

In-House Corner: Using Proxy Solicitors

This feature of our blog is where our in-house readers share tips, anecdotes and thoughts about things that come up in their daily practice. This particular batch of thoughts is about entering into – and managing a relationship with – a proxy solicitor [feel free to ping me and share your thoughts – they will be posted anonymously or with attribution, whichever you desire]:

1. "We always use a proxy solicitor. There were a few prickly times when I thought it best to hire a 'junk yard dog' solicitor because the stakes were high. Think that has become a harder task - and over time, I figured out how to hire the right one. Remember, there might be scant loyalty and that vendor may be working for an activist next year against you." – Sandra Day O'Connor Doe

2. "I recommend engaging a proxy solicitor that is responsive and demonstrates knowledge of your shareholder base. I regularly ask for updates on how our largest institutional shareholders have voted following filing of the proxy statement. Our proxy solicitor also provides some insight into how our largest holders typically vote (i.e., with ISS or Glass Lewis or neither). One thing I would note is that with BlackRock allowing many of their investors to vote their own holdings, it was harder to track that voting block this year in real time." – Rich Reich

3. "Save the money unless you have a controversial item on the ballot (and even then maybe save the money). I rarely hear stories of people bragging about how much value a proxy solicitor has added. That said, it is good cover if a vote goes sideways." – Luciano Pavarotti Doe

4. "There are some great people in this field – and they are often underappreciated or ignored until an activist knocks on your company's door. I'd urge you to appreciate them every year, not just the tough ones; make them part of your team from the start. They can help you with suggestions for proxy content based on their experience at other companies, with tips on timing and staging proxy distribution. They can help you be more strategic in your approach to shareholder engagement. They can give you information and insights that enable you to keep your CEO, Chair and Board up-to-date on how the vote is coming in." – Edith Piaf Doe

5. "With the decline in retail vote turnout, a proxy solicitor can help you bring in those votes when you really need them. The work is tedious but they can do it well." – Josephine Baker Doe

6. "Jobs at proxy solicitation firms can be thankless – especially at the lower levels. Acknowledge that. Be appreciative. Distinguish your company from the many others they deal with. Send the team at your proxy solicitation firm some company t-shirts or mugs. Send them some of your company's (edible) product to nosh on when they are crunching numbers or making calls late at night. These are not entirely random acts of kindness, but they do pay off and you make friends who will be there for you when you really need them." – Avril Lavigne Doe

7. "Shopping for a proxy solicitor because you might be looking at a proxy fight? Your lawyer and banker will likely have a 'preferred solicitor provider.' Often people who are just like them. Don't just accept those suggestions without testing your company's chemistry with the individuals at those preferred providers. Be especially alert to firms that have "one way" to work – and don't like questions about why that one way is the only way. Or whether other approaches might be better in your particular circumstances. You want a proxy solicitor with whom you and your company can work, learn, and produce results together." – Ed Sheeran Doe

8. "I have historically engaged a proxy solicitor to provide 'on call' help throughout the year, as well as to cover

the annual meeting, for a nominal fee. This is the best money I spend: they are at the ready to address any questions and concerns as they come up. I can have them handle all of those pesky 'what-if's' that arise during the year and they provide ongoing surveillance of our top institutional holders, which is helpful in coming up with the list of firms to reach out to for off-season engagement. Obviously, it does not include any solicitation that may be needed, but if we need them, we have a firm at our side who knows us and can respond as needed quickly and efficiently." - Jeff Taylor

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