**How to Diffuse the Managers-Investors Crisis**

 In an unprecedented development, 55% of shareholders of Citigroup, one of the world’s largest banks, voted on April 17, 2012, to reject the board approved CEO pay. We are going to see many more such rejections in the near future, because investors are in revolt.

 The relationship between investors and managers, traditionally cozy, is in recent years in a crisis. Investors world-wide just experienced the worst stock market decade since the 1930s depression; they have witnessed a parade of corporate implosions and scandals (Enron, Lehman Bros., Satyam, Parmalat, Olympus—a very partial list), and a never-ending array of managerial pay abuses. Investors’ reaction to all that is very damaging. Many abandon the stock market, others lobby hard for costly regulations (Sarbanes-Oxley, Dodd-Frank) restricting managers’ authority. And investors increase their anti-management activism, like the pay rejection at Citigroup, all over the world. Hedge funds also increasingly intervene in corporate affairs.

 Corporate managers must clearly react to diffuse this crisis and regain investors’ trust and support of public companies—the main engine of economic growth. In my new book—Winning Investors over—I propose a detailed capital markets strategy to do just that. In my Paris presentation I will discuss the main features of such trust-building strategy aimed at restoring corporate health.

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