



# Competitive Intelligence

Three case examples

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Moderator:

**Terry Mangan**

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# Panelists



- **Clark Hinckley**  
Senior VP, Investor Relations, Zions Bancorporation, Salt Lake City, UT



- **David Hogan**  
Director, IR & Corporate Communication, First Financial Bankshares, Inc. Abilene TX



- **S. Kelley MacDonald**  
Senior Vice President, State Street Corporation, Boston MA

# POSITIONING AGAINST THE COMPETITION

## GAINING AN EDGE FROM AN IR PERSPECTIVE

**S. Kelley MacDonald**

Senior VP, State Street Corporation

# What is Competitive Intelligence?

- ▶ All information about external events, trends, and activities that impacts how your business competes
  - Competitor intelligence – what are your competitors doing?
  - Customer intelligence – what is going on with your customers?
  - Regulatory intelligence – what changes in the regulatory climate will impact how you do business?
  - Technical intelligence – is there a disruptive technology about to change your market?

# POSITIONING AGAINST THE COMPETITION

## GAINING AN EDGE FROM AN IR PERSPECTIVE

### Consolidating globally

- Banking
- Financial processing
- Asset management

### Financing in a deal-rich environment

- Competing in today's M & A environment
- Selecting the banker
- Knowing your shareholder base

### Constructing a CI function

- Establish the function and the supporting team
- View it developmentally
- Develop standard reporting formats

### Elevating the IR function

- Succinct reporting is the key
- Select audience carefully
- Cooperate with others (“plays well with others”)

# POSITIONING AGAINST THE COMPETITION

## CONSOLIDATING GLOBALLY

### ▶ Banking

- Bank of America buys Fleet
  - PNC buys Mercantile
  - JP Morgan Chase buys Bank One
  - JP Morgan swaps its trust business for Bank of New York's retail
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### ▶ Financial Services

- TD buys Ameritrade who had bought Datek
  - Bank of America buys MBNA
  - Société Générale buys Unicredito
  - RBC and Dexia merge
  - HSBC buys Bank of Bermuda
  - Bank of New York and Mellon Merge
  - State Street buys GSS (Deutsche Bank custody business) & IFIN
  - State Street buys Investors Financial
  - BNP buys Cognos
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### ▶ Asset Management

- Blackrock buys MLIM
- Allianz buys Pimco and then RCM
- Legg Mason swaps brokerage for CSAM
- Henderson buys Threadneedle
- Unicredito buys Pioneer
- Power Financial buys Putnam

# POSITIONING AGAINST THE COMPETITION

## FINANCING IN A DEAL-RICH ENVIRONMENT

- ▶ Competing in today's M & A environment
  - Research banking industry to recognize key strengths
  - Know the competitions' investment banker of record
  - Recognize competitive changes in marketplace
- ▶ Selecting the banker
  - Benchmark the differences between a debt and equity offering
  - Advise management (with backup data ) in selection of share allocation
- ▶ Knowing your shareholder and competitions' shareholder base
  - Length of holding
  - Geographic split
  - Type of investment style

# POSITIONING AGAINST THE COMPETITION

## CONSTRUCTING A CI FUNCTION

- ▶ Establish the function and the supporting team
  - Can you get resources from other departments (part-time)
  - Can you add an intern
  - Can you eliminate certain functions in favor of CI
- ▶ View it developmentally
  - Don't try to cover the universe with your first report
  - Build it incrementally
- ▶ Develop standard reporting formats for the universe you select:
  - For market intelligence on developing trends
  - For follow up on conferences, announcements, earnings reports, and SEC filings

# POSITIONING AGAINST THE COMPETITION

## CONSTRUCTING A CI FUNCTION

### ▶ Marketing reports

- Gather data from IR presentations, press releases, industry trade information, industry conferences, customer information, *etc.*
- Develop a 5-bullet approach to explain your insights

### ▶ Financial reports

- Use tables to list key financial metrics
- Use bullets to list highlights and illustrate with quotes from key analysts
- Organize filings by type and by filer—only pull out the key findings
  - SEC filings
  - Regulatory filings

### ▶ Flash reports

# POSITIONING AGAINST THE COMPETITION

## ELEVATING THE IR FUNCTION

- ▶ Succinct reporting is key
  - Limit all reports to two pages (one if possible) with attachments
- ▶ Select audience carefully
  - Direct report to key people who can use or further distribute the information
- ▶ Cooperate with others
  - Business line data is important to gather
  - Check references
  - Share information with strategy group, M & A resources, marketing

# POSITIONING AGAINST THE COMPETITION

## RESULT

- ▶ IR will become a key resource within the company
  - These reports will refine your key messages
  - These reports will provide data for compelling presentations
  - The executives will look to IR for competitive data
- ▶ IR reports may get circulated to the Board of Directors
- ▶ These reports will drive executive decision-making
  - IR may discover disruptive technologies, new product ideas, or developing markets
  - Regulatory changes affect competitors unequally
  - IR reports may prevent surprises

# Bio - S. Kelley MacDonald

**S. Kelley MacDonald** is Sr. Vice President, Investor Relations, State Street Corporation (NYSE: STT). In 2001, MacDonald joined State Street from Brodeur Worldwide, a global communications consultancy firm, where she was senior vice president and director of Investor Relations. She has managed communications around several acquisitions at State Street, including one which involved a stock offering.

