



**Marketing To Sophisticated Investors column**  
by Bruce Frumerman, CEO, Frumerman & Nemeth Inc.

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## Could This Be Your Roadblock To Fund Marketing Success?

I'm often asked, are there steps my money management firm could take to improve its selling efforts?

It is as important to have a great storyline for educating and persuading prospects to understand and buy into how you invest as it is for your firm to deliver acceptable performance.

So, is your communications sufficient for out-marketing the competition? Or, could an incomplete storyline be a roadblock preventing selling success?

### **Does the problem sound familiar?**

The selling challenges that money managers face are as varied as the strategies that they follow. However, it often comes down to a money management firm's ability to tell and sell the investment process part of its story in a complete enough fashion. Consider these three real life examples I've seen.

### **My cat**

An 18-month-old two-man hedge fund was preparing for its first ever presentation at their prime broker's capital introduction event. They were concerned that their long-short US equity strategy was nothing special, and they knew they didn't know how to explain what they did other than saying "*We look at the screens all day and know how to react.*" They told me they were concerned that a skeptical prospect may say to them, "*My cat can stare at a screen all day. You must be doing something!*"

We determined what they actually did — it was all in their heads and had never been written down. From that, the answer to how to tell their story was found. When they gave their verbal presentation — no slide shows were permitted — the storyline they presented about what they do, and why, flowed, while the presentations from the other funds did not. About one third of the audience at the capital introduction event handed over their business cards and asked for individual meetings. The head of cap intro congratulated the presenting manager on his talk, the quality of the content and the look of his marketing handout and, in particular, the audience response. "*How long have you been making presentations?*" the prime broker asked. "*What do you mean?*" asked the manager. "*This is the first time I've spoken in public.*"

### **The round two meeting contradiction problem**

Then, there was a 10-year-old midsize hedge fund looking to recruit its first salesperson. They were turned down by the first candidate they offered the job to. Why? He found that the co-managers couldn't agree with each other on how to explain to him how they ran the portfolio. Their prospective salesman was worried what would happen in a Round Two meeting with a potential investor when the portfolio manager contradicted what was told to that investor in a first meeting. Once the co-managers were brought to agreement on how to explain their approach new, supporting marketing collateral was created and they were successful in recruiting an in-house salesperson and growing the business from there.

## 'I don't know' won't suffice

A quant fund had a sales manager who had trouble answering prospects' questions after she gave her presentation about the firm and its multi-factor analytics-based investing process. It turned out that the CIO had never fully articulated to the sales manager the detail of the process he followed to build and manage the basket of holdings. It was all in his head. So, all she could do was repeat the generalities she had been told. After the firm's investment process story was gotten out of the head of the CIO and onto paper, the sales manager was able to run a sales presentation meeting from beginning to end without having to say to a prospect, "*I don't know.*"

## What is in your mind?

To improve their ability to market, each of these firms had to take a structured approach to rethinking how they communicated their investment beliefs and their portfolio management process. Then, they had to create or refine their storylines about how they invest and produce the marketing collateral they needed to successfully navigate through the selling cycle.

Your firm, too, has to decide what sales language to use, with consistency, as well as what themes to address, in your verbal and written sales presentations and marketing materials, and in media relations marketing branding work.

This begins with determining what should be your organization's buyer-focused key selling messages and the priority in which these points should be presented in order to communicate a linear storyline.

This is easier said than done, however. While money managers are experienced in analyzing securities — something they've done time and again — a roadblock to selling success is often their lack of experience and perspective in being able to reexamine their firm with the eyes of their ultimate target outsider: the interested and experienced but skeptical prospect. What about at your firm?

Is your storyline about how you invest good enough to out-market competitors with similar performance? If you don't think it's good enough to convert a sophisticated, skeptical prospect into an investor, now is the time to take the steps necessary to overcome that roadblock to success.

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## About the author

**Bruce Frumerman** is founder and CEO of Frumerman & Nemeth Inc., a 31-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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