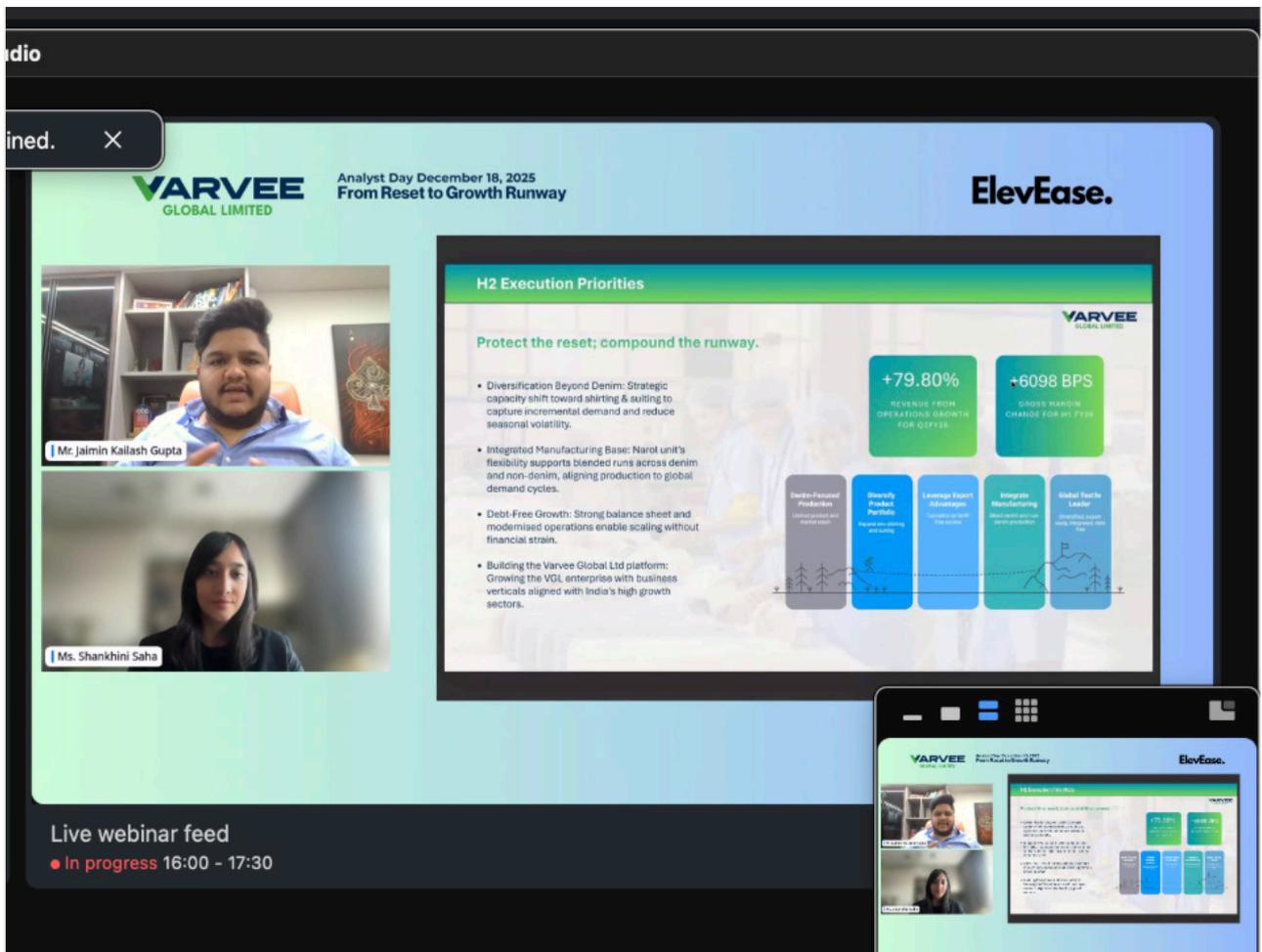


Mind the Gap. **Why Q3 Earnings Calls Demand a Different Spokesperson Mindset.**

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Mind the Gap. Why Q3 Earnings Calls Demand a Different Spokesperson Mindset.

