



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

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Tips For Growing Assets Beyond Friends & Family

There are thousands of money management firms; more than enough to clutter the competitive landscape. While some will prosper, many will not. Many have an AUM size that is too small to survive.

What is it that enables one money manager to grow and retain assets while a competitor cannot?

Is performance the sole answer? Of course not. If that were so there would be but a fraction of the number of money management firms there are. While performance is a significant ingredient in the formula for success in attracting assets, it is just part of the equation.

As an institutional investor was once quoted in the financial trade press as saying, "I am not going to buy a track record. I want to buy an investment process." Remember that comment. It lies at the heart of what you are selling.

Is access to distribution channels the key to success? That's important, too, but just because a money management firm's products are available through a distribution channel doesn't make demand pull exist for those products or mean that the channel is proactively soliciting for investors in the firm's products.

Marketing is the other major factor that impacts a money management firm's ability to grow and retain assets. Marketing does more than "get the word out". It's what gives a firm its identity and positions it in the eyes of the marketplace of investors, advisors and the media. When marketing is given short shrift by a money management firm, its ability to attract and retain assets suffers.

While good communications marketing cannot help improve your investment performance, it can help you have higher impact selling.

What does a firm's communications marketing consist of? The storylines and language it uses in its verbal and written contacts with clients, prospects and those who influence them.

Communications marketing is what is used to get people to buy into the investment products the firm is selling and the process it uses to manage money. This includes everything from verbal sales presentations and marketing collateral to letters to investors, interactions with the press and online platforms where investment related insights are shared by money managers with the investment community.

Most boutique money management firm owners begin by having investors who are friends and family; people who already thought well of them and trusted them. Once these money managers begin marketing to strangers, however, they often find themselves getting a much chillier reception.

As one boutique money management firm owner confided in me, now that he has seen how tough it is to interest strangers in his firm and convert them into investors, he realizes that he could have talked Jabberwocky to some of his friends and family investors and they still would have invested. They knew him and, in their minds, that was enough.

In contrast, it is another story altogether when it comes to selling to institutional plan sponsors, family offices, fund of funds, endowments and foundations, savvy High Net Worth investors, and financial planning/investment advisory wealth management firms. Most of these folks allocate assets on behalf of their constituents or clients. Not only do they require more content and more detail about investment process for conducting their due diligence, these prospective investors of yours also recognize that, down the road, they may need to defend their decision to invest with you rather than a competitor.

Most money management firms don't put in the time and work needed on honing their efforts to sell these sophisticated investor strangers on allocating to them. If you are willing to be a contrarian (as all good investors are supposed to be), creating and delivering the content they actually require in their due diligence work, you can use this to your advantage.

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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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