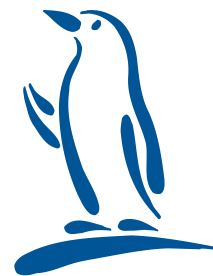


Excess Returns

Monthly insights for investment marketing and sales professionals



October 2013

Volume 3 | Number 8

It's the most important ingredient in any winning presentation. The secret sauce. Only it's not so secret because everyone knows what it is; they just don't always know how to create it consistently. I am talking, of course, about conviction — the heartfelt belief that your investment company offers the best approach and the keen desire to share that belief with your audience. This month, *Excess Returns* considers the importance of conviction: how to get it, how to keep it and how to communicate it consistently.

With best wishes,

Liz Hecht

Founder, Principal and Director of Research

In This Issue

Conviction = Credibility

Spy The Lie

“That's A Good Question”

Alpha Partners is an investment marketing firm specializing in research and presentation strategy. Our goal is to create alpha (excess returns) by helping investment firms win, keep and diversify assets under management.

Alpha Partners LLC

435.615.6862

www.alphapartners.com

Conviction = Credibility

Long, long ago and far, far away, our company was hired for an odd assignment: presentation coaching on delivery only — not content. We were told that this particular investment team had worked hard on its story and messaging and now just needed to fine-tune the delivery. I understood the need to maintain consistency, but I still felt compelled to ask, “Are you sure you don't want us to address content as well, perhaps only where we see the need for refinement around the edges?” No, said our contact, the investment team was completely comfortable with the content.

It turned out that, while senior management was comfortable with the content, the investment team was less than 100% on board. We acceded to this company's bizarre request because I thought it would be interesting, and it was. During the coaching session, one person said “[That's a good question!](#)” in response to every question. Another delivered a disquisition on the shortcomings of performance attribution in response to a relatively simple inquiry about the track record. And yet a third person responded to even layup questions with a peculiar wincing motion, as if about to be struck.

What was going on here? For any number of reasons, this team lacked conviction.

Sources of Conviction

Conviction can't be faked. You either have it or you don't. Even when you do have strong conviction, however, there are many things you and your firm can do to communicate it more effectively and to foster conviction in others on the team who do not live the investment process day to day.

Strong content. Delivery is content. If your content is weak, then you cannot deliver the investment story with conviction. There are several reasons why content might be weak. Content that started strong may have been [killed by committee](#). Or content may have been created in a [vacuum of ignorance about competitors](#) with virtually identical content. In the latter instance, presenters know on some level that they sound exactly like their competitors, which does not exactly contribute to high-conviction delivery.

Ownership. Even strong content can fail, devolving back to bland uniformity, if the whole team does not get behind it. Our firm has developed processes to ensure that everyone charged with presenting an investment strategy feels a sense of ownership regarding the story and the presentation materials. Without such buy-in, presenters may appear to lack conviction or, worse, wander off the reservation altogether, telling a story inconsistent with the larger messages a firm wishes to convey. (We work with many investment companies that sometimes send product specialists and salespeople to a finals instead of portfolio managers; it is particularly critical that these professionals demonstrate conviction, especially when competing with teams from smaller companies that do include the portfolio manager.)

Preparation. Strong content also fails to create conviction if presenters are not well prepared. Experienced presenters all know that invincible feeling one gets when one has truly prepared well. Prepared individually and as a team. Prepared for the main body of the presentation as well as the Q&A. Prepared with the book and without the book. If you've been telling the same story for a long time, you are by definition well prepared. But you still need to come to the story fresh so as not to sound rote and formulaic.

Understanding the audience. The best way to prevent formulaic delivery is to understand your audience. What do they want, as a group and as individuals? How can your organization help them achieve their goals? How can you make this meeting the best possible use of their time?

Physical energy and freedom from distractions. Even the strongest conviction may fail you if you feel tired or distracted. It therefore is a good idea to avoid activities that will exhaust you the day of or prior to an important meeting. You also should make every effort to stay focused. Do you really need to schedule four meetings on the same day? Couldn't that phone call wait until after the finals?

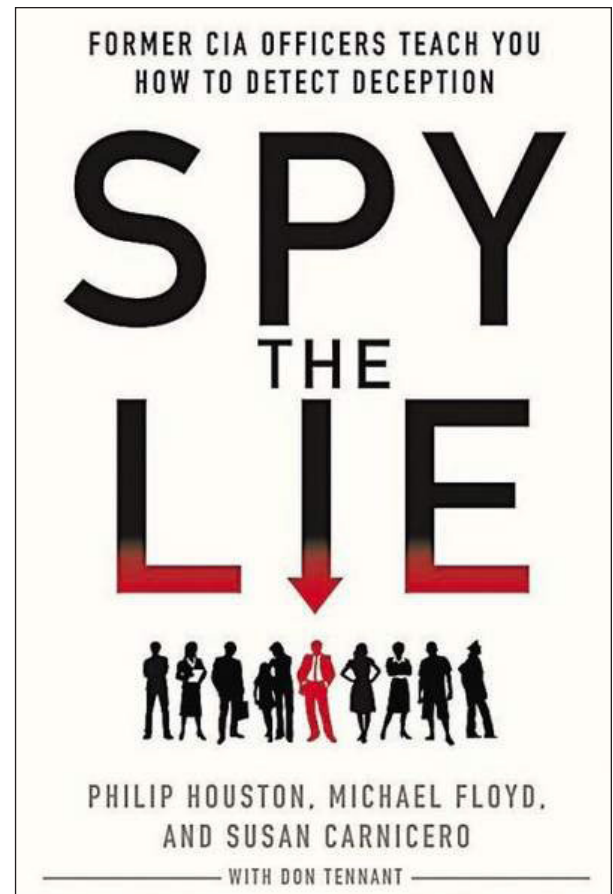
Whenever anyone offers us a "delivery-only" mandate now, we encourage the client to rethink this approach. There is an unhealthy "do-what-you're-told" aspect to delivery-only that will never support genuine team conviction. Developing team ownership of a presentation is a demanding, dynamic, often time-consuming process — but the payback in finals-winning conviction is well worth the effort.

Spy The Lie

In “What Deception Looks Like” and “What Deception Sounds Like,” two chapters of the 2012 book [Spy The Lie](#), the authors, former CIA officers, explore visual and verbal behaviors that indicate deception. What struck me about this book was the number and type of deception indicators that we also see as signs of weakness during an investment presentation. People who must tell a credible story (product specialists, sales professionals, CIOs and CEOs) should read this book, as should investment research professionals required to assess the credibility of company managements.

“That’s A Good Question”

For many years I have counseled our clients to stop prefacing their response to questions with “That’s a good question.” People who respond this way often do so almost as a nervous tick. Your competitors also very likely may answer most questions in precisely this manner. An even better reason to avoid this ubiquitous response, however, is that it may be perceived as evasive. *Spy The Lie* singles out “That’s a good question” as one of several “non-answer statements” designed to “buy time to figure out how to respond.” If the occasional “that’s a good question” slips out, it’s not a major problem, as long as the question is indeed a blazingly good question. On the whole, however, it is best to avoid this response. Show your respect for the question instead through the quality of your answer.



Ex-CIA agents have a lot to teach the investment world about detecting deception. In [Spy The Lie](#), there also are many valuable lessons for presenters who need to tell a high-conviction story consistently.