BOARD BRIEF

What Directors of Healthcare Companies Should Expect from the IR Function

Board directors in healthcare companies should expect investor relations to be a strategic, capital-markets function that protects the organization's cost of capital, reputation, and degrees of freedom—not a narrow disclosure or "quarterly earnings" task. IR should act as the translator between the complexity of healthcare operations and the expectations of sophisticated investors, activists, and analysts who are reading the story under pressure.

Alliance Advisors IR

Role of IR

Healthcare companies operate under unique constraints: regulation, reimbursement risk, clinical trial and R&D uncertainty, and intense public scrutiny. IR must be able to explain this environment in investor language and ensure the external story matches internal reality.

Directors should expect IR to:

- Translate strategy, clinical and pipeline risk, reimbursement dynamics, and capital allocation into clear, investor-grade narratives and models.
- Feed back how "the Street" is reading regulatory risk, pricing debates, policy shifts, and sector rotations so management and the board are not surprised by reactions.
- Help management avoid sloppy language or omissions that create vacuums activists, short sellers, or rumor will fill.

What "Good IR" Looks Like

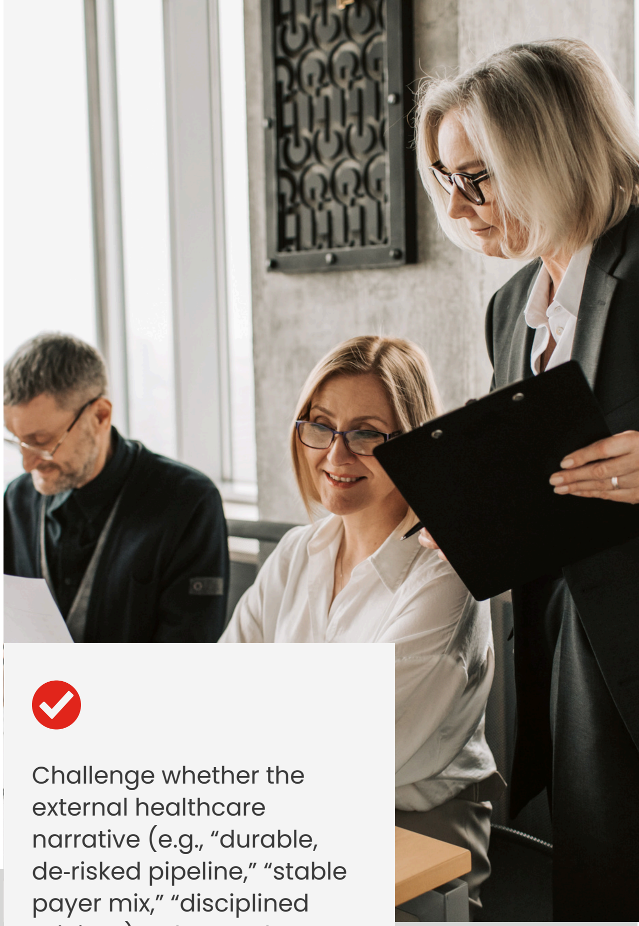
High-functioning IR is one of the most leveraged small teams in a public company and is especially critical in healthcare, where a single sentence on a data readout, safety signal, or pricing issue can move billions in value. Directors should look for discipline, not spin.

Boards should expect IR to:

- Control the messaging, ensure consistency across touchpoints and, when it comes to clinical trials, define success well before results are unblinded.
- Know who owns the stock (fast vs. patient money, generalists vs. healthcare specialists, retail vs. institutions) and what each cohort really wants over 3–5 years.
- Run a tight earnings process: clear guidance philosophy, numerate scripts, credible treatment of pipeline news, safety or compliance issues, and reimbursement updates.

Governance & Board Interfaces

IR should not be a siloed communications function; it should be wired into strategy, finance, legal, and risk. In healthcare, where misalignment between public story, data, and regulatory reality can escalate into existential problems, the board's oversight of IR is a governance issue.



Boards should:

- Insist that IR has direct access to the CEO and CFO and is involved early in major decisions: portfolio choices, trial disclosures, large MA, pricing strategy, material compliance or safety issues.
- Receive regular, structured capital-markets updates: how the market sees the company today, key investor themes, ownership shifts, and early signs of activism or short interest building.
- Challenge whether the external healthcare narrative (e.g., "durable, de-risked pipeline," "stable payer mix," "disciplined pricing") truly matches internal risk assessments and clinical, regulatory, or reimbursement realities.

IR in Activism, Crisis & Controversy

Healthcare issuers are structurally exposed to activists, short sellers, and controversy: drug pricing, utilization management, trial outcomes, quality and safety incidents, and government inquiries. IR is the control tower when this happens.

Directors should expect IR to:

- Map likely activist or short theses in advance (pricing vulnerability, weak disclosure on safety, opaque reimbursement exposure, operating expenses as activist bait, underperforming business lines) and prepare factual, line-by-line responses.
- Coordinate with legal, compliance, clinical, and operations to ensure disclosures on safety, regulatory issues, and enforcement are timely, accurate, and not minimized.
- Provide the board with a clear view of sentiment among long-only healthcare funds, hedge funds, and governance teams at passive investors ahead of contentious votes or activist campaigns.

Resourcing & Structuring the IR Function

The "IR unicorn" (CFO-level numeracy, CMO-level storytelling, diplomat, and quasi-lawyer in one person) is rare; healthcare complexity makes that unicorn even harder to find. Many best-in-class issuers pair a strong internal IR lead with specialist external advisors.

Boards should consider whether:

01 IR has the right mix of skills: deep understanding of the company and its clinical/regulatory reality and competitive landscape, sector-specific investor language, modeling capability, and comfort under stress.

02 The company is using external IR/advisory support to add sector relationships, pattern recognition (e.g., how others handled label changes, safety events, reimbursement shocks), and surge capacity for deals or crises.

03 Compensation, reporting lines, and access signal that IR is a strategic function tied to cost of capital and strategic flexibility, not just a "quarterly deck" shop.

Questions Directors Should Ask About IR

"If a skeptical healthcare specialist built a short thesis on us, what would it say—and how would we rebut it with data and disclosure?"

"Do our top 10 shareholders—especially the patient healthcare funds and key passives—describe our story and risk profile in the same way we do in the boardroom?"

"Where are the biggest gaps today between our internal view of clinical, regulatory, or reimbursement risk and what we have actually told the Street?"

"In a safety, compliance, or reimbursement crisis, what exactly is IR's plan in the first 24–72 hours—who does what, who we call, what we say, and what we file?"

"Do the questions we get from investors reflect confusion or thoughtful probing for information."

What "Good" Looks Like Over Time

For directors, the ultimate test of IR in a healthcare company is not whether the stock is always up; it is whether the capital markets response to volatility is anchored in trust and understanding.

01 The company's cost of capital and valuation multiples are broadly consistent with its fundamentals and risk profile, not whipsawed by avoidable communication errors.

02 Activism, short campaigns, and crises—when they occur—surface issues the company already anticipated and is prepared to address, rather than exposing unacknowledged risks or narrative gaps.

03 Long-term, healthcare-savvy investors increasingly populate the register, and their private feedback lines up with the strategy the board believes it is overseeing.