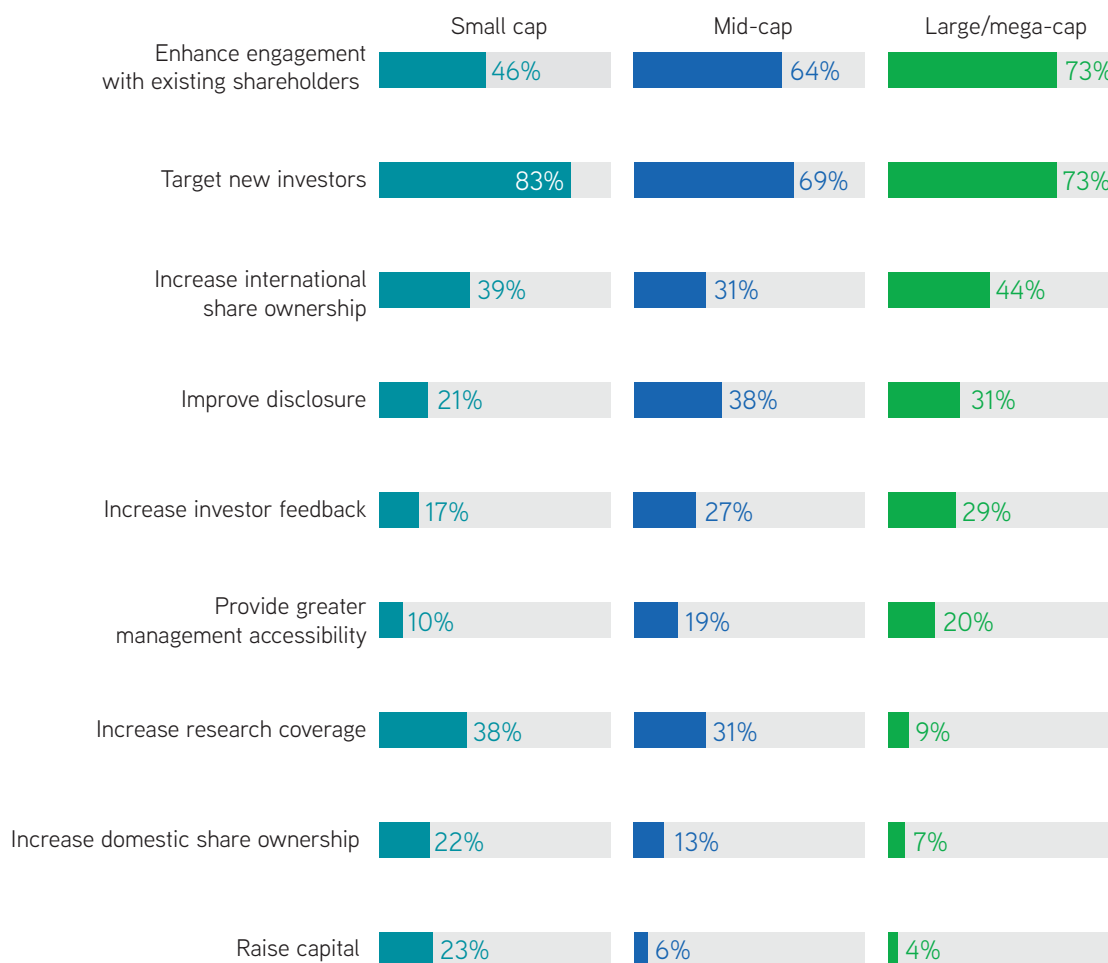
Improving disclosure is a higher objective for mid-cap IROs,

while small-cap IROs are less concerned with increasing investor feedback and improving management accessibility than are IROs at other company sizes.

Both small and mid-cap IROs place greater importance on increased research coverage than large or mega-cap IROs. The importance of increasing domestic share ownership falls as company size increases, while raising capital is an objective for a fair proportion of small-cap IROs but for scarcely any IROs from mid-cap to mega-cap.

