Marketing To Sophisticated Investors column
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# Asset Raising Harmed By Distracted Portfolio Manager's Website

For sophisticated investors who put time and effort into due diligence analysis of money managers they are considering making allocations to, there is nothing worse than coming across portfolio managers who demonstrate they appear to be easily distracted, seem to lack the ability to focus and lack attention to detail. No, come to think of it, sophisticated investors are actually *relieved* to identify such a character flaw early when conducting their portfolio manager research because this gives an easy cause to reject such a manager from their further consideration. It is a way for the investors to identify a behavior symptom that could infect management of the portfolio management process.

While verbal communications from the money manager are sometimes the spark that ignites a marketing problem chain reaction, more often than not it is within the written communications of a money management firm where the error lies. In print. For all to see. Today and beyond. Documentation 'proof' that prospective investors can copy and save.

The latest example of this comes courtesy of an emerging manager investment firm that in the past year paid to participate in at least one industry conference, presenting its strategy to the audience of family office investors. (I know it was at least one such event, because I saw him there.) Where did he harm his asset raising efforts? On his investment firm's website.

In this day and age, the website of a money management firm is its universally accessible 'calling card' to the potential investors it seeks to serve. This is even so for the money management firm whose product can only be marketed to accredited investors, and who needs to keep some of its website content behind a password protected firewall as a result. However, for the money management firm whose product offering does not have such a restriction, the multi-page website provides the opportunity to educate and persuade people to be intrigued enough to want to learn more and have direct contact with management. Such is the case of this particular emerging manager whose tale I share here.

So, what danger signs did this money management firm owner give that convey a personality which can be easily distracted, seems to lack the ability to focus and demonstrates a lack attention to detail? All were there on the firm's home page.

Like many other companies, this money management firm bought a website template and then modified it for its own use. There is absolutely nothing wrong with this at all. However, here was the first problem: the home page included a copy block titled ABOUT US and also three main horizontal based 'sections' of content. I'll now reproduce exactly what I found for this firm's description:

**About Us**
Consectetur adipisicing elit, sed do eiusmod tempor incididunt ut labore et dolore magna aliqua.

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No, your eyes are not deceiving you. The distracted money manager published a company website where his firm never replaced the Lorem Ipsum template filler copy with actual content. Again, this mistake appears on the home page itself, not even some web page, say, three or four layers down somewhere on the website and on a subject of lesser import (which would have been bad enough).

That alone would have been a red flag for the prospective investor who may have attended the conference where the portfolio manager paid to speak, and some time later went to look at the fellow's website. But wait, there's more.

Another section on the investment firm's home page is designed and coded in the purchased website template to have jump links to go to other web pages that provide further detail on three subjects, among which are performance and process, as you would expect. OK, guess what happens when a potential investor hovers his or her mouse over the subject, the arrow switches to the pointing finger hand icon and the person clicks? Does a new website page with detail about historical performance or how the investment process is run appear? No. Instead, the page scrolls up a few inches higher, back to the top of the money management firm's home page. How come? The portfolio manager never crafted the needed jump link pages and additional content the website template is coded to have added.

On the upside, the money management firm states on its home page that it uses "a disciplined approach", just like you would hope your portfolio manager does.

And this gets to the ironic crux of the matter. There are times when some portfolio managers and their investment firms claim to be disciplined — implying there is attention to detail as to how the investment strategy is run, from identifying potential investments to assembling an intended risk related asset allocation for the portfolio, and then monitoring and adjusting the holdings as valuations change over time — but instead leave an impression through their written communications that they lack the focus and attention to detail needed to run a portfolio of other peoples' money. Maybe your money.

There are far more portfolio managers who make obvious errors in their PowerPoint flipchart pitchbooks than there are who do so on their websites; but all of these portfolio managers harm their asset raising efforts through such mistakes.

As a sophisticated family office investor, with whom I was on an investment conference panel, said to the audience of money managers, *When I see a portfolio manager make a mistake that a fifth grader wouldn't make on a report he prepared to present to his classmates, then I become very nervous about what attention that manager would really be giving to the three, five or ten million dollars' worth of investment I'm looking to allocate.*

Such a communications marketing error results in a reject with no potential to get a do-over any time down the road.

Sophisticated investors want to allocate to portfolio managers who can keep their eyes on the ball and pay attention to detail. Particularly when the portfolio manager is the founder and head of the organization the responsibility falls to him or her to not make such unintended, dumb mistakes. It not only can cost the firm the potential of gaining new business in the near term, it can cause permanent reputational damage by leaving an impression that just won't go away.

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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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