Earnings season is often treated as a routine reporting exercise. Numbers are consolidated, presentations are finalised, and leadership teams prepare to explain quarter-on-quarter performance. Yet not all reporting periods are processed equally by the market.

The third-quarter earnings call occupies a distinct position in the

annual disclosure cycle. It is neither an exploratory update nor a conclusive summary. Instead, it represents a moment of validation in which previously communicated narratives, assumptions, and strategic intent are assessed in real time. For management teams, Q3 marks the transition from preparation to performance. This distinction is frequently underestimated.



Q3 as a Moment of Expectation Validation

From an expectation management perspective, Q3 marks a structural shift in how investors and analysts listen. Earlier quarters help shape assumptions. By Q3, markets are no longer forming expectations. They are actively validating them.

Across the year, investor expectations accumulate through a combination of formal and informal management communication. The MD&A and management messages to shareholders in the annual report establish the foundational narrative for strategy, risks, and priorities. This narrative is then continuously reinforced and interpreted through earnings calls, investor presentations, and public remarks. By the time Q3 arrives, markets are no longer engaging with these inputs in isolation. They assess current performance against a reference framework that has been built steadily over time, making deviations more visible and less easily contextualised.

At this stage, analysts have refined their models, investors have reconciled strategy with observed trends, and management credibility is judged less on intent and more on consistency. Even modest changes in tone or emphasis attract heightened scrutiny, not because the numbers are necessarily weaker, but because they appear to diverge from previously established signals.

For newly listed and small-cap companies, this sensitivity is magnified. Early disclosures tend to carry disproportionate weight, and Q3 often

marks the first sustained test of whether initial narratives hold under pressure.

When Preparation Meets Cognitive Constraint

Most leadership teams approach earnings calls with diligence. Talking points are aligned internally, likely questions are anticipated, and financial disclosures are thoroughly reviewed. This level of preparation is essential, but it has limits that become visible during live interaction.

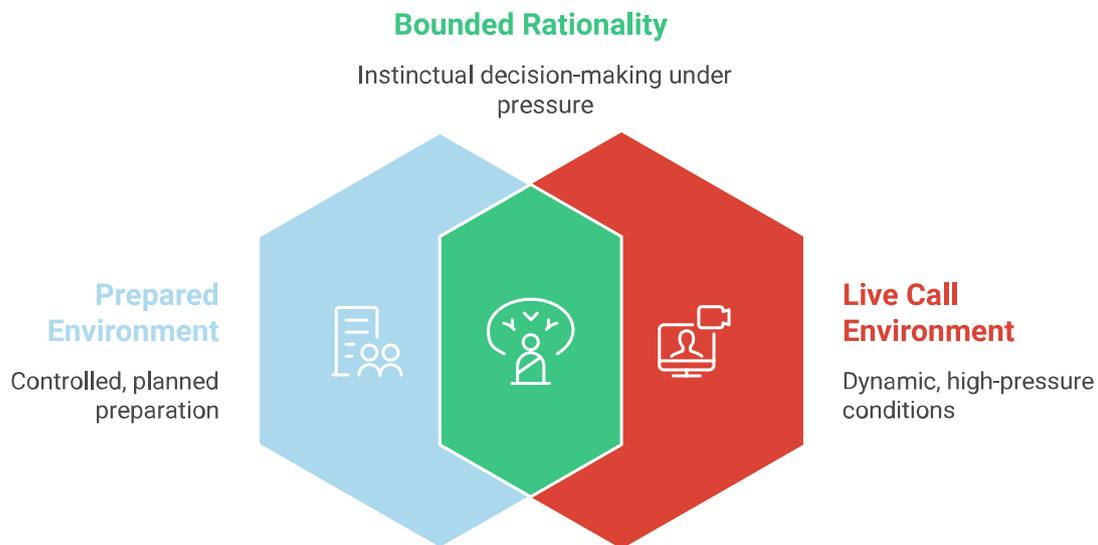
Earnings calls introduce conditions that rehearsal cannot fully replicate. Time is compressed, questions are framed ambiguously, and follow-ups can redirect the conversation without warning. Under these circumstances, even experienced executives operate within cognitive constraints.