Primary objectives of IR program

Top three ranked

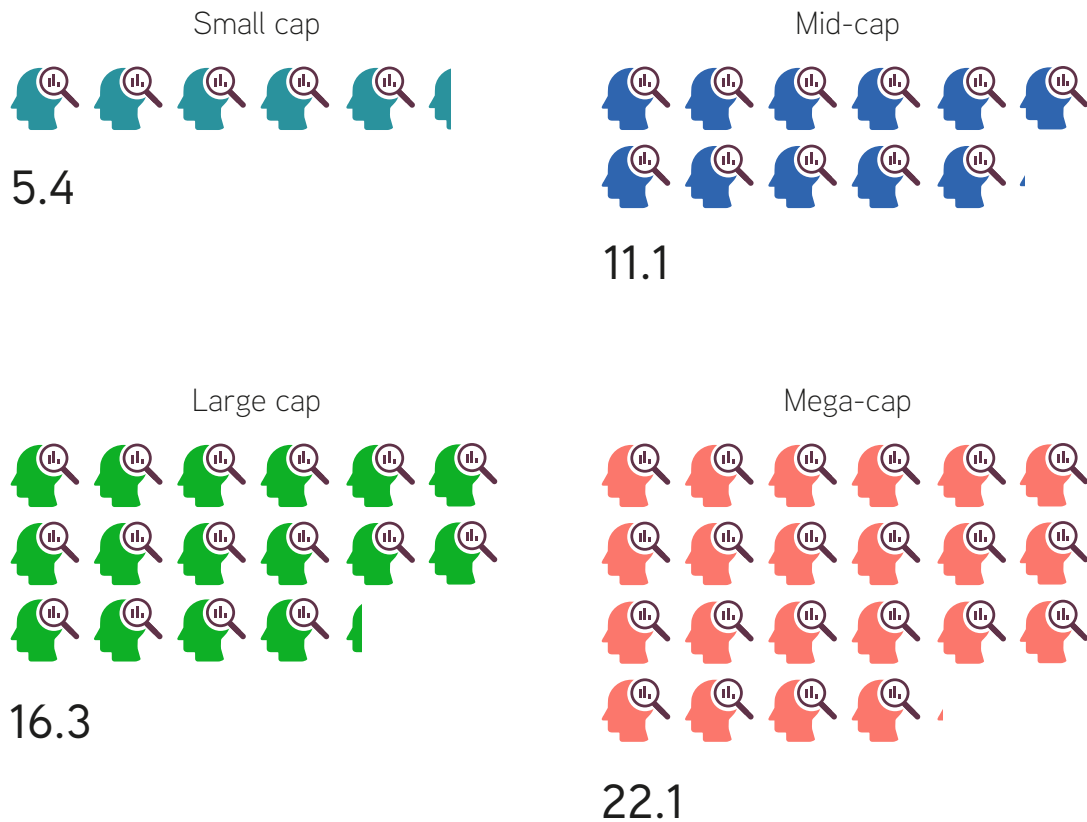


Analyst coverage

The reason small and mid-cap IROs prioritize increasing research coverage is likely due to the difference in analyst coverage according to company size. The average number of analysts covering a company rises from 5.4 among small caps to 22.1 for mega-cap companies, more than four times as many.

As company size rises from small to mega-cap, firms have more than five extra analysts covering them for each cap size. This means the number of analysts covering a company more than doubles from small to mid-cap, while from mid-cap to large cap firms add another 47 percent and from large to mega-cap an additional 36 percent.

