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Maximizing Your Salesperson's Marketing Efforts

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When a money management firm contacts my communications and sales marketing consulting firm saying that it has good performance numbers, but has had little luck in winning over new investors, I usually find the same one or two problems. First, they were having their salespeople spend most of their selling time pursuing the wrong types of investors. Second, they did not equip their salespeople with the 'beyond the numbers' information that sophisticated investors require in their due diligence efforts, so the sales staff was not armed with all the content prospective investors expected them to deliver beginning at the first sales meeting.

For an emerging manager to improve a salesperson's marketing effectiveness there are key points the firm owner needs to recognize and specific selling content and tools he or she needs to create. Doing this could enable a money management firm to achieve critical mass with its investor base.

Who to pursue

It is your salesperson's job to build and manage an appropriate list of contacts of prospective investors and investment consultants, but which are most appropriate for your firm today?

The answer lies in understanding and accepting who your current natural target markets are, and to which you can market your strategy. If your size is too small and track record length too short then telling your salesperson to focus only on landing large institutional investors would be a misuse of time. It is important to recognize who is most likely to buy into what you're selling.

Friends and family, family offices, independent RIA wealth management firms, fund of funds, endowments, foundations and then institutional plan sponsors tend to be the order of pursuit for a money management firm as it grows in size and track record. The shorter the track record and smaller the AUM the more the firm needs to market itself to the earlier listed types of prospective investors. The exception to that rule for a smaller investment boutique is when it reaches the minimum size and age requirements for a particular plan sponsor's emerging manager program.

When to pursue

Do you know what the needs are of particular investors you aim to contact? You need to be in a position to judge whether your strategy is a potential fit. So, your firm must identify where you might provide a solution and where you cannot. Once this information is in hand you can, together with your salesperson, separate suspects from prospects, and determine who are your near-term prospects and who are the investors you need to move onto your list of people to get back to when you could be a fit. Knowing when to pursue a prospect impacts how your valuable sales marketing time is spent. Also, it will help you determine the relationship building goals to set for specific near- and longer-term prospects on your list of contacts.

Acknowledge the selling cycle

How long is the selling cycle? It typically runs from two months to two years. If you find yourself in the right place at the right time with the right prospect who is set to make a purchase decision now, it could take as little as two months. Unfortunately, that is more the exception than the rule. Many sophisticated institutional investors run an extended due diligence process. Not only will they evaluate you, they will insist on spending time tracking your live performance once you've made it on to their list of money managers worth monitoring. It could take you two years to convert such a prospect to be an investor.

I have found that the investment boutique firms that have a history of high turnover of sales staff are those with impatient portfolio managers prodding their salespeople to speed up asset gathering. Selection of investment strategies and portfolio managers by investors is not an impulse purchase.

Tools for selling

It's funny that some first time investment boutique business owners think that their salespeople are mind readers. While they can repeat whatever story the portfolio manager tells them for representing the firm and its strategy, salespeople cannot guess detail that was not provided to them.

Specifically, they need to know what to say, how to say it, how to deliver it in verbal and written form in sales marketing contacts with prospects, and then be able to point to third-party endorsement for the intellectual acumen of management that's being marketed. The investment boutique firm owners that lead the way in creating and providing this make their salespeople more effective in their marketing efforts. Also, when brought into a round two meeting with a prospect, the portfolio manager is then less likely to contradict something the salesperson may have said to the potential investor at the previous sales meeting.

The key building blocks that are too often missing from a money management firm's selling are in the detailed 'beyond the numbers' explanation about the investment beliefs and investment process describing how the strategy is run. Not only does this information need to be detailed, the explanation needs to be compelling so the prospect gets the comfort factor needed to buy into the investment process.

Institutional investors and their investment consultants demand greater detail than many new money management firm owners initially realize regarding how the portfolio managers think and how they construct and manage their portfolios. Bullet points in a flip chart are not good enough for communicating an institutional caliber explanation about a firm's investment beliefs and the process behind its strategy. A flip chart pitchbook, something many if not most firms rely upon to communicate their thinking, is actually the wrong tool for this communications job because, as all sophisticated investors know, the content detail about investment process that they seek goes far beyond what a few bullet point phrases can say.

Is your firm communicating a detailed enough, institutional caliber explanation about its investment beliefs and the process behind its strategy?

My communications and sales marketing consulting firm has found that a separate marketing tool is required to deliver this vital storyline content in sentence and paragraph form about how a portfolio manager assembles and manages his or her basket of holdings. This content is far more suited to a brochure format marketing collateral document than to a bullet point flip chart. This is the additional leave behind selling tool a salesperson should have that restates in print what he or she explained verbally in an initial sales meeting with a prospect.

Both the salesperson and the portfolio manager have a communications marketing risk management challenge. One of the important selling missions an investment boutique has is to reduce the odds that a prospect will mess up retelling the 'beyond the numbers' part of the money manager's story to others on the investment committee. I have found that when salespeople are equipped to deliver to prospective investors the written long version storyline explaining their firm's investment beliefs and investment process it increases control in how prospects remember and retell the investment boutique's story to the other decision makers on their investment committee.

A money management firm cannot simply hire salespeople and say 'go raise assets'. Without a sales marketing action plan the money management firm is more likely to fail than succeed in reaching critical mass with its investor base. Investment boutique firm owners who fail to manage or who mismanage their sales staff end up learning a costly lesson in what not to do. I have seen this result in operational dollars misspent and in sometimes burning relationships with potential future investors who are among their contacts.

Only when the portfolio manager or money management firm owner understands who are the most likely potential prospects, acknowledges that there is a selling cycle through which the firm needs to carry out its marketing, and provides the tools needed for the salesperson to communicate the firm's story in marketing its product can the money management firm maximize the efforts of its sales staff.

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About the author

Bruce Frumerman is founder and CEO of Frumerman & Nemeth Inc. (www.frumerman.com), a 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. Founded in 1987 pre-crash, Frumerman & Nemeth's work has helped money management clients attract over $7 billion in new assets, yet they are not third-party marketers. Frumerman & Nemeth was named Hedge Fund Branding Specialist of the Year - USA by *Wealth & Finance International* for its 2015 Alternative Investment Awards, named Best Hedge Fund Marketing Firm - New York by *Acquisition International* for its 2015 Hedge Fund Awards, and was recipient of the 2015 Innovation & Excellence in Financial Services Communications - USA award for the *Corporate LiveWire* Innovation & Excellence Awards.

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