

February 3, 2014

Marketing Your Fund To And Through Consultants And Gatekeepers

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'Soft' manager qualities are often what separates your fund from competitors is a summary finding in the recently reported survey of institutional consultants and gatekeepers by Market Strategies International's Cogent Reports. Investment consulting firms are now saying they are paying greater attention to 'soft', subjective factors in assessing money managers. Firms that place a greater emphasis on increasing and demonstrating transparency in their communications and processes are favored, Cogent noted.

In 2013, assuming you were delivering acceptable risk/return characteristics and met AUM size and track record length requirements, did your firm find itself favored over competitors?

Institutional consultants and gatekeepers recognize that quantitative data on performance does not provide them with enough information for recommending one money manager over another. In fact, consultants surveyed by Cogent complained that managers from different firms were presenting charts and pitches so similar that differentiation between them was hard to ascertain. While improvements in technology and increasing data transparency has made it easier to access and manipulate quantitative data that doesn't explain how a portfolio manager assembled and managed his basket of holdings. Hence the study's observation that "consultants and gatekeepers place a great deal of value on being able to build a clear picture of the process asset managers are following." Remember, process is one of the things that institutional investor clients are paying their consultants and gatekeepers to identify, pass judgment on, and be able to explain to them.

While those surveyed want to find money managers who have the "ability to openly articulate benefits (and weaknesses) of [their] product", there is a problem. Many consultants and gatekeepers reported that asset managers frequently struggle to articulate investment philosophy, especially during introductory meetings where differentiation is key, and junior or unprepared staff can become a huge detractor from consideration. "Gaining a clear picture of investment philosophy is particularly crucial for consultants seeking to match client philosophies to the right portfolio manager," the study stated. Asset managers need to work harder to differentiate their philosophy and approach relative to competitors, the report admonishes.

This raises two vital questions for your money management firm that affect its ability to be understood by the consultants and gatekeepers you need to sell to and through. How easy have you made it for skeptical prospective investors and those who influence them to understand your investment philosophy and process so they buy into your portfolio management story? Have you clearly differentiated your strategy from those of similar performing competitors?

Here is a tip. Reexamine the written marketing collateral you use throughout the selling cycle. You do, of course, have more than just a monthly performance sheet and a flip chart that delivers more performance related data, staff bios and a few bullet points labeled Philosophy and Process, right? Take out a yellow highlighter and highlight each detailed bit of copy that educates and persuades people to understand and buy into your investment philosophy and the process you use in managing your portfolio. Now, go back and reread the highlighted bits. Is this content really enough of an explanation as to how you think and run your portfolio? If this is what you read of a competitor would you feel that it was a complete-sounding explanation?

If the answer is No, then you need to rethink what your investing storyline is and how to better explain it in print. Remember, your printed marketing collateral is what represents you when you are not there in the room with the consultant and his team, or his investor client. Your investment beliefs and process storyline needs to be both complete and easy to comprehend and digest; not some hodgepodge of disparate jigsaw puzzle pieces the consultant has to figure out how to assemble in order to get the picture of you and your firm.

If chunks of your storyline are missing, you need to give a rethink as to how you are spending your face time in sales presentations communicating the crucial ‘soft’ manager qualities for which consultants and gatekeepers are on the lookout. In both your written and oral presentations it is the storyline about how you think and invest that is key.

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