



2024 Guide to Shareholder Communications

PRACTICAL STRATEGIES, FRAMEWORKS, AND
ACTIONABLE INSIGHTS FOR PRIVATE BUSINESSES



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The modern landscape of shareholder communication



Today's shareholders are no longer passive recipients of information; they are active participants, empowered by immediate access to information.

Gone are the days where one-way communication and standard reporting are enough to satisfy shareholders. They now demand dynamic, transparent dialogue—and it's up to you to meet them where they are.

Whether you're a seasoned CFO, a visionary founder, or a diligent shareholder relations professional, navigating the complexities of fostering meaningful connections is as crucial as managing equity itself.

Effective communication isn't just about disseminating information; it's about building genuine relationships, fostering trust, and aligning interests.

In this guide, we'll dive into the evolving dynamics of shareholder communication, and explore the tools, frameworks, and strategies that can help private companies thrive in this new era.

From leveraging technology and engaging reporting, to fostering collaboration among internal teams, we'll equip you with the knowledge and actionable insights to enhance your shareholder communication efforts with confidence and finesse.

Remember that successful shareholder communication isn't a one-size-fits-all endeavor. It requires adaptability, empathy, and a deep understanding of both your company's objectives and the diverse perspectives of your shareholders.

Are you ready to embrace the future of shareholder communication?

New Dynamics of Shareholder Communication

The traditional paradigms of shareholder communication are undergoing a seismic shift. In their place, a dynamic ecosystem of digital channels and interactive platforms has emerged, reshaping the way companies engage with their shareholders.

As shareholder demographics evolve, so too do their communication preferences. Younger generations, in particular, are more accustomed to digital communication channels and expect companies to meet them where they are. By embracing digitalization, companies can ensure that their communication strategies remain relevant and effective in a rapidly changing landscape.

78%

OF PRIVATE COMPANY INVESTORS
WANT MORE FREQUENT UPDATES

Understanding the Digital Shift



The Rise of Digital Channels

Shareholder portals, email, and social media have become common channels for disseminating information and updates to shareholders. This digital landscape offers a wide range of options for real-time engagement, allowing companies to connect with shareholders in a timely and efficient manner.



Real-Time Expectations

Today's shareholders expect information at their fingertips. This means equity-related information, reports, and updates must also be readily accessible with just a few taps or clicks. Private companies must be agile and responsive to meet this on-demand expectation, and provide tailored communications that address the individual needs of shareholders.



Personalized Interactions

Thanks to modern brokerages like Robinhood, shareholders are beginning to expect interactive and personalized experiences that can only be offered by digital platforms. This creates high expectations for custom reporting, dashboards, voting capabilities, eSignatures, and even liquidity.

The Importance of Modernizing Shareholder Communication



Adapting to digital shifts is necessary in today's dynamic landscape, but why should private companies feel compelled to make it a strategic initiative?

From institutional investors to retail shareholders, stakeholders across the spectrum are seeking greater insight into company performance, strategic initiatives, and governance practices.

As such, the imperative for companies to modernize their shareholder communication efforts has never been clearer.

Staying Ahead

Staying ahead of outdated methods is essential for your long-term success. Modernizing shareholder communication allows companies to remain agile and responsive, delivering updates, 1099s, K-1s and other documents more efficiently. Stakeholders expect their companies to be highly proactive.

Enhancing Relationships

Meeting shareholders where they are by adopting a modern communication strategy can forge deeper connections and stronger company culture. Engaging shareholders with personalized content and interactive experiences related to equity and ownership not only strengthens relationships but also increases shareholder satisfaction.

Building Trust

Transparency is the cornerstone of effective shareholder communication, especially in equity management-related communications. By modernizing communication channels and processes, companies can enhance transparency and accountability by proactively disseminating stock certificates, ballots, K-1s, 1099s, quarterly reports, and other critical information.

Navigating the Digital Shift in Corporate Governance

While the digital landscape presents exciting opportunities for private companies to improve shareholder communication, it is also reshaping how companies manage their governance responsibilities.

STREAMLINING GOVERNANCE PROCESSES

Technology offers significant opportunities for streamlining governance processes, improving efficiency and reducing administrative burdens. From electronic voting systems to document management platforms, companies can automate routine governance tasks, freeing up valuable time and resources for strategic initiatives.

ENHANCING COMMUNICATION STRATEGY

Companies need to assess their current communication landscape, understand their target audience, and establish common goals and objectives. This cross-functional task often involves various strategic teams such as management, accounting/finance, marketing, and public relations.

INVESTING IN TECHNOLOGY

Choosing the appropriate online platforms and communication tools is crucial to effectively reach and engage with shareholders. These tools should be easy to use, highly secure, and a one-stop-shop for stakeholders of all ages.

REVIEWING NEW GUIDELINES

Private companies need to stay informed about evolving regulations regarding investor communication in the digital age. This includes, for example, data privacy regulations and shareholder disclosure guidelines. Ensuring compliance is crucial to maintaining trust and avoiding legal repercussions.

