industry and as being guided by people with strategic vision and a solid grasp of trends."[8] Nonetheless, she continued, "there was frustration among investment analysts regarding performance."

Genesis's main responsibility was advising Steelcase in the creation of the company's annual report. Genesis also helped plan Steelcase's first "analyst day" in November 1999, an event hosted by the company for buy- and sell-side analysts and portfolio managers. Leading up to this "analyst day," Steelcase hired another outside consultant to perform a perception study of investors' opinions about company communications. The report produced from the study, according to Kelly, revealed that "investors were looking for a more proactive IR program that could help them better understand strategic objectives and they wanted to have greater access to management, so they could get more than just the phone answered." Analyst day helped open up the decision-making process to many analysts and portfolio managers, but this important first step lacked the vital follow-up that additional proactive communications might have provided. As he entered the company, Grueber had the opportunity to launch a renewed and sustained effort to implement strong IR strategies at Steelcase.

GUIDANCE AND REPORTING

In some ways, Steelcase resembled a public company even before its IPO in 1998; it had a board of directors, audited financial statements, and a large shareholder base. Once Steelcase became a public company, however, the previous shareholder makeup led to an "inner circle" mentality that proved difficult to change. Management was not used to the additional requests for information and sometimes assumed a defensive posture toward inquisitive analysts or investors. "Once we had come public," said Grueber, "we were providing the required elements but not a great deal of insight into decision making at the company or the strategic direction of the company."

Steelcase's reluctance to share publicly its inner decision-making processes extended a company approach to communications that had developed during its decades of heavy reliance on the controlling families' leadership. The families chose board members as their representatives, who then hired and supervised the management team. The company under this system earned a strong level of trust both in its direction and in the quality of the reported information. Very little information was ever questioned or requested by non–board members. Along with this trust, though, came a highly conservative outlook from company leadership with regard to the amount of information shared and prospective statements regarding business performance.

In each earnings release, Steelcase typically disclosed very specific guidance for the upcoming year or quarter. Grueber noted, "The company, due to its conservative nature, has been very cautious about selective disclosure throughout its public life. The way they communicated to the Street was through a press release." Due to advice from internal counsel and a desire to prevent selective disclosure, management never "walked the Street up or down" with its estimates.[9] Another major factor in Steelcase's conservative approach to its disclosures after it became public was the lack of incentives to develop a strong quarterly forecasting discipline during its years as a private company. In addition, the company did not strive to build and maintain relationships with its analysts, so when it came time to disseminate information, it didn't have a receptive ear through the sell-side analysts.

[8] This and all quotes are from interviews with Deborah Kelly in May 2002.

[9] "Walking the street" is a practice that includes providing material information to analysts during conversations, making excessive statements concerning future earnings prospects, or blatantly encouraging analysts to raise a lower earnings estimate. Some of these tactics have since been prohibited through the Regulations for Fair Disclosure, enacted in 2000.