

March 2020

Can Your Pitch Survive An Investor Interruption?



The funniest thing happens sometimes in the midst of a sales meeting conversation between portfolio managers or investment firm salespeople and the sophisticated investor from whom they're seeking to win an allocation. The sellers lose their place in what they were saying and leave the meeting without having made specific important points that it was their intention to cover.

The sales meetings at which this occurs are often the initial in-person contact with the prospective investor. This is an event that the money management firm has spent time prepping for and is a meeting that may have taken weeks or months to get scheduled.

So, how does this problem occur in the first place, what is the potential damage done and what can a money management firm do to reduce the odds of this occurring again in the future?

Problem often = process explanation discussion

I have heard this story so often over the years, both from the buy-side inquiring sophisticated investors and the sell side portfolio managers and salespeople.

The portfolio manager or salesperson starts walking the prospective investor through the money management firm's investment process, attempting to verbally deliver their story in a linear fashion. This is the right thing to do, but there are times when the sophisticated investor begins to think ahead about some investment research, risk management protocol or trade execution point and interrupts the seller with a question about such an issue. The seller answers the question and then continues on with the investment firm's pitch *from that point*.

Here is how this tends to play out. Say the portfolio manager runs an eight-step investment process and it is the plan to communicate these strategy implementation steps at this important round one in-person sales meeting. The seller gets through step three and then the prospect interrupts and asks a question, the answer to

which is step seven. The portfolio manager talks about step seven, then states step eight and the discussion finishes. After the portfolio manager has been shown the door it then occurs to him that he never stated steps four through six.

Perceived partial workflow = damage done

Such an in-person encounter leaves the sophisticated investor to take at face value what she has just heard. If that partially explained investment process workflow seemed not good enough, whether at first blush there on the spot, or a day later after mulling on what she heard, it is not very likely the prospect will recontact the seller and say *You must have left something out in your communication about how you run your strategy. Don't you want to rethink what you told me and fill in the blanks where you might have unintentionally left out some important parts of your thinking that goes behind your strategy implementation?*

Process explanation requires more structure

Every money management firm my financial communications and sales marketing consulting firm has worked with has had an investment process. However, not every portfolio manager had recognized from the outset what all of the steps actually were, and, importantly, the order in which the steps occur in running the strategy (e.g., you can't make a step 2 decision until you have first made a step 1 decision). And if this is not explicitly clear in the portfolio manager's head it *never* is clear in the mind of her salesperson.

To prevent this sales marketing communications problem from happening in your meetings with prospective investors, your investment firm needs to work out on paper the investment process its portfolio manager follows in running the fund's basket of holdings. Next, the firm needs to craft what intro and outro investment process storyline content elements link one investment process step with the next. These very points need to appear in print in what my firm refers to as the long version storyline explanation about strategy implementation. (This paragraph form content requires an additional marketing collateral leave-behind document that is separate from the flipchart pitchbook or one-page backgrounder.) Then, this investment process storyline communication needs to be taught to the salespeople and rehearsed out loud by both the portfolio manager and the salespeople. With such advance planning your firm will find itself better equipped to out-market competitors because you, unlike they, will be able to deliver a cogent, compelling and linear explanation about *how* you invest — even when you get interrupted.

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About the author

Bruce Frumerman is CEO of Frumerman & Nemeth Inc., a 32-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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