UPDATING SECURITY MEASURES

Implementing robust data security measures is essential to protect sensitive investor information and comply with relevant regulations. This may involve adopting data encryption, access controls, and regular security assessments.

The Modern Shareholder Communication Toolkit

Building a successful shareholder communication strategy in the digital age relies on two key pillars: technology that enables, and content that engages.

Mastering these elements is key to fostering meaningful connections with your shareholders. Here are the essential tools and strategies to create compelling communication and seamless experiences.

56%

OF COMPANIES ON AVERAGE REPORT
THAT THEIR TRANSFORMATION
EFFORTS EXCEEDED EXPECTATIONS

Technology that Empowers

Let's first acknowledge the technology stack dilemma many private companies grapple with. It's often an overwhelming landscape of separate systems for various tasks. They might utilize one tool for email communication, another for sending proxy votes, a third for tax documents, and yet another for managing shareholder information. This fragmented approach can be time-consuming, inefficient, and prone to error. Additionally, managing and maintaining multiple systems can be a significant resource constraint.

Fortunately, modern solutions exist to simplify the processes, streamline your communication, and alleviate these headaches:



SHAREHOLDER PORTALS

Provide a centralized hub for shareholders to access documents, updates, and company news. This streamlines communication and ensures easy access to key information, fostering a more interactive experience with integrated email functionalities.



EQUITY MANAGEMENT SOFTWARE

Utilize comprehensive software to manage shareholder data, including contact information, investment details, and voting rights. Automate tasks such as sending proxy voting materials and distributing tax documents to save time and reduce errors.



SECURE FILE SHARING

Share sensitive documents securely via links rather than PDF attachments, enhancing the modern communication experience. This eliminates the need for separate file transfer tools and ensures compliance with privacy policies while safeguarding sensitive information.

Content that Captivates



STORYTELLING

Don't just report numbers, weave compelling narratives that showcase your company's journey, milestones, and aspirations.



PROACTIVE

Be honest and upfront: Communicate openly about both successes and challenges, fostering trust and transparency with your investors.



FREQUENCY

Communicate regularly, not just quarterly or annually. Keep your investors informed with regular updates on your company's progress, even when news isn't positive.



CELEBRATE

Highlight employee achievements, success stories, acquisitions, and community impact to connect on a deeper level.



VARIETY

Infographics, videos, audio recordings, and interactive reports create memorable content that engages shareholders and caters to different preferences.



PERSONALIZE

Tailored messaging, customized content, and targeted communication help enhance engagement and relevance.

Understanding Communication Needs

Effective shareholder communication isn't siloed, as it involves alignment and collaboration among internal teams to ensure a cohesive and coordinated approach. Understanding their unique needs and aligning their voices is crucial for creating a unified narrative that resonates.

Only 50%

OF EMPLOYEES THOROUGHLY READ
WHAT THEIR LEADERS SEND THEM

Internal & External Roles



Internal

CFO & Financial Team: Needs real-time data and clear financial reporting to ensure accurate information reaches shareholders.

Shareholder Administrators: Requires efficient tools and streamlined processes to manage shareholder records and inquiries effectively.

Founders & Board Members: Craves a platform to articulate the company vision and strategic direction for shareholders.

General Counsel: Requires transparency and compliance within communication, ensuring legal and regulatory obligations are met.

Marketing & PR Teams: Contributes creative storytelling and brand messaging to engage shareholders more emotionally.

External

Individual Investors: Seeks clear, concise updates on financial performance and company direction.

Institutional Investors: Requires detailed financial data and projections, as well as in-depth insights into business strategy.

Family Offices & Family Members: Holds long-term investments and may need tailored communication addressing legacy and succession plans.

Employees: Benefits from transparency and alignment around how their efforts contribute to the company's overall success.

Nth Round's Framework for Effective Shareholder Communication

Successful shareholder communication is not just about disseminating information—it's about building trust, fostering transparency, and nurturing long-term relationships.

Drawing upon years of experience and expertise in equity management, we have developed a comprehensive framework for effective shareholder communication designed to help private companies navigate the complexities of investor relations with confidence and finesse.



Phase 1: Laying the Foundation



DEFINE YOUR AUDIENCE

Segment your shareholders based on demographics, interests, and investment level. This allows for targeted communication, whether it's institutional investors, retail shareholders, or other stakeholders. By segmenting your audience based on demographics, interests, and communication preferences, you can tailor your messages to resonate with specific audience segments, fostering deeper connections and engagement.

ESTABLISH YOUR GOALS

Determine what you want to achieve through communication. Do you aim to boost engagement, build trust, or share specific information? Establish clear communication objectives that align with your company's strategic goals and values. Whether it's enhancing shareholder engagement, promoting transparency, or addressing specific investor concerns, defining clear objectives provides a roadmap for your communication efforts and ensures alignment with overarching business objectives.

