Marketing To Sophisticated Investors column
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The Asset Raising Tool You & Your Competitors Are Likely Misusing

Tip 5: Preparing For Post-Pandemic Asset Raising

Welcome to the fifth of a series of articles offering insights and tips to prepare money management firms for improving their abilities to out-market competitors and attract assets from sophisticated investors in the coming post-pandemic, recessionary world.

Despite the global pandemic and recession, the asset raising selling cycle for marketing investment strategies to sophisticated investors remains nearly, but not exactly, the same as beforehand.

The selling cycle with this audience ran typically from two months to two years. This was true before and after the 1987 crash, the yield curve inversion of 1994, the 2000 bursting of the tech bubble, and the 2008 great recession. What is different this time? With the ongoing pandemic, institutional investors, their consultants and gatekeepers are unable to pay onsite visits to the money management firms on which they want to conduct further due diligence. Some sophisticated investors may decide to 'bend' their onsite visits requirement and accept video conferencing, others will not.

The elimination of in-person meetings for the foreseeable future means it will become more challenging connecting and speaking with prospective investors; learning what they may be looking for now and seeing if and how your money management firm's offerings might be a fit.

This also means that a money management firm may find itself having a longer period of dialogue with due diligence back and forths by phone, video and email. It may also find there is a longer period during which it needs to share more documents — monthly performance updates, letters to investors, research/analysis reports on key holdings, white papers, transcripts of remarks made as a panelist at industry virtual conferences — to remain front-of-mind and reinforce the quality of the intellectual acumen of management.

All of this requires a lot of recordkeeping detail: Notes on who said what when. Notes on next steps, whether requested by a prospect or suggested by the money management firm. And once in-person meetings become safe again, there will be networking at conferences in addition to one-on-one get acquainted sales meetings.

On the sales marketing side of things this also requires persistence. It's incredible how many money management firm folks meet a prospect who responds favorably with enough curiosity to be willing to learn more, and then the portfolio manager or sales person doesn't follow up. Yes, this really happens. One of the likely causes is a lack of structured recordkeeping.

When I've had occasion to ask some portfolio managers and salespeople to recount details of what occurred at some meetings with prospective investors a great number of them had trouble doing so. This always brings to mind the 1962 song *Remember Then* by Larry Chance and The Earls. Unlike with the lyrics of that song, when I asked the investment firm folks to remember then, they couldn't.

This is another reason why well-handled contact management record keeping can improve your asset raising success.

The good news is, many of your competitors are likely not handling their contact management well. You can gain a competitive advantage by taking more detailed notes than you have in the past. And you'll be happier for it!

Here are six tips:

1. Write down the he said, she said of your conversation

You should have records of what questions you were asked and the key points with which you responded.

2. For in-person meetings, write down any detail that gives added color of the encounter

For example, I have notes about the confession from the plan sponsor investor who, years back, sat to my left at lunch at a hedge fund investing conference at which I was a speaker. She told me that by the time her slow-to-decide investment committee could get around to agreeing to allocate to a new strategy type it was always too late; they consistently missed out on the hockey-stick upside strong returns. I also still have notes from a different year when a family office investor who, again, sitting to my left at a meal, at a different industry conference at which I was a speaker, shared his tale of trying to find a satisfying protein bar to eat before he began his daily exercise routine.

These happen to be examples of conversation tidbits that illuminate the personality and character of organizations and people. These notes do not directly have to do with a specific money manager's portfolio, but they do offer insights for continuing conversations with these people in the future. Who said such things to you a year ago? Without writing easily searchable notes you may find yourself pressed to accurately *Remember Then*.

3. Write down what the prospect agreed to being the next step between you two

Do not leave the end of a meeting or conversation open-ended. Get agreement as to what the next step is and when it is to occur.

4. Write down what follow-up you have to do when and get that on your calendar

With the above information now in hand (or, more appropriately, entered in your software program), write up and schedule your To Do tasks.

5. Daily check and re-prioritize your To Do list of follow-ups

It is not enough to write up To Do tasks. You actually need to follow through with them. Soon enough, you will find many of these activities piling up. So, you should daily be re-prioritizing some of the less time sensitive tasks on your list, and dedicating more time to tasks related to your nearer-term better prospects.

6. Select appropriate software

These actions cannot be managed in a Word or Excel file. Also, in my view, Outlook is not a good tool for this. A contact management program is needed. Last tip in this point: many such programs are built for a large sales force doing dialing for dollars from contact lists they are provided by their higher ups. This is the anthesis of what an investment boutique needs to accomplish, as its communications and sales marketing is much more rifle shot focused. So, many of the bell and whistle 'modules' of such software have little useful relevance. Keep this in mind and don't get sucked into trying to use every part of a contact management program.

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About the author

Bruce Frumerman is CEO of Frumerman & Nemeth Inc., a 33-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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