Number of analysts covering



Outsourcing

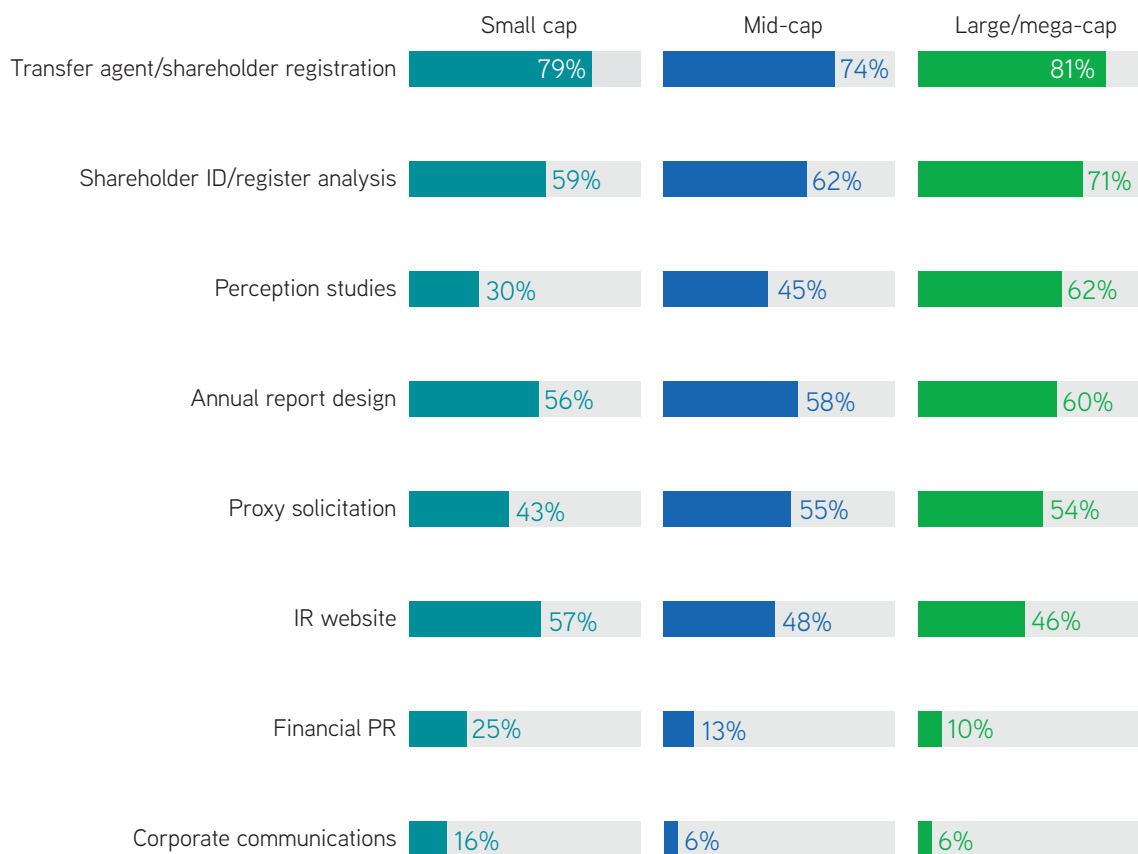
Shareholder registration and shareholder ID are the most commonly outsourced tasks across all cap sizes, with the number of companies using external services for shareholder ID rising from 59 percent of small caps to 62 percent of mid-caps and 71 percent of large/mega-caps. The percentage outsourcing annual report design is broadly similar at every company size.

The percentage of companies hiring outside services to produce perception studies rises evenly from three in 10 small caps to 62 percent of large/mega-cap firms, with mid-caps in between. It is

notably less common for small-cap companies to outsource proxy solicitation than for firms of other sizes and notably more common for them to use outside services for their IR websites.

Among the less commonly outsourced tasks there are a couple of noteworthy differences. A quarter of small-cap IR teams hire financial PR companies, compared with 13 percent of mid-caps and just 10 percent of large/mega-cap teams. Corporate communications firms are used by 16 percent of small caps and just 6 percent of IR teams at other cap sizes.

