

Investment Opinions Key To Marketing Your Strategy To Investors

Managers today need to understand that using canned phrases and failing to stand out from the pack can be crippling to their business, as investors attempt to comb through hundreds, if not thousands, of similar products.

"Most firms that go out of business don't close up shop because a trade blew them up, it is because they were unable to sell enough people on their firm product," Bruce Frumerman, ceo of communications and sales marketing consulting firm Frumerman & Nemeth Inc., told investment managers attending the third annual Wealth Management Insights Summit held in Ponte Vedra, Fla. in April.

While many money management firm owners have experience running a particular strategy, very few come with the experience or expertise to communicate or sell better than their peers.

"Handling communication and sales better than your competition is often the Achilles heel of firm owners," he said.

Frumerman said that many investment managers are doing a poor job of explaining beyond the numbers about how they invest, and these are the very points investment committee members talk about in semifinals and finals considerations for allocating to one money manager rather than to competitors with similar performance.

"Opinions matter more than ever. Make no mistake, what people are buying into are your opinions. Your numbers and other objective data are really just information that in reality only support the veracity of your opinions and one of the biggest opinions you have is about the process you chose to fol-

low in your investing and that opinion is what all of you have bet your livelihood on," he said.

For family offices and other investors, the pivotal questions are not around the data points, but rather key in on how the manager explains the detail about his or her investment beliefs and the investment process used to assemble and manage the portfolio's basket of holdings.

"While there is more data transparency from money management firms post-2008, what is still lacking though is a thorough enough explanation about how the investment strategies have been run...investors are demanding to get a better feel for strategy implementation," Frumerman said.

Frumerman recommends adding a brochure to the arsenal of selling tools a money management firm uses to educate and persuade people to understand and buy into how it invests. The brochure should be an evergreen document designed to retell the investment process in a non-bullet point long-version story-line format. This will improve a manager's control of how a prospective investor remembers their process and discusses it with colleagues when the money manager is not present.

"We have investors complaining that firms aren't communicating enough investment process information and many money management firm managers have had an over-reliance on flip charts as a means to effectively communicate a firm's full story about how it invests," he said. "How you invest is the primary thing you are selling and the story of how is actually your firm's marketing edge. It is your job to get people to understand it and buy into it."

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