

Excess Returns

Monthly insights for investment marketing and sales professionals



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Most investment managers either fail even to mention the larger capabilities of their organization — or cover their organization in so much detail that they lose focus on the strategy slated for discussion. This issue of *Excess Returns* considers how to strike the right balance.

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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The Greater Whole

This spring I broke my hand in a freak accident. When the cast was removed, I asked about physical therapy, which is one of the many services offered by the hospital where my doctor practices. “You can go to therapy, if you would like,” he said. “But it’s not required. Go a couple of times and see how you feel about it.”

Given this less-than-emphatic recommendation, I considered not going. But I am a diligent soul, so I went regularly. The therapy — massage, advice on pain management and exercises designed to improve flexibility — helped immensely. The entire experience shed light on an investment marketing problem that Alpha Partners has grappled with for many years. To what extent should the hand doctor (portfolio manager or product specialist) sell patients on the larger capabilities of the hospital (the services and skills of the investment organization)? **How much airtime does the firm merit in a presentation focused on a single product?**

All or Nothing? Getting It Right

Communication about the firm, in my experience, is doomed to failure through one excess or another: there is none or there is far too much. A team from a large, global, multi-product organization presents as if it were a single-product firm managed by five professionals out of one office, with no mention of organizational strengths. Or a team from a large, global investment company spends so much time telling the firm story that one leaves the presentation

no closer to understanding the putative focus of the meeting: a single investment strategy. The watch, in other words, is barely covered because so much time is spent on the history and strengths of the watchmaker.

This all-or-nothing approach is prevalent in new business presentations as well as client meetings. How can investment firms get it right? Here are a few suggestions:

Be brief. Cover the firm in one or two pages with just a few key topic points. Every effective meeting has a specific purpose — e.g., ensuring that the audience understands the investment strategy you are trying to sell. And yet I often see situations where presenters never get a chance to present the product, so overloaded is their story with information about the firm (so many org charts, so little time). When time is up, they are still on the map showing all their offices and the size of their team. Or they might still be presenting the page defining their competitive advantages ... you know, the one with eight bullets and eighteen sub-bullets.

Focus first on what matters most. Many traditional presentations fail not only because of excessive information about the firm but also because such information is front-end loaded. When I try to change this, I'm often told that it has to be this way because the salesperson or client relationship manager typically opens with information about the firm. This defies logic. The audience most wants to hear about the product from an experienced investment professional and the opening is critical; the opening is when you capture audience attention or lose them altogether. **Why make your audience wait for the information of greatest interest?** There are many ways that a salesperson can still play a meaningful role in the meeting without following this predictable, self-referential approach.

Connect the dots. Give brief examples describing how a single strategy benefits from organizational strengths. Perhaps the firm's quantitative team adds rigor to an investment process that is primarily qualitative. Or maybe currency team insights assist in the execution of international equity and fixed income strategies. In covering information about the firm, such examples are rare and precious. **Few investment companies take the time to develop, refresh and share examples of how the firm's resources strengthen specific products.**

Create a presentation focused on the firm for situations when its use is appropriate. Everything has its place and more than one or two pages on the firm's history, [culture](#) and people have no place in a product presentation. Create a separate book and use these pages only in relevant situations — consultant meetings, for example, explicitly focused on education about the firm. **If the firm book exists separately, its pages are less likely to creep into meetings where they don't belong.**

Teach investment company professionals how to communicate consistently and enthusiastically about the firm as a whole. As investment companies grow, more professionals seem to know less about the organization as a whole. The bigger the company, it seems, the narrower the focus of its salespeople and product specialists. While it makes no sense for these professionals to become experts in dozens of products, they still should be able to tell one consistent, powerful story about the firm. **Perceiving the strengths of the organization might just help your team make the sale and expand cross-sell opportunities.**