Phase 2: Implementing & Executing



CRAFT COMPELLING MESSAGES

Once you understand your audience, the next step is to craft compelling messages that convey your company's narrative in a clear, concise, and compelling manner. Whether it's through annual reports, shareholder presentations, or social media updates, every communication should tell a cohesive story that highlights your company's value proposition, performance, and strategic vision.

EMBRACE TRANSPARENCY AND AUTHENTICITY

Transparency and authenticity are the cornerstones of effective shareholder communication. By providing timely and accurate information, addressing shareholder concerns, and improving efficiencies when necessary, you can continue strengthening the trust you've already earned. Moreover, by fostering open and honest dialogue, you can demonstrate your commitment to transparency and accountability, strengthening relationships with your stakeholders.

LEVERAGE TECHNOLOGY AND DATA

In today's digital age, technology and data analytics play a crucial role in optimizing shareholder communication efforts. By leveraging investor relations platforms, customer relationship management (CRM) systems, and data analytics tools, you can gain valuable insights into shareholder behavior, preferences, and sentiment, enabling you to tailor your communication strategies for maximum impact. Track and analyze engagement metrics to understand what resonates and tailor your communication accordingly.

Phase 3: Engagement and Evaluation

BE PROACTIVE & RESPONSIVE

Demonstrate commitment to open communication by addressing inquiries and concerns promptly and professionally. Effective shareholder communication is not a one-time event—it's an ongoing dialogue that requires proactive engagement and outreach. Whether it's through investor meetings, quarterly earnings calls, or regular updates via email or social media,

SOLICIT FEEDBACK AND ITERATE

Seek feedback from shareholders to identify areas for improvement and adapt communication strategies over time. By getting input on your communication efforts, you can identify areas for improvement, address concerns, and iterate on your strategies over time. Moreover, by demonstrating a willingness to listen and adapt, you can strengthen trust and credibility with your shareholders, fostering a culture of open communication and collaboration.

Remember, this framework is a guide, not a rigid set of rules. Adapt it to your unique needs and company culture. By following Nth Round's Framework for Effective Shareholder Communication, private companies can build and implement a robust communication strategy that not only enhances shareholder engagement but also drives long-term value creation and sustainable growth

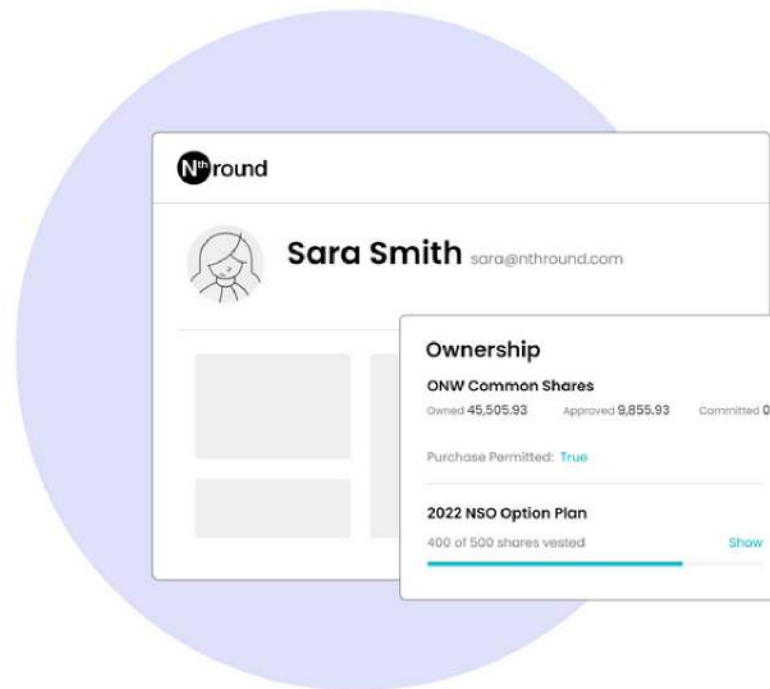
Future Proof Your Legacy with Nth Round

The shareholder journey is a shared narrative, one where transparency, engagement, and trust create a powerful force for success. By embracing effective communication, you're not just fulfilling obligations, you're building a legacy.

A legacy of trust, of shared vision, and a community united by their belief in your company's potential.

At Nth Round, we understand the modern challenges faced by CFOs and shareholder administrators: managing a complex tech stack, crafting compelling content, and keeping shareholders engaged.

Nth Round offers a comprehensive solution that goes beyond traditional communication tools, empowering you to build a future-proof foundation for thriving shareholder relationships.



Why Nth Round



Nth Round is more than just a software solution; we're your partner in building thriving shareholder relationships and creating seamless equity experiences.

We understand the importance of effective communication, streamlined administration, and modern governance. With your stewardship and our commitment, we can transform shareholder communication into the cornerstone of your ownership journey.

Want to learn more about delighting shareholders? Visit us at nthround.com today!



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