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## How Good Is Your Firm's Investment Story?



As one of the thousands of money management firms in the marketplace you face a significant marketing challenge. Will you turn your firm into a brand or allow it to be thought of as a commodity?

Known only by the investment style pigeon-hole in which the marketplace fits its products and by its recent performance, the typical money management firm is perceived to be no more than a commodity. Such firms live and die on their numbers alone. Few money management firms are known for what should be the core element of their firm's brand identity: how they invest. Those who are have a marketing advantage over their competition.

Marketing is a major factor that impacts a portfolio manager's ability to grow and retain assets. Marketing plays a key role in determining a firm's identity and in positioning it before the eyes of investors and advisors. When marketing is marginalized by a money management firm, its ability to attract and retain assets suffers.

### What Sophisticated Investors Are Telling Money Managers

Attend a family office investor conference or two and listen to what investors are telling money managers that, in addition to a good performance track record, they need from them. Comments I have heard include:

- A fund of funds manager says he won't invest if the money management firm's portfolio manager cannot clearly explain his strategy.
- A family office CIO tells an audience of hedge fund managers that if the head of the family doesn't understand how a fund invests well enough to repeat its story to friend while they're out golfing, he won't invest.
- A seeder investor, who says he looks for a money manager to be able to demonstrate that she is capable of running the business and not just running the fund, demands there be a well thought out marketing plan and a cogent explanation of the investment strategy.
- An angel investor says effectively talking the story in a presentation meeting is now more important than ever; a hedge fund firm better know its story inside out.

Sensing a pattern? Investors want more than just a page of statistical data to evaluate when considering whether to invest with a money manager. They want to know what his investment beliefs are. They want to understand, buy into and be able to repeat the story about how he invests.

Is your money management firm giving prospective investors all of the information they want for deciding whether or not they believe it is a defensible decision to invest with you?

## Strengthening Your Firm's Investment Story

For your money management firm to strengthen its storyline, your management team needs to ask itself these questions:

1. What should be our firm's key selling messages for educating and persuading people to understand and buy into how we invest?
2. How can we best structure our storyline so that it's based on buyer-focused rather than seller-focused points?
3. In what priority should we present our key selling messages in order to communicate a linear storyline that people can recall and repeat to a colleague or advisor?
4. How should we position our fund in the investment marketplace in general as well as in contrast to our recognized competitors?
5. Which parts of our investment process are we willing to make transparent, which elements will we not reveal and how can we best describe a process that has some hidden steps?
6. What sales language should we use, with consistency, in our verbal and written sales presentations, our marketing materials and other content we may disseminate related to how we think?

Of course you can't answer these questions effectively without having an outsider's view. It is important that you know how the skeptical, cynical sophisticated investor prospect would view your responses. If you start marketing without having this knowledge and perspective, you may burn some contacts on your list of people to pitch. Post-2008, sophisticated investors no longer allow a money management firm a 'do-over' in pitching them. You want to get this right the first time.

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### About the author

**Bruce Frumerman** is CEO of Frumerman & Nemeth Inc., a 30-year-old financial communications and sales marketing consultancy that helps financial services firms create brand identities for their organizations and develop and implement effective new marketing strategies and programs. Frumerman & Nemeth's work has helped money management firm clients attract over \$7 billion in new assets, yet they are not third-party marketers.

Frumerman & Nemeth is internationally recognized for its work in crafting for clients the beyond-the-numbers *story of how they invest* — content that investment committees actually discuss, debate and vote on behind closed doors when considering firms on a short list for potential investment. Importantly, this is required due diligence content that cannot be communicated in pitchbook format.

Frumerman & Nemeth's work also includes providing strategic consulting on product and strategy-specific branding, crafting the required strategy-specific content detail and designing and producing the marketing tools needed to make it through the two-month to two-year institutional selling cycle. Clients also employ Frumerman & Nemeth to help promote the intellectual acumen of management — helping them get speaking opportunities, write and give speeches as panelists or stand-alone speakers at industry conferences, and through media relations marketing services.

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