

Excess Returns

Monthly insights for investment marketing and sales professionals



November 2013

Volume 3 | Number 9

Maybe it's a sign of optimism due to current stock market strength. Or perhaps more portfolio managers want to control their own destiny in an increasingly volatile world. Whatever the reason, Alpha Partners lately has received many calls from new investment firms wanting help with the ABCs of investment marketing. A recurring theme of these inquiries is, "We don't know where to start." This issue of *Excess Returns* defines and prioritizes key first steps, with advice on how to avoid the most common mistakes.

With best wishes,

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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.

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Investment Marketing 1.0

A few years ago, a board member for a fledgling private equity company introduced me to the managing partner. The board member explained that the company badly needed help with its marketing. Several conversations ensued and Alpha Partners ultimately submitted a proposal to the managing partner. After reviewing the proposal, the managing partner explained that the firm did not want to move ahead at that time. Instead, he told me, he and his partners wanted to focus on "just getting the word out."

Having read his company's existing marketing literature, I felt compelled to ask, with a bit more edge than I had intended, "Get the word out *about what?*" For "the word," as far as I could tell, was a pallid variant of "Got deal flow?" And claiming "deal flow" as a competitive advantage in private equity is akin to claiming "bottom-up fundamental research" as a competitive advantage in public equity.

My question ("Get the word out *about what?*") underscores one of the biggest mistakes that start-up investment firms typically make: they confuse sales with marketing. But there are other mistakes — and ways to get it right straight out of the starting gate. Here are a few basic guidelines that may be helpful — not only for recently founded firms but also for established companies launching new strategies:

Know what you are selling. As an investment company, you are selling two things: (1) your performance numbers and (2) the story of how you achieved those numbers and why you believe your approach is repeatable. The numbers are vulnerable to change; your story, by contrast, should have the clear ring of unalterable, timeless truth.

Present the numbers correctly. Firms such as [The Spaulding Group](#) can help your company navigate the complexities of [GIPS compliance](#) and otherwise bless your numbers as needed depending on the audience you plan to target. The next step is to make sure the numbers are updated regularly in the consultant, manager of manager and investment platform databases that your firm has identified as targets.

Understand the difference between marketing and sales. Many start-ups incorrectly believe that their placement agent or third-party distribution firm is going to handle the creation of marketing materials. Yet most placement agents and third-party firms specialize in sales (i.e., getting the word out) — not marketing. Some of these firms may well have the wherewithal to meet your new company's marketing needs, but it would be wise to confirm this in depth. Ask who, specifically, will be responsible for creating the marketing literature? What is that person's experience in investment marketing? How long has he or she been in this business? Does the individual have the critical faculties required to articulate a strong story about your company when a strong story is vital to raising assets? And finally, will there be an additional fee for these services or is it all part of one package?

Keep it simple and start small. Early in the life of your company, you need clear language free of clichés and simple, clean, clutter-free graphic design. You don't yet need a tag line or white papers or advertising and the like. That can come later. But if you are to be taken seriously by consultants, registered investment advisors, managers of managers and prospective clients, you do need the following as soon as possible and in this order:

1. Corporate identity such as letterhead, memo forms and business cards.
2. A one-page profile of your firm and its investment strategy. (In the push to develop the presentation book, firms often forget that there is a more efficient way to share preliminary information. The presentation book should unfold the larger story introduced in this profile.)
3. A 15- to 20-page presentation book consistent with [institutional presentation best practices](#).
4. A library of answers to frequently asked Request for Proposal questions.
5. A simple starter website describing the firm, its reason for being and its approach to investing.

These are the must-have components of any investment marketing program. Getting them right requires a lot of work. You cannot merely (as some firms do) slap a PowerPoint presentation online and say, "Here is our new website." The good news, however, is that much of this content does overlap. Once the firm has crafted a strong one-page profile, for example, that same language and look can serve as the foundation for the story told by the presentation book.

