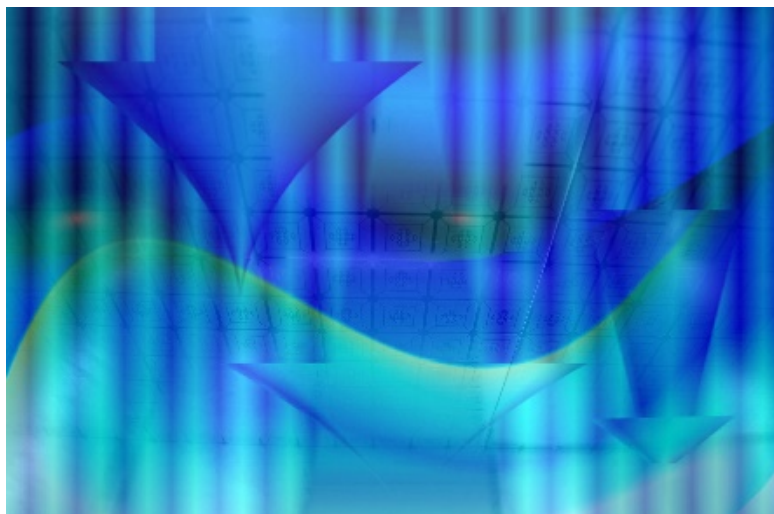


Marketing To Sophisticated Investors column
by Bruce Frummerman, CEO, Frummerman & Nemeth Inc.

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Is Your Portfolio Manager A Fund Marketing Follow-up Failure?

Tip 13: Preparing For Post-Pandemic Asset Raising



Welcome to the thirteenth of a series of articles offering insights and tips to prepare money management firms for improving their abilities to out-market competitors and attract assets from sophisticated investors in the coming post-pandemic, recessionary world.

My financial communications and sales marketing consulting firm had arranged for a client to be speaking as an investor panelist at a hedge fund industry symposium. He was CEO of an independent, fee-only financial planning/investment advisory wealth management firm. His was one of the platform-agnostic RIA firms that would look for, conduct due diligence on and, as appropriate, recommend to clients those hedge fund and managed accounts money managers they felt could add value to a client's total portfolio. A wealth management firm like this is a targeted type of investor that hedge funds seek out. As with family offices, however, such firms are difficult to identify, and you cannot buy a list of them. So, when a hedge fund comes across such a potential investor it can prove to be a promising lead.

At the end of the panel session hedge fund portfolio manager audience members lined up to meet the panelists, swapped business cards, gave their brief elevator pitch descriptions of themselves and said they wanted to follow up to share more detail about their investment offerings. By the end of the night my client had pocketed 22 business cards of people who said they would be following up with him after the event.

Two months passed. The wealth management firm CEO and I were on a call working on a communications marketing activity for his firm for educating his clients and prospects about the due diligence process his firm went through when vetting money managers on their behalf.

Speaking of this, my client reflected on the hedge fund investing symposium Frumerman & Nemeth arranged for him to speak at eight weeks earlier. Twenty-two fund managers spoke with me, swapped cards and said they'd soon be sharing information on their strategies, he recounted. How many did I think followed up with him after that evening, he asked. Only two. Of those two respondents, how many contacted him more than once? Only one. How many times did that one hedge fund manager reach out to him in those two months? Only twice.

What's wrong with these portfolio managers?

That was the first question my wealth management firm client then asked me.

Were their assets under management so sufficient that they did not want any more investors? And if that were so, then why did they go out of their way to begin pitching him?

Since these portfolio managers were all talk but no action — saying they would connect and share information on their funds and then not do so — how could anyone believe anything they might say about how they ran their portfolios?

Was this just sheer laziness, or indifference? If so, then how much attention could they be giving to running their portfolios?

Was this a lack of organization? Did they take any notes about what he said speaking on the panel? Did they jot notes about whatever their dialogue was when they approached and spoke with him after the symposium session? Was this information entered into a contact management software program once they got back to their offices? Did they even have and use contact management software? Did they forget their discussions with him and what they promised to do in follow-up? If these hedge fund managers were this disorganized when it comes to their fund marketing and relationship building, how likely is it that their day-to-day portfolio management work is, in fact, not prudently and effectively managed?

Were these portfolio managers actually unprepared to follow through on their claim to soon contact him? Could it be that they lacked written material to share, in print, that would help educate his wealth management firm about what they do, how they do it and why they do it that way, and show the data that demonstrates the veracity of the investment process they constructed and run?

He was miffed.

A surprisingly endemic problem

Responding to my wealth management firm client's questions, and the impressions these hedge fund portfolio managers left with him, I told him that what he experienced was, unfortunately, not just a one-off occurrence.

This happens to family office investors, too, I said. I then shared stories I was told by family office investors who experienced the same thing. At various industry conferences, portfolio managers approached them during cocktail time networking, in the hallways at breaks, or at

meet-the-manager speed dating sessions. Some conversation ensued. Sometimes marketing materials were handed over. The prospective investors, being sophisticated investors, often asked questions that the fund managers were able to speak on briefly but lacked the written materials to substantiate, and elaborate on, what they claimed. This is when promises were made by the fund managers to get back to their prospects with that vital information.

Yes, I told our wealth management firm client, there were those portfolio managers who did follow up as promised, but many of them, surprisingly, never did. Also, there were those who only followed up many months later. As the family office investor telling that story then commented, did they think he wasn't going to notice how much time had passed? He has too many other money management firms competing for his family office's attention, he said, to dedicate some of his limited due diligence assessment time to money managers whose actions show they do not care about developing a relationship.

Is your firm guilty of follow-up failure?

Assuming your firm wrote and kept them, look back over the past few years of your sales marketing records. Do you have notes of having meetings or phone conversations with prospects where they requested, or you offered, a follow-up by your firm with specific information? Then check whether you have note of having delivered on what was requested or promised. If you find your firm has not delivered quick turnaround in its follow-ups, you are probably guilty of follow-up failure. Should you find you lack written records of meetings and conversations with prospective investors about what they asked you provide next, and written records on when you answered these requests, then your firm, too, is guilty of follow-up failure.

It is hard enough to identify and initiate contact with what might be a qualified prospect for your investment strategy. Don't let follow-up failure ruin your chances at winning new clients and growing your assets under management.

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About the author

Bruce Frumerman is CEO of Frumerman & Nemeth Inc., a 33-year-old financial communications and sales marketing consultancy that helps financial services firms create brand identities for their organizations and develop and implement effective new marketing strategies and programs. Frumerman & Nemeth's work has helped money management firm clients attract over \$7 billion in new assets, yet they are *not* third-party marketers.

Frumerman & Nemeth is internationally recognized for its work in crafting for clients the beyond-the-numbers story of *how they invest* — content that investment committees actually discuss, debate and vote on behind closed doors when considering firms on a short list for potential investment. Importantly, this is required due diligence content that cannot be communicated in pitchbook format.

Frumerman & Nemeth's work also includes providing strategic consulting on product and strategy-specific branding, crafting the required strategy-specific content detail and designing and producing the marketing tools needed to make it through the two-month to two-year institutional selling cycle. Clients also employ Frumerman & Nemeth to help promote the intellectual acumen of management — helping them get speaking opportunities, write and give speeches as panelists or stand-alone speakers at industry conferences, and through media relations marketing services.

Mr. Frumerman can be reached at info@frumerman.com, or by visiting www.frumerman.com.