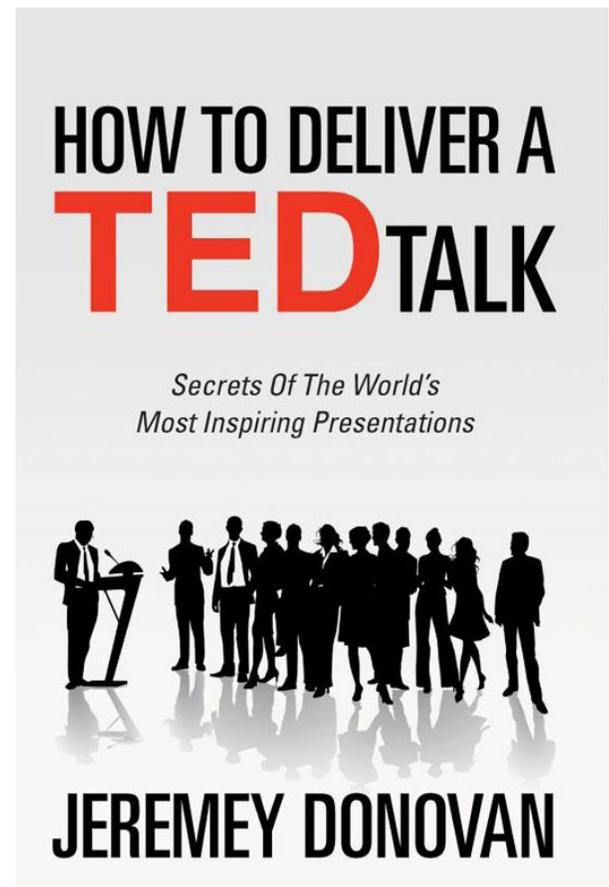
So what should my doctor have said when I asked about hand therapy? Maybe something like this: “We have an excellent physical therapy department in this hospital. The therapists do a great job and they can help you with the overall healing process. I recommend that you make an appointment with one of our therapists and go as often as you can until your hand feels better.” No org charts, no pages dense with bullets and sub-bullets and no over- or under-selling. Just a simple, heartfelt, knowledgeable suggestion that I consider another service within the larger organization.

Lessons from TED

“Speak at great length about the history of your organization and its achievements.”

— From “10 Ways to Ruin a Presentation” by Chris Anderson, the curator of [TED](#)*

Consultants often require it. Most investment professionals lead new business and client meetings with it. Too many presentations die a premature death because of it. I am describing the part about the firm in the typical investment company presentation: the number of employees and all the global offices and how everyone is organized. Of course this is important. Why then is it always so boring? Part of the answer can be found in a June 2013 [Harvard Business Review](#) article by Chris Anderson of TED: “As a general rule, people are not very interested in talks about organizations or institutions (unless they are members of them). Ideas and stories fascinate us; organizations bore us ...”



Looking for guidance in developing a presentation or speech? In [How to Deliver a TED Talk](#), Jeremy Donovan provides a concise, inspired framework for success based on TED presentations that you can view online.

* “10 Ways to Ruin a Presentation” appears as part of the article by Mr. Anderson noted above.

Communicating About Culture

Starting early in 2000, I can recall investment firms talking about the concept of culture for the first time — in other words, providing answers to the following questions: What is it like to work at this company? Why might you recommend this organization to others? How do clients experience a relationship with this firm and how is the firm organized to perpetuate positive attributes?

Answering such questions succinctly and well goes a lot farther than a discussion of your firm's recently expanded "global footprint." In a [2013 research paper](#), for example, [Focus Consulting Group](#) concluded that, "in the increasingly competitive landscape of active investing, strong culture is a legitimate way for firms to differentiate themselves."

Emphasis on culture as a marketing strategy, however, may fall flat unless certain important criteria are met: brevity, relevance to the audience and current research to support claims of superiority (e.g., a study of how clients and employees view the firm). A strong firm culture is a powerful yet subtle attribute that should be less talked about than directly experienced and, ideally, explicitly validated through research.