ASSET MANAGERS

TAKING ACTION FOR MARKETING SUCCESS

CONTRIBUTORS

Originally presented in a webinar format with Foreside Distributors, this report summarizes the combined wisdom of Marilyn Dale, VP, SunStar Strategic and Dan Sondhelm, CEO, Sondhelm Partners.

The conversation covered topics from challenges in the industry through actionable marketing tips to implement today to stimulate asset growth.

The original webinar is available for replay at https://bit.ly/2K3VgbJ

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SUMMARY

Do you have plan? If so, assess what's working and do more of it. If you wandered off the plan or never put one together, get started today on a strategy for the next 18 months. Consider all ideas in the context of your size, resources and needs.

Take pause, and audit what your people and materials say about you today. Are your messages compelling? Do you have a story that differentiates your firm from the crowd? If not, consider an internal brainstorming meeting or a professionally facilitated workshop to refine and enhance your firm's unique story.

While there are myriad programs to market your firm to support asset growth, visibility and credibility are at the core. If you are ready to commit resources and energy, explore how a public relations and/or serious content marketing program can set the stage.

Perhaps the most important takeaway is to keep it simple and don't over think your strategies. That will make it easier to get started and make progress. You don't need the very best distribution strategy today. Set realistic goals and execute – one step at a time. If your goal is to add 10 more advisors by year-end, have a plan to achieve it and hold yourselves accountable for the execution the plan. If you apply the same discipline and execution in your growth strategy as you do in your fund management, you will be in a better place a year from now.

MAKE A PLAN
HOLD INDIVIDUALS ACCOUNTABLE

CHALLENGING TIMES

PASSIVE VS. ACTIVE

The growing tide of passive investing is manifesting itself in negative fund flows for active managers. This, along with downward fee pressure, increasing regulatory costs and stiffer competition is making distribution more difficult.

As funds confront the growing challenges of distribution, many wonder if they should instead focus on their core business of asset management or wealth management.

PLATFORMS

Platforms are looking to reduce their due diligence costs, and as a result are applying stricter criteria to fund costs and performance to rationalize fund selection.

When a fund loses access to a platform, it loses assets.

PRODUCT MIX

Perhaps the biggest challenge is the growth of AUM and revenues over the last several years that has been generated by the tailwind of strong performance. Industry experts believe that tailwind is coming to an end, which will leave firms with a shrinking revenue pool and continued downward fee pressure.

Investment management firms should be asking themselves where their asset growth is going to come from without the assistance of a stock market that appears to be tiring after a nine-year bull run.

CONTROL YOUR DESTINY

SET A STRATEGY

Firms that have spent the time to think through what their goals are along with the specific steps to achieve them have greater control. Firms must commit to a real growth strategy; otherwise, they will continue to lag the firms that have proactive plans for taking advantage of the opportunities to grow or be discovered.

**FOCUS:
IN THE SHORT TERM, PICK JUST ONE OR TWO OPTIONS YOU CAN GET YOUR ARMS AROUND AND FOLLOW THROUGH**

A strategy must be robust and hold people accountable

- How and what will be measured?
- When and what will you communicate with existing clients and prospects?
- Can you help educate advisors on your specialties?
- Can you assign a dedicated resource to publishing relevant and timely content that's wired into the market
- How does your firm define success?
- Will you commit to executing on that strategy and hold individuals accountable
- Will you commit resources of money and staff appropriate to your size, means and goals?

To grow, and ultimately control their destinies, firms need to create a balance of discipline and resources between the investment side and the marketing side. They need to commit to executing a strategy. For any strategy to work, it isn't something to try for a while, it needs to be sustained. For firms with a good story to tell, growth is possible if they have a strategy.

Set the course

Firms, large and small, tend to think of their funds as a separate cost or profit center. They may be paying a back-office provider a couple hundred thousand dollars a year while losing money on their funds; so, they don't want to put any more money into them. Or, they may be managing $5 billion and be very profitable, but they think their funds need to be a standalone profit center.

When funds are too small or new, there may be regulatory reasons why they can't put their client's money in a fund. However, they could put money into a separately managed account. When advisors become more comfortable with the fund and the strategy, they could begin to put smaller amounts into the fund.

The firm's focus should be on growing the business, adding assets, and getting money wherever it can. As it builds more and stronger relationships with advisors, money in the funds will follow.

Steps to take now

As a first step, a firm needs to honestly assess its mindset and strategy – is it working or should you revisit and assess what parts are working and which are not. It's never too late to change from focusing on the funds to focusing on the firm's growth overall if necessary. Many smaller or newer funds are not positioned properly for growth or to be discovered because they are not focused on a growth strategy.

Only when activities can be measured can rational decision be made on divert effort and money to new initiatives or expanding/cutting back on others. If other firms are growing, but not yours, research what's different – and if possible, emulate their successes.

Focus

In the short term, it's important to just pick one or two options you can get your arms around.