This is where the Theory of Bounded Rationality becomes relevant in practice. The theory recognises that decision-makers, regardless of expertise, must act under limits of time, information, and mental bandwidth. In live market settings, responses are shaped as much by pressure as by preparation.

In Q3 earnings calls, these constraints often surface as over-explanation, defensive phrasing, inconsistent terminology, or the introduction of qualifiers that were not part of the intended narrative. These responses do not reflect a lack of understanding. They reflect the reality of decision-making under scrutiny.

Because Q3 earnings calls test previously stated assumptions in real time, cognitive constraints surface under live scrutiny, making consistency, tone and framing as decisive as the numbers themselves.

The Gap Between Rehearsal and Reality



The Gap Between Knowing and Responding

The challenge, therefore, is not informational. It lies in the gap between knowing the business and responding coherently when that knowledge is assessed in real time.

Rehearsal prepares spokespeople for what they plan to say. Capability prepares them for how they must respond when the discussion moves beyond the plan. This distinction becomes critical in Q3 when analysts are not merely seeking confirmation but reconciliation.

By this stage, questions are designed to align current explanations with prior disclosures. Analysts listen for consistency in language, stability in tone, and continuity in framing. Minor deviations are not dismissed as stylistic variance. They are examined for meaning.

Expectation management theory explains why this matters. Markets price credibility alongside performance. By Q3, expectations are anchored, and credibility is inferred from how reliably management navigates complexity rather than from how confidently it projects optimism.

How Markets Interpret Live Signals

Earnings calls function as signalling mechanisms. What management says matters, but how it is said often carries equal weight. Signals are transmitted through tone, phrasing, hesitation, and alignment across speakers.

When responses are inconsistent or overly reactive, they can introduce uncertainty even in the absence of adverse data. These signals may not affect sentiment immediately, but they accumulate over time as part of the market's interpretive memory.

This dynamic explains why some calls generate extended questioning despite stable results, while others reinforce confidence without dramatic numerical surprises. Analysts are decoding behaviour as much as content, particularly in quarters where expectations are already set.

Capability Beyond Rehearsal

At this point, the distinction between rehearsal and capability becomes decisive. Rehearsal focuses on preparedness under assumed conditions. Capability focuses on decision-making under constraint.

Capability involves understanding how expectations have been shaped, recognising which phrases carry historical weight, and responding with consistency when conversations shift unexpectedly. It requires internalising narrative logic rather than memorising scripts.

In Q3, where tolerance for ambiguity is lower and interpretive scrutiny is higher, this capability determines whether management reinforces confidence or inadvertently introduces friction.

Listening, therefore, is not a soft skill in investor relations. It is a leadership capability that strengthens credibility, reinforces trust, and improves the effectiveness of subsequent disclosures.

