Marketing To Sophisticated Investors column
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Meeting Today's IR & Asset Retention Challenges –
Tip 3: Preparing For Post-Pandemic Asset Raising

Welcome to the third 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.

Since the global pandemic and recession took off in March, there have been many rapidly required learning curves for investment firms.

Putting in place work from home office capabilities was, relatively, the easiest challenge. Assessing what the whipsawing markets have done to portfolio holdings was more challenging. Having to respond initially to inbound queries from investors and then beginning to refine improving proactive communications, with the goal of asset retention, remains the greater challenge.

More urgent to the money management firm than seeking out new prospective investors is the importance of being able to retain the investors it already has.

Clearly, asset raising efforts — initiating marketing to prospects yet to be contacted — has temporarily ground to a halt. It's as if "Red Light!" was called out in the childhood game of Red Light, Green Light. This pause among sophisticated institutional investors in their efforts to seek out and consider portfolio managers who are new and unknown to them is likely to continue through the summer, at least.

Nothing will harm future asset raising marketing efforts more than having a big outflow of assets from current investors. Therefore, this tip for asset raising in the coming post-pandemic, recessionary world is not about asset raising from those you do not yet know; it is about asset retention with your current client base.

Four Asset Retention Communications Plan Tips

While the initial IR responses to current investors in your firm's strategies have been made, now is an advantageous time to rethink and build up your asset retention outreach plan.

Suggesting to sophisticated investors that they should stay focused, calm, and avoid making impulsive decisions is not the answer. They are looking for information about what your firm is thinking and doing.

Letters to Investors — Reexamine what is best to communicate. In each letter you should reinforce one or more of the key selling message reasons why your investors allocated to you in the first place. This task is harder than it sounds. You cannot simply keep repeating the same point the same way in every communication that comes from your firm.

Business or Industry Research Reports — If previously research reports, or white papers, were produced few and far between, now is the time to change that. Any investor base of sophisticated investors — family offices, endowments, foundations, plan sponsors and the gate keeper consultants that serve them — will be on the lookout for more analysis and commentary from their portfolio managers. Such communications are tangible demonstrations of strategy implementation based on thoughtful decision making.

Phone Updates — Far too many investment boutiques get sloppy about how often they have phone updates with their investors, and what they communicate when having such calls. You need to have one or more insights to offer in exchange for their time and attention. As with your letters to investors, once you offer one particular insight you cannot use that again as the insight offered on the next call; unless, that is, there are updated marketplace related examples since the last conversation that further reinforce the point or observation you made previously.

Sales Staff Training — If sales people, rather than the portfolio manager, are going to be the ones carrying out phone updates with the investor base, they first should receive a training update from the person who created and runs the investment strategy. This educational update should include covering investment process, views on the marketplace in this time of global pandemic and recession, assessments on portfolio holdings and thoughts on what, if any, strategic or tactical changes to the investment process the sophisticated investors would want to be alerted to.

Asset retention efforts require the same time and attention as do asset raising efforts. Luckily, some of what is done in IR can perform double duty when also used in an investment firm's asset raising marketing, but that is a topic for another time.

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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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