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Editor Note: This week we welcome a guest post from Hedge fund communications guru and friend of the firm, Bruce Frummerman. We welcome his insights and look forward to future posts.

Haunted hedge fund managers getting no sleep

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What keeps you up at night, and what are you doing about it?

by Bruce Frummerman, Frummerman & Nemeth Inc.

Hedge fund managers gathered last week at McGladrey & Pullen's Alternative Investment Conference for an informative update from the accounting firm on current and upcoming accounting and tax law changes and regulations.

As part of their presentation McGladrey & Pullen conducted a live poll of audience members on a handful of topics primarily having to do with views on accounting requirements and the likelihood of coming regulatory changes. The questions were multiple choice. Audience members entered their responses on wireless keypads and the tally was presented on the slideshow screen by the podium.

The most interesting open ended question the audience responded to was this:

What one thing about your fund keeps you up at night?

After two hours of presentation about accounting, tax reporting and potential regulatory legislation it was no surprise that the leading response selected from around a half dozen choices offered was "Government / Government interference / The Treasury, Federal Reserve and Congress". However, it was the second highest ranked response that was more telling — and it had nothing to do with accounting. What the hedge fund managers selected was **"Ability to raise funds/assets / Maintaining asset levels / The endless search for more money"**.

A fund manager can't change what the government does or doesn't do in legislating more regulatory control over the industry, so it's not worth losing sleep over. But a hedge fund is master of its own destiny when it comes to its ability to out-market its competitors and raise assets.

Success in asset raising takes time and patience; the selling cycle in the hedge fund business is long. Additionally, competition today is stiffer and prospects take more convincing than ever before.

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For fund managers for whom the ability to raise assets is keeping them up a night there is a three-part recipe for curing that type of insomnia.

- Craft the way — verbally and in writing — your firm will educate and persuade skeptical prospects to understand and buy into how you invest. You need to correctly represent the substance of how you think and work while communicating it a buyer-focused style appropriate for your target audiences.
- Equip your in-house salesperson or third-party marketer with the storyline content and collateral to use in their Round One meetings with prospects, which you will re-enforce in Round Two meetings.
- Expand your sales person's one-on-one sales marketing efforts by pursuing cap intro opportunities. But don't sit on your hands until if and when a prime broker invites you to participate.

Frumerman & Nemeth has often counseled hedge fund clients to add Hedge Connection to their sales marketing mix; but only once they have locked down a cogent and compelling way to sell people on their investing process. A hedge fund only has one time to make a first impression with a prospect. It should do it right.

If a hedge fund manager is delivering performance that is within the ballpark of acceptance and is already following these communications and sales marketing steps I'm willing to bet they are the ones whose funds are not keeping them up at night.

For the sleepless fund manager whose performance is within the ballpark of acceptance, the remedy for a sound night's sleep should be hauntingly clear.

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About the Author

Bruce Frumerman is president of Frumerman & Nemeth Inc. (www.frumerman.com), a communications and sales marketing consultancy whose work for money management clients has helped attract over \$7 billion in new assets, yet Frumerman & Nemeth is not a Third Party Marketing firm. Frumerman & Nemeth helps money managers to develop buyer-focused positioning strategies to differentiate them from their competitors; create more cogent and compelling sales presentations and marketing materials to better tell their story; and use media relations marketing to help establish a branded identity for their organization by generating third-party endorsement for the expertise of their people, the value of their services and the quality of their products. Bruce can be reached at info@frumerman.com.