MacDonald earned her B.A. and M.A. from Boston College. She is an active NIRI member and a director and past President of the Boston Chapter and a member of the Senior Investor Relations Roundtable, sponsored by the Conference Board.

# Zions Bancorporation

- Total Assets of \$50 Billion
- S&P 500 Index
- NASDAQ Financial 100 Index
- 500 Offices and 600 ATMs in 10 Western States

**Clark Hinckley**

Senior VP, Investor Relations

# Competitive Intelligence

- Who is the competition? What companies should be in our peer group?
  - 8 banks in 10 states
    - Leading market share in Utah – strong retail presence
    - Single office in Seattle – no retail presence
    - Everything in between
  - Peer group depends on purpose

# Competitive Intelligence

- Response: Several different peer groups for different purposes
  - Banks with market caps of \$5-20 billion
  - National banks with a strong presence in our markets
  - Smaller banks with a large presence in one or more of our markets

# Competitive Intelligence

- “Industry Notes”
  - Less than one page
  - E-mailed daily about 8:30 a.m.
  - Limited distribution
- “Week in Review” – weekly report on stock performance and investor activity
  - One page
  - Emailed on Friday after markets close
  - Wide distribution

# Competitive Intelligence

- Pre-Earnings Release
  - Summary of Q&A from “peer” conference calls
  - Distributed daily to all speakers
- Performance Comparison
  - Annual ranking against top 50 banks
  - Presented to Board and Executive Management

## Bio – Clark B. Hinckley

**Clark B. Hinckley** has been employed by Zions Bancorporation for over twenty years and is currently senior vice president for investor relations and communication. He has previously served as director of human resources and as president of Zions Bank Arizona. Prior to joining Zions, he worked for Michigan National Corporation and Citibank.

Hinckley received a bachelor's degree in mathematics from Brigham Young University and an M.B.A. from the Harvard Business School. He is also a graduate and former faculty member of the Stonier Graduate School of Banking at Rutgers University.

# Competitive Intelligence

**Dave Hogan, APR**

Director, Investor Relations and Corporate  
Communication

First Financial Bankshares, Inc.

# First Financial Bankshares

- \$2.9 billion assets financial holding company based in Abilene, Texas
- Own ten separately chartered banks in Texas, with 45 locations
- Market cap \$772 million
- KBW “Honor Roll” and NASDAQ Financial-100 Index
- Retail ownership; only 22% of shares held by institutions and 11% by insiders
- Coverage by seven sell-side analysts

# Peer groups

- Publicly traded banks based in Texas
- Main bank competitors in our ten local markets
- “Best practices” peer group for benchmarking
- Other regional banks with successful multi-charter operations

# Market intelligence on a shoestring budget

- Small, lean headquarters' staff
- Rely on free or low-cost information sources
- No Bloomborgs, stock surveillance services or outside IR consultants
- Design and write annual report in-house

## Low-cost sources

- NASDAQ Online: Stock trading data, institutional ownership updates, investor profiles
- NASDAQ Market Intelligence Desk Daily Reports: Stock trading, peer group data
- American Banker: Texas Online Edition, e-mail reprints
- SNL Financial: Evening Portfolio Summaries, conference information and webcast summaries
- Yahoo Finance (AOL, Google, MSN)

# RSS feeds

- Business news headlines from major media: New York Times, Wall Street Journal, Reuters, CNN Money, USA TODAY
- Headlines from key newspapers in markets: Dallas Morning News, Fort Worth Star-Telegram
- News from peer companies you select
- Blog postings
- Set up RSS feeds for free at Yahoo or Google
- Alternative to RSS feeds: Email subscriptions to selected newspapers and other news sources

# Intelligence reports

- Executive team: NASDAQ MID Daily Report, SNL Financial closing prices
- Executive team: Peer, industry news from American Banker Texas Online edition and SNL Financial peer-group summary
- Board: Quarterly report with IR activity summary, stock trading data, institutional ownership changes and sell-side estimates and ratings.
- The grapevine: Informal feedback from analysts, institutional investors, investment bankers, peers

# Bio - Dave Hogan, APR

**Dave Hogan** is director of investor relations and corporate communications at First Financial Bankshares (NASDAQ: FFIN), a Texas-based regional bank. He also teaches public relations courses at Abilene Christian University.

He previously served as the investor relations officer for Sensormatic Electronics and Delhaize America, and served as an account executive for two public relations agencies in the Southeast.

A NIRI member since 1996, he is a member of the Dallas/Fort Worth and Virtual chapters. He is also an accredited member of the Public Relations Society of America.

Hogan holds a master's degree from The Ohio State University and a bachelor's degree from the University of Memphis.

# Questions?

During the live event only, please click on the Q&A button on the left side of your computer screen.

# Questions? Comments? Suggestion for future programs?

Please contact:

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