Asset management firms can follow the same advice they offer to investors – start small and slow and be disciplined and consistent. To jumpstart your marketing efforts, pick an activity you're comfortable with and execute it. Some ideas include:

Create content for an industry publication. Publishing one article/month can increase your visibility.

Improve the quality and content of email blasts or add marketing automation to improve lead generation. Make one change and see it through.

Audit how key people in the firm tell your story. Ensure your messages are compelling and consistent. Consider hiring a professional to facilitate a branding/messaging workshop.

Advisors recommend dollar cost averaging for investors just starting out because it's simple and systematic. The same is true for your initial marketing efforts.

Like DCA the real benefits of any marketing effort are realized over time.

Be repetitive, disciplined and consistent. If you have a good story to tell, it will come out.

DIGITAL PRESENCE

As as of January 2018, over 80% of households in every income level had Facebook accounts. At the over $100,000 income level, users were an incredible 86%. Fund companies who want to be known and relevant need to take advantage of these digital experiences.

WEBSITES

An electronic brochure or a robust "work" of art?

Can a website truly command your attention? Sadly, the websites of many asset management firms may have been created with serious intentions but are woefully inadequate in their ability to keep engaged. Rather than a digital version of a prospectus, as the first impression a firm gives, a website needs to set the brand and its story apart from the competition.

The internet is the gateway to almost everything today. When being compared to others in the digital world, it is essential that your website be technologically advanced, attractive, dynamic, and deliver compelling content. The site needs to achieve minimum objectives of raising visibility and increasing lead traffic.

Research points to advisors finding value on a site or social media platform that delivers insight into the fund manager's specific areas of expertise – not general market commentary with a large number using LinkedIn as a resource for ideas.

& BEYOND

~~Digital~~ advertising is ubiquitous

Online advertising and sponsoring are other valid strategies in today's marketing mix. Young adults are online constantly – not only connecting with friends, but watching news videos, listening to economic podcasts, reading blogs and doing all kinds of research. Those who study "buyer" behavior proclaim a secular shift to research driven consumers; digital content of substance, therefore, is needed to drive prospects into investors.

Value to the owner

The analytics a website can offer is its key benefit. An investment in good data and digital marketing automation enables a firm to better direct resources for the best return on time and effort.

There is a measurable ROI when a firm can track the behaviors of the people who receive their emails and visit their websites. They can know by page what visitors are looking at and how long they stay. With this data, the firm can hone both their target market and their message for more effective results.

Creating an advanced website need not be inexpensive and can be built in phases. When done properly, it can lead to lower overall marketing costs, and it could pay for itself with the first incremental increase in revenue that it generates.

CONTENT IS STILL KING

CREATING HIGH-QUALITY CONTENT IS DEMANDING, BUT IT CAN BE EASIER WHEN FOCUSED ON THE FIRM'S INVESTMENT THEMES.

RELEVANT

Creating relevant, compelling content attracts new visitors to a firm's site, keeps them there, and entices them to come back. Return is measurable when that content spurs lead generation through engagement, such as opt-ins for webinar registrations, surveys or podcast downloads. With each action taken by visitors to your website, you learn more about them while cultivating stronger relationships.

VARIED

To attract a broader audience, go beyond articles and change up your format by adding infographics or podcasts. Engage professional writers and designers who can work on a given topic with original research, or to keep the writing closer to "home," by providing rough drafts or interviews. When hiring, it's imperative to find people who are knowledgeable in finance – and with the compliance rules.

DIGESTIBLE

Each piece need not be a doctoral thesis – most people have short attention spans and prefer bite-size thoughts that you can prove in a compelling graph or chart.

Longer pieces establish the firm as serious and can be leveraged into shorter, more marketing-oriented pieces. One 4-page paper can morph into multiple social media posts, an infographic, animated or one/two-minute talking head videos distributed via email.

BUILDING A PR PROGRAM

A well-conceived public relations strategy is the most cost-effective way to gain visibility and credibility in the market. While direct marketing efforts are always important for generating inflows, small firms need to build a “buzz” around them to add credibility to their marketing.

All firms have a story to tell. They just need to make it buzz worthy and get it out through the media.

PR ADVICE

TO SUCCEED, A FIRM MUST THINK ABOUT THE STORY IT WANTS TO TELL AND RESEARCH AND TARGET THE PUBLICATIONS AND REPORTERS THAT MIGHT BE INTERESTED. THEN, PITCH THEM A STORY CAN'T BE TURNED DOWN.

While many firms have experience working with the media, they tend to treat it more like answering incoming questions from reporters. With this reactive approach, the answers are not always well prepared.

Whether a firm engages a professional or keeps PR inhouse, someone should be dedicated to the effort. PR is a proactive process: it's a marathon, not a sprint. By creating and nurturing personal relationships, opportunities for good media coverage can result.

Before initiating a PR program, executives and spokespeople need to come to consensus on how to talk about the firm and what makes it different from all the rest. Those messages must be compelling and have the buy in of all the top executives.

The firm owes it to its fund managers to ensure they presents the best possible face of the firm. It's possibly the firm may only get one chance to get in front of a Wall Street Journal reporter or appear on CNBC. The goal is not to have the fund manager answer questions; the goal is to attract assets.