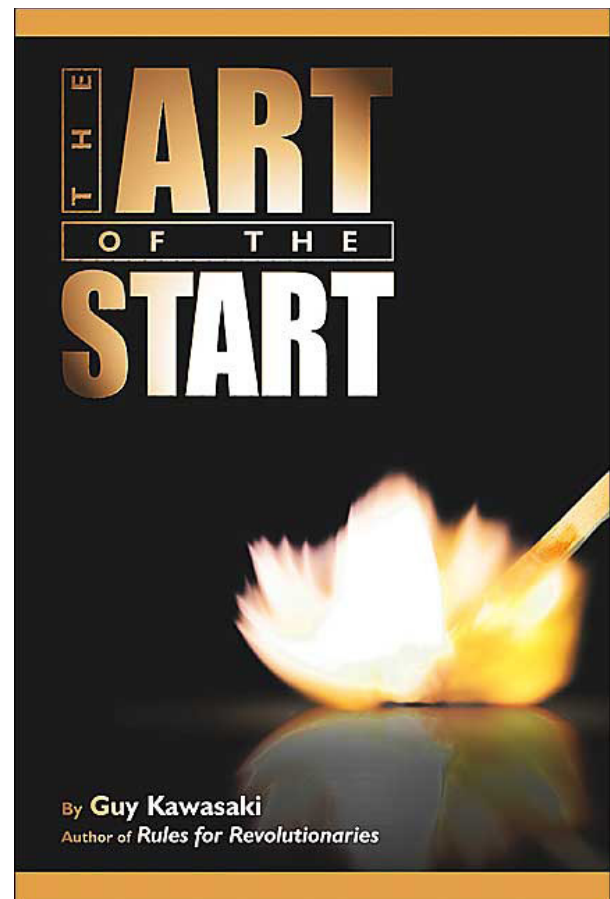
Respect intellectual property rights. I am aware of two firms that had to change their names within a year of starting because they failed to do a clearance search and secure the rights to their name. So if you think your company or product has a cool name (or logo or tag line), keep this firmly in mind: it might already belong to somebody else. And that somebody else, cautions our firm's intellectual property attorney, [Charles Roberts](#), does not have to be another investment company for conflicting ownership to become a big problem.

Test drive frequently to build conviction. Once you have a solid foundation for a strong investment marketing program, the final step is frequent test drives. Simulate situations where investment and sales professionals have opportunities to tell the story. Conduct mock presentations and Q&A prep sessions. In this way, you polish the marketing story and build genuine conviction in everyone who needs to tell the story well consistently.

In sum, that's where to start: with a well-informed, tested, high-conviction, legally approved answer to the question, "About what?"

The Art of the Start

"I wish we could post all the information in this book on Sequoia Capital's website," said partner Michael Moritz, "because it would make our jobs much easier." Guy Kawasaki's [The Art of the Start](#) covers all aspects of starting a business, from writing a business plan to raising capital to branding and rainmaking. The chapters on "The Art of Pitching" and "The Art of Branding" will prove invaluable to investment companies seeking to build a brand.



In The Art of the Start, Guy Kawasaki provides marketing advice that start-up investment companies would do well to emulate.

20 Ways to Win & Keep AUM

Recently formed investment companies and established global firms alike will find inspiration in the Alpha Partners *Presentation Best Practices Guide*. The Guide provides straightforward advice on how to win business through the power of a strong story well told. Commissioned by one of our clients to train a global sales and marketing team, Alpha Partners retained the copyright to the Guide and now uses it to prepare participants for our presentation strategy and coaching sessions. The Guide provides a framework for developing an institutional-quality presentation and explores 20 presentation best practices in depth, including (my personal favorites) “Be Specific — Prove It” and “Sharpen Your Focus on the Audience.” This primer focuses on the presentation but has broad application to all investment marketing initiatives.

The Guide can be purchased directly or used in conjunction with a training program. For more information, please contact me by [email](#) or phone: 435.615.6862.