Preparing for the Moment Before It Arrives

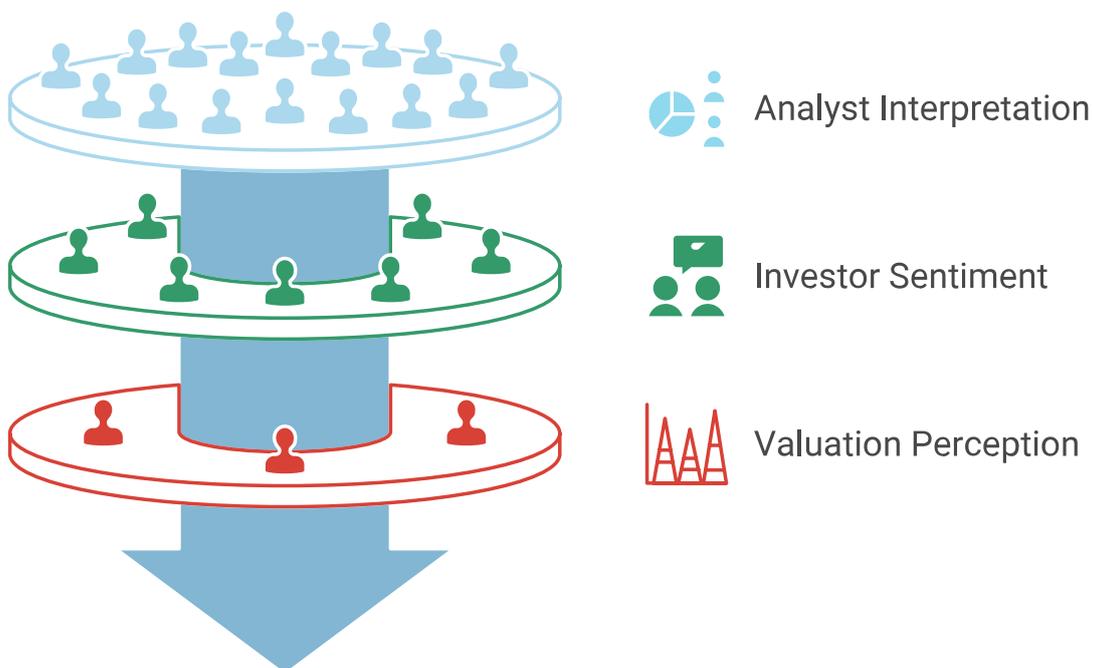
Companies that perform well during Q3 earnings calls tend to adopt a different preparation discipline. They treat the call not as an isolated event, but

as a continuation of an ongoing dialogue with the market.

Preparation begins with reviewing how expectations have evolved, not merely with finalising quarterly numbers. Attention is given to narrative continuity, tone alignment, and the interaction between different spokespersons. The objective is not to eliminate uncertainty, but to navigate it without undermining credibility.

This approach is particularly important for newly listed and small-cap issuers, where investor familiarity is still forming, and early inconsistencies can have lasting effects.

Within the Dickenson ecosystem, CapEdge focuses on building this form of spokesperson capability. The emphasis is on preparing leaders for live scrutiny rather than idealised scenarios, equipping them to apply judgment consistently under pressure while remaining aligned with regulatory and disclosure disciplines.



Why Boards Should Care

For boards, the relevance of Q3 earnings calls extends beyond communication quality. These calls are moments when credibility is assessed publicly. Missteps are not always obvious, but their effects are cumulative.

Over time, repeated instances of narrative drift or reactive phrasing can influence valuation resilience, particularly in volatile markets. Boards that recognise this treat spokesperson capability as part of governance rather than as a cosmetic exercise.

Fair valuation is supported not only by performance, but by how consistently that performance is explained when expectations are highest.

The Question Ahead of Q3

As Q3 approaches, the central question for leadership teams is not whether they understand the numbers. It is whether they are equipped to respond coherently when those numbers are assessed against expectations built over time.

Earnings calls do not falter because management lacks information. They falter when spokespeople

lack the capability to apply that information consistently under live scrutiny.

In a market that remembers, Q3 is not just another reporting milestone. It is the moment where preparation meets expectation.

Footnotes:

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Because markets remember how performance is explained under pressure, Q3 earnings calls become governance moments, where consistent response, not intent, reinforces credibility and valuation resilience.

Bhushan Wankhede is a finance professional with over a decade of experience across investor relations, financial advisory, and academia. He holds postgraduate degrees in Commerce and Finance, and is currently pursuing a PhD in Commerce, bringing a research-oriented perspective to capital markets communication. At Dickenson, Bhushan focuses on the analytical and disclosure aspects of investor relations, including interpreting quarterly performance, anticipating investor queries, shaping management responses, benchmarking peer commentary, and supporting structured IR communication frameworks. His work helps companies align financial narratives with investor expectations and long-term valuation objectives.

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