Professional media training should not be underestimated. Asset managers are intelligent and articulate. But, a PR program is not about showing the world the firm has smart people. Rather, it shows them the firm has smart people who can get their message across in the media. It can be a daunting experience to be under hot lights and getting rapid fire questions, particularly in a remote setting using an earpiece. It takes practice, and, for many fund managers, it takes them out of their comfort zone. But, it is essential if the firm wants to appear credible with a very discerning audience.

Finally, it is essential to leverage your PR efforts. After a TV appearance or an article is published through a major outlet, use digital platforms to spread the word; send an email blast informing your clients and prospects; post the interview or article on your social media and website. It will increase your exposure as a credible thought leader and authority.

Role of fund managers must evolve from a singular focus on managing money and talking to clients. Some of the most influential marketing activities must be done by the fund manager, such as media appearances, speaking at due diligence meetings and conferences, working the trade show booth. Investors want to hear from the fund manager, not the VP of sales.

MANAGING SALES

IT'S A PROCESS

IT TAKES A DELIBERATE SALES EFFORT TO DRIVE REVENUE.

Firms that support their sales people are likely to be more successful.

Whether your firm has an army of wholesalers or your execs wear the sales hats, without a concerted, top-down sales distribution strategy in place, revenue goals are not going to be met.

Firms that support their sales people are likely to be more successful. Rather than operate from an proverbial marketing ivory tower, marketers can provide meaningful campaigns and materials if they have first-hand experience on sales calls. A regular program that allow marketing staff to accompany wholesalers or portfolio managers on sales calls will improve the production and use of collateral. [Dan]

It is not uncommon in smaller asset management firms for the wholesalers to report directly to the CEO, who may also be the CIO and portfolio manager. Many of these senior executives don't have practical experience managing and motivating salespeople, or setting sales targets, or holding them accountable for results. As result, the senior executives may become frustrated at paying out a lot of compensation and travel expenses for poor results.

For any firm expecting to get to the next level, it is important to consider adding a layer of sales management or coaching that can bring order, accountability and strategy to the process.

The Power of Platforms

Growing firms may need to focus more of their sales efforts at the platform level. Many firms take a bottom-up approach – adding on advisor at a time. For firms trying to get to the next level it is not efficient. A part of the growth strategy should include cultivating relationships with the research groups and the people who put together model portfolios on platforms such as Schwab, Raymond James and TD Ameritrade. Research groups influence what investments thousands of advisors are going to select for their clients. It's a process that may take significant time, but, for many firms, it is the surest way to ensure survival.

Conference Participation

If the firm has a limited budget for attending conferences, it can help to focus on the smaller regional meetings instead of national conferences. The same firms attending national conferences come to these regional meeting, albeit there will be fewer advisors. In a smaller setting, there are better opportunities to build stronger and longer lasting relationships. These smaller venues can also offer more opportunities to present, which increases visibility.

CONTRIBUTORS

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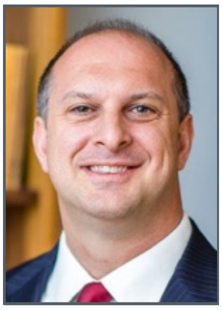
Marilyn has a wealth of industry experience in financial services of nearly 30 years. For eight years, as the director of marketing at Calamos Investments, she created marketing and communications targeted to financial consultants and the investing public for institutional, separately managed individual accounts and a family of mutual funds. Previously, her banking career included management positions in trust, corporate cash management and retail banking at Bank of America, First Chicago Bank, NA and a Chicago-suburban bank chain.

Marilyn has an MBA from the University of Illinois in Chicago specializing in marketing and finance. Her BA magna was earned magna cum laude/Phi Beta Kappa from the University of Illinois, Urbana, IL, where she is recognized on the Bronze Tablet honoring graduates ranking in the top 3% of their class. She also attended the Graduate School of Banking at the University of Colorado, Boulder, CO, ranking in the top five of her class. She previously held a Series 6 license.



SONDHELM PARTNERS
Growth Solutions for Asset Managers

Dan Sondhelm is the CEO of Sondhelm Partners, a firm designed to help financial companies attract investors, strengthen distribution and build brands.

Dan is a nationally recognized financial communications expert. For more than 20 years, Dan has helped financial clients grow by providing guidance and perspective. Dan frequently contributes to the financial news media and presents or moderates at industry conferences and webinars.

Dan was also nominated by MutualFundWire in 2009 as one of the Most Influential People in Fund Distribution for his guidance and perspective in helping companies grow. Dan frequently contributes to the financial news media and presents or moderates at industry conferences and webinars.

Prior to establishing Sondhelm Partners, Dan was a senior partner and senior vice president at SunStar Strategic for more than 20 years. In this role, he was instrumental in helping boutique and larger firms develop strong distribution and marketing programs. Dan earned an MBA from the Kogod College of Business Administration at American University in Washington, DC.