Marketing To Sophisticated Investors column
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# *"Meet Me At Your Own Risk,"* The Institutional Investor Warned Fund Managers

A little while ago I was a speaker at a symposium for money management firms about marketing investment strategies to institutional investors at industry conferences. Before the event started, I had an interesting conversation with a fellow speaker who was a due diligence vetting group member with a very, very large public pension plan. His job focus was evaluating investment opportunities for one specific asset class. As he told me, when meeting portfolio managers at industry conferences, he often found himself in conversation both with those who invested in the asset class for which he was responsible for conducting manager vetting as well as others who ran portfolios allocated to different asset classes. While we were sharing stories with each other about what we've seen from our separate but related perspectives about what money management firm owners get right or wrong when pitching sophisticated institutional investors, he made some comments that I said he should definitely repeat at his panel session. And he did.

Here are the important comments he shared with the audience that day that could impact your asset raising success.

## More approachable than you may think

In such business-oriented social environments many of the institutional investors from the very largest of pension plans are really much more approachable than many money managers might otherwise think.

Just because an investment management firm may only be of boutique size, or have a single-focused specialty, or not be a recognizable name does not mean that he and his fellow gatekeeper colleagues won't be willing to spend a few minutes listening to what you have to say if you approach them and introduce yourself.

Also, just because the public plan sponsor does not have a current RFP for the type of investment strategy you run does not mean their in-house gatekeepers would reject the idea of starting to get acquainted with you when meeting at an event.

Bigger investor does not automatically equate to unapproachable investor.

## More important than you may think

Your in-person interaction with a plan sponsor gatekeeper could be worthwhile, even if that gatekeeper does not have the asset class in which you invest as their area of focus.

If a portfolio manager and what she or he has to say seems intriguing enough to him, he said, he was willing to act as conduit and pass along information about the manager, the strategy, and details of the encounter, to the appropriate colleague whose due diligence vetting focus is on that asset class.

## More of an institutional memory than you may think

He doesn't just listen to what a portfolio manager has to say to him at such investment conference events, he writes down notes about the encounter before leaving the event to take back to the office and enter into their public retirement plan's money manager vetting records.

Even if, say, a money manager's AUM is too low to permit the institution to currently invest, there will be an entry made about the encounter with them. When, down the road, the AUM reaches investable size for the plan sponsor, and the money manager recontacts the due diligence gatekeepers at the organization, or responds to an RFP, those notes of that earlier direct encounter will be cross referenced and reread.

But there is also another side to that institutional memory.

## THE most important counsel given

The plan sponsor due diligence vetting gatekeeper then turned to sharing the most insightful of points: While he and his gatekeeper colleagues may be willing to grant you some of their limited in-person time and attention at an event, be careful what you wish for.

For those who come fully prepared for using that introduction to make a proper first impression, including being able to answer on the fly detailed questions about strategy implementation and portfolio characteristics, good.

For those who don't put in the advance prep time, for those who decide to wing it, for those who figure that what they found sufficed when speaking with and winning over unsophisticated individual investors will do for the sophisticated prospects, the institutional investor gave this warning: "*Meet me at your own risk!*"

That aforementioned institutional memory will end up housing written notes added to the organization's due diligence vetting records on the encounter. This could include observations on what you said and how you came across, such as impressions on what was lacking, what was suspect, whether — if you were a boutique — you appeared to have or lack a small business owner's head on your shoulders, and so on.

When taking that step to make a first impression with a first in-person contact, remember that you won't be granted a do-over.

Lesson: If you don't first prepare you may have reason to beware.

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**About the author**

Bruce Frumerman is CEO of Frumerman & Nemeth Inc., a 37-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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