Marketing To Sophisticated Investors column
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Investment Conference Marketing: 2 Intel Gathering Tips

There are two main errors my financial communications and sales marketing consulting firm finds that money management firms make when it comes to their intelligence gathering efforts at investment industry conferences they attend. Interestingly, we've seen larger sized money management firms be guilty just as often as with emerging manager firms in making these errors.

The first mistake made is when there is no advance planning for how to qualify whether a suspect may be a prospect. The second mistake is no advance planning for what market intel to gather. So, let's look further into these.

Tip 1: Qualify to separate suspects from prospects

Face it, even if your money management firm has a strategy with stellar performance, a long track record and billions in AUM that doesn't make what you have on offer as being right for every investor, let alone of interest to them.

The qualifying you should be doing in your sales marketing efforts at the investment industry conferences you pay for and attend shares similarities with the investment process for your investment strategy. To identify what are potentially investable securities for them, portfolio managers typically begin with some defined greater investment universe starting point and then begin screening to reduce that to what they consider to be an investable universe based on first level of characteristics important to them. So, too, in marketing investment strategies to sophisticated investors, do money management firms need to sift and sort to separate suspect from prospect. All of the attending investors at an investment industry conference constitute the 'greater universe' here. Only some of these are actually prospects for you.

When it comes to sophisticated investors — family offices, endowments, foundations, institutional plan sponsors — investment decision making goes beyond just the numbers. So, you have to tell and sell more than that, and screen beyond just that.

How successful has your firm been in using investment industry conference events to seek out people who might be potential investors, and separating those who aren't from those who might be?

Think back through your money management firm's experience in having paid to attend investment industry conferences with the hope of meeting people who could become your next new investors. How many times have you or your team returned from a conference, shuffled through the business cards you brought back (or a published list of attendees), entered them into your contact management software and as you did, realized that you have no worthwhile notes to enter about them? All you had was name, title and where they are from.

Now what? How will you handle follow-up? The selling cycle for marketing to sophisticated institutional investors can run from two months to two years. You have a finite amount of sales marketing time to spend on your rifle shot, one-to-one selling efforts. How will you prioritize post-conference contacts with these people and how will you direct the communications and conversation with each?

It's better to start with the objective of wanting to return from each investment industry conference you pay to attend with context about each of the new people you meet, in addition to their contact info.

What are the 'must have' characteristics for a prospective investor to consider allocating to you? For this you need to take into account your strategy's data-based characteristics as well as the investment approach you follow. From this assessment, craft how exactly you will explain to someone what your firm does and what questions you need to ask them to initially classify who they are, or may become, for your firm.

Some suspects you meet will clearly never become prospects. For some investors you meet you'll find your data-based characteristics come up short today, but down the road as your data-based characteristics change you might later meet their initial screening criteria. So, these folks would be classified as '*future prospects when*…'. And when you find yourself in the right place at the right time where the new investor contact is intrigued enough to be willing to continue discussions beyond that day's conference event you have yourself a current prospect.

Tip 2: Decide what market intel to gather

You should send your conference attending team members out with specific instructions as to what marketplace intelligence your firm wants to gather from the investors they meet. Prepare a list of questions that it would be worth getting answers to.

Some of these questions should help you determine which of the suspects you met turned out to be prospects and which ones were not. Remember that you will want to keep a list of who you have met over time who were not prospects; otherwise you might find yourself in the uncomfortable position of starting to re-pitch some of these same people at a future event and leave a poor impression that they might pass along to other investors they know, some of whom might be actual prospects for you.

That may not be the only market intel you have to gather. Consider what survey-type questions you should ask that may help your money management firm decide what next strategy or investment vehicle type to bring to market.

For example, one client of ours that ran a private debt strategy, lending for real estate project construction financing for one particular market segment, surveyed family office investors at an investment industry conference as to their potential interest in a possible second strategy offering that would lend for project construction financing for a different type of market. The face-to-face polling opportunity, with the ability to ask follow-up questions and even simultaneously develop a list of potential future prospects for the yet to launch product was more than worth the price of admission to attend and display at that investment conference event. The market intel gleaned saved the money management firm what could have been tens of thousands of dollars allocated and misspent in a project launch had it only guessed what reception it might have gotten and just gone full bore into what it assumed market reception might have been.

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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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