Use of external services



Social activism: Investor questions

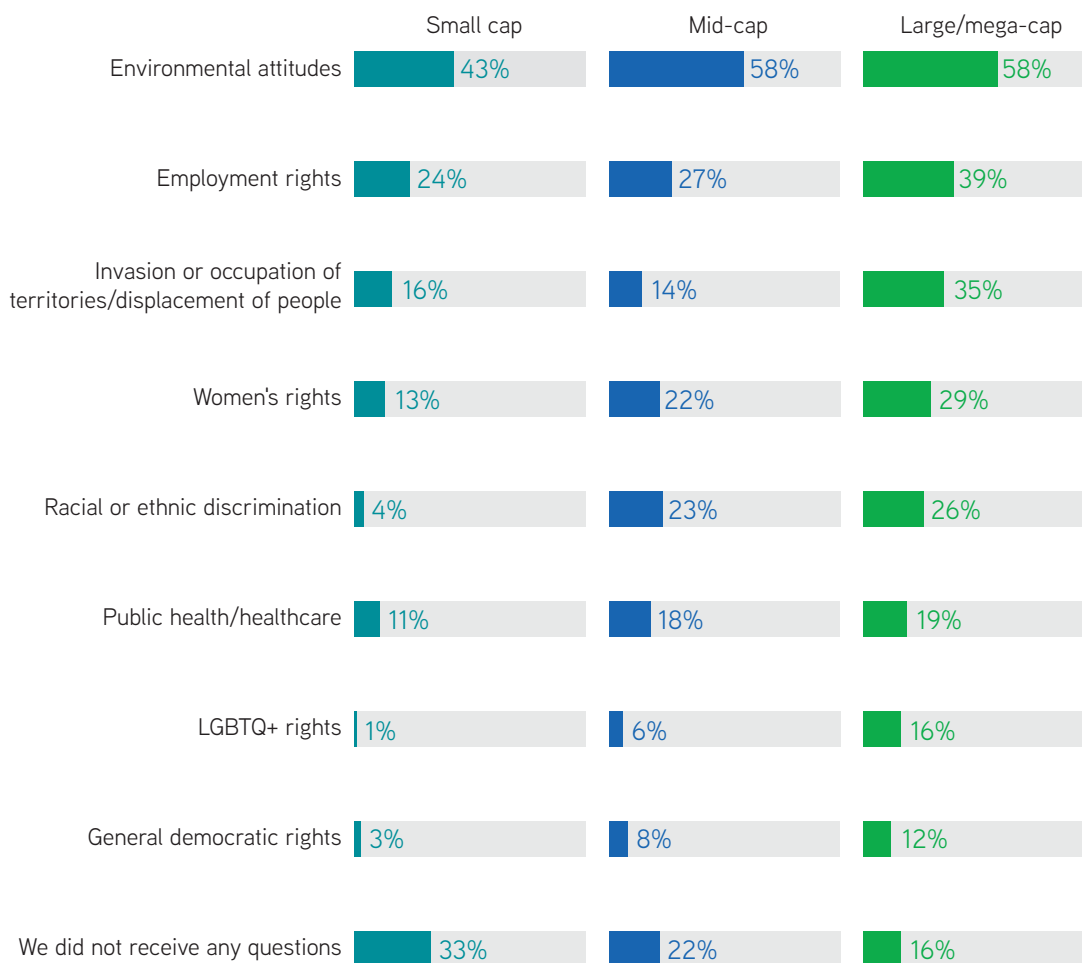
The same percentage of mid-cap and large/mega-cap IR teams received questions from investors on environmental attitudes over the past five years. This was 15 percentage points more than the number of small-cap teams that received similar questions. Questions on employment rights were received by 24 percent of small caps and 27 percent of mid-cap IR teams, compared with nearly four in 10 large/mega-cap teams.

