

Excess Returns

Monthly insights for investment marketing and sales professionals



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Can a simple shift in mindset greatly increase one's effectiveness as a salesperson? You bet it can. This issue of *Excess Returns* explores strategies for selling through teaching.

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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Teach to Learn

Earlier this month, a regular reader of this newsletter wrote me the following note:

"I recently heard a compliment about a presenter that I thought encapsulated a best practices approach to prospect meetings. He said, 'Erik was the first presenter who seemed to be trying to TEACH us something, rather than SELL us something.' It occurred to me that you might have insight about the pros (and cons?) of that type of approach, or thoughts on why it works and how to do it, that you might want to explore in a newsletter."

Bless you, dear reader. I was hunting for a topic for this month's newsletter, and this happens to be a darn good one. First, let's briefly tackle why selling by teaching works — and then address strategies for selling this way consistently.

Selling through teaching is effective in part because teachers are trying to give you something (knowledge) while salespeople are trying to get something from you (the sale). To their credit, the best investment companies figured out a long time ago that teaching sells. Hence the whole cottage industry of articles, white papers and thought leadership described in the [February 2012](#) issue of this newsletter.

Strategies for Selling through Teaching

While investment firms understand the benefits of education, their sales presentations still tend to be less focused on teaching than selling. The following suggestions can put the power of teaching to work in your firm's sales presentations.

Emulate the best. Think about great teachers you may have known. What attributes made them great, and how can you bring such attributes to your work as a salesperson? In my experience, the trait that best summarizes the most inspiring teachers is *caring*. Throughout my school years, I could always tell right away if a teacher really cared — about the topic and about his or her students, about *helping people by sharing knowledge*. In the investment world, an effective salesperson seems less interested in selling than in sharing knowledge about something important to the audience. This seems obvious, but I can assure you that it's not. Some of the smartest people in the investment business still resist my simple advice that the best sales presentations are centered on the audience. Caring is what I remember about my best teachers, but you will remember other traits worthy of emulating. In addition to great teachers, another source of inspiration can be found in [TED](#), an organization devoted to spreading ideas through short, powerful talks. (For a particularly inspiring TED talk, invaluable to teachers, salespeople and all of us who aspire to sell through teaching, I recommend [Your Body Language Shapes Who You Are](#) by social psychologist Amy Cuddy.)

Open a window. The best teachers have the ability to open a window into a new world, and investing consists of many fascinating worlds. There is venture capital, global fixed income, mortgage-backed securities and micro-cap stocks, to cite only a few examples. These are all very different worlds with different rules about what guides success or guarantees failure. Yet why do these different worlds so often sound exactly the same in investment sales presentations? Because the presenters are focused on fulfilling certain sales requirements (checking the philosophy-process-people-performance boxes) in a risk-free manner (no examples to bring the story to life). In the investment world today, it is indeed possible to sit through a 30-minute mortgage-backed securities or venture capital presentation without being given one example of a real, live mortgage-backed security or venture capital investment. The structure of the typical investment sales presentation and the cultural norms that guide its delivery conspire against what great teachers do best: help their audience learn something new. This represents a huge opportunity for investment companies with a genuine commitment to selling through teaching.

Teach to learn. There is an old Japanese proverb that reverberates with truth: to teach is to learn. One interpretation is that to demonstrate mastery of a subject, one must be able to teach the subject effectively to others. Another interpretation is that great teachers share information generously, which means that others are more likely to share information generously in return.

In 1996 I was invited to give a presentation to an audience of approximately 250 investment professionals on the daunting topic of How to Give a Winning Presentation. I was terrified. My business back then specialized in investment marketing but did not offer presentation coaching as now, and the last time I had given a presentation was in sixth grade (which did not go well). To prepare, I learned everything I could about the people in the audience, including an in-depth review of their new business presentations. I also read anything I could find on the

art of presenting successfully. My presentation that day resulted in many long-term business relationships, and I can attribute that success to one simple piece of advice: always think of your audience not as a skeptical mob ready to take you down, but as a group of people who can benefit from what you are able to teach them.

The Downside?

The person who suggested this newsletter topic asked me to address the cons as well as the pros in a teaching-oriented approach to selling. Is there a downside? Sometimes investment firms worry about giving too much information away. The thinking is that transparency will allow outsiders — e.g., sovereign wealth funds or consultants expanding into investment management — to emulate their approach. Depending on the strategy, this may be a valid concern. But for most investment companies, success lies in the execution of the strategy as opposed to some secret formula. Many investors also have learned, often the hard way, that if they don't understand something, they shouldn't buy it. In the old days, there may have been some cachet associated with opaque investment strategies. But today, if a strategy is not clear, it's buyer beware.

Another potential downside lies in talking down to an audience by trying to teach them something they already know in depth. The best way to avoid this is to (1) study audience credentials in advance and (2) ask if people already know something before you embark on explanatory detail. In my experience, there is a far greater risk of talking *up* to an audience than talking down — i.e., assuming they understand complex concepts when they do not.



Wealth Management Unwrapped

Nowhere is teaching a more powerful sales tool than in the private wealth management business. In this light, Charlotte B. Beyer's book, *Wealth Management Unwrapped: Unwrap What You Need to Know and Enjoy the Present*, is a great addition to the library of anyone involved in buying or selling wealth management services. Beyer founded the Institute for Private Investors in 1991 to help improve the relationship between wealthy investors and their financial advisors, and in 1999 collaborated with The Wharton School of the University of Pennsylvania to create the first private wealth management curriculum for investors in the country. A pioneer in education about wealth management, Beyer shares stories that both advisors and their clients can learn from in chapters such as "How to Fix Jargon Overload" and "What's in this Alphabet Soup?"