Mid-cap IR teams are more likely to have received questions on women's rights and racial discrimination than on invasion or

occupation of territories/displacement of people. Small-cap IR teams are less likely than teams at other cap sizes to receive questions on women's rights and racial discrimination, while just 1 percent of small-cap teams and 6 percent of mid-caps have received questions on their company's attitude to LGBTQ+ rights in this time.

A third of IR teams at small-cap companies did not receive any questions on the listed subjects in the past five years. This compares with 22 percent of mid-caps and just 16 percent of large/mega-cap IR teams that did not receive any questions on these subjects.

Have you had any questions from investors about your company's position on the following in the past five years?



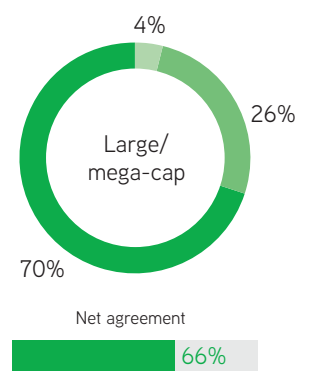
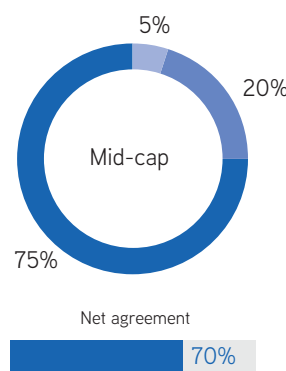
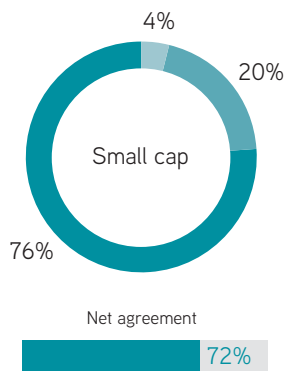
Social activism: IRO attitudes

Approaching three quarters of IROs at small and mid-cap companies agree that it is important for companies not just to show their CSR, but also to actively engage in affecting change. Slightly fewer large and mega-cap IROs agree with this statement. Small-cap IROs differ in their attitudes to corporate neutrality, with more of them agreeing with the statement that, while it may be necessary at times to speak out, companies should try to remain neutral on most socio-political issues.

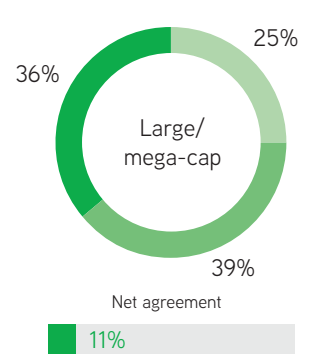
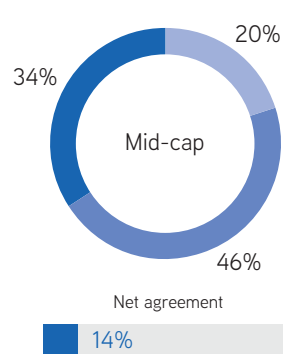
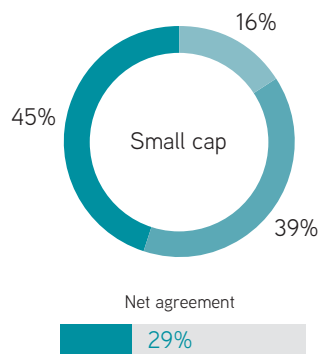
Half of all IROs at small caps and just under half of IROs at mid-cap firms agree that companies should focus on their core mission and only comment on issues that directly affect that mission. This compares with 41 percent of large/mega-cap IROs who agree with this statement. Net agreement on this issue ranges from 33 percent of IROs at small-cap companies to 28 percent at mid-caps and just 12 percent among IROs at large and mega-cap companies.

Disagree Neither agree nor disagree Agree

It is important for companies not just to show their CSR but also to actively engage in affecting change



While it may be necessary at times to speak out, companies should try to remain neutral on most socio-political issues



Companies should focus on their core mission and only comment on issues that directly affect that mission

