Your Q&A

What Big Mistakes Plague Inst'l Marketers?

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Written for FundFire by Jillian Rudman, J Rudman & Associates

Q:

What are some common mistakes that you see hindering the business goals of institutional marketers?

A:

Marketing is critical to the success of every asset management organization. Unfortunately, many managers discount the effect it can have and they forgo marketing. In doing this, they will cite how they can't afford it, don't have the time or energy to address it, or believe simply that if they build it, clients will come. The "if you build it – they will come" syndrome is only one of the many mistakes that can be made by institutional marketers - those professionals who oversee branding, communications and lead generation services for asset management firms.

Below, I have highlighted some common mistakes and the tips that will help you avoid making them – and ensure that your firm will advance one step ahead of your competition.

Failing to understand how investors perceive their brand. When it comes to the branding process, we find that even managers who approach the strategy correctly tend to miss a key point: Just because you say its true does not mean the targeted investor audience will buy into it. And, what's more, just because you believe it's true doesn't make it true. Many firms often get so wrapped up in what they want their brand to be that they lose sight of what it actually is, or how the institutional marketplace perceives the brand. Marketing is a battle of perceptions. Everything else is secondary. Before you invest the time, money and resources into promoting a brand identity, make sure that you have a clear understanding of how you perceive your firm, and how your target audience perceives the firm. Make sure that your business model can support your ambitions, and if not, determine what gap needs to be filled – or in some cases, what needs to change.

Failure to provide a short but effective summary of the firm's story. Institutional marketers need to ask the following questions about their firm: Who are we? What do we do? Why should your prospect care about us? Unfortunately, not many firms ask themselves these questions, which require clear, compelling and concise answers. The first question to describe who you are is fairly easy for firms to answer. However, in responding to the question, we typically hear, "We're a global investment firm, providing innovative solutions to institutional investors." The second question, about what you do, is a little harder. In these responses, we will hear something like; "We provide growth equity strategies, applying a rigorous fundamental, bottom-up discipline across the capitalization spectrum to institutional investors worldwide. "Sadly, both these answers don't really distinguish a firm; any company could put their name below those quotes.

The third question, about why prospects should care, can be just as difficult. Some firms will respond with, "It matters because we have provided excellent results." Sure, but leading with performance is always a risky proposition. You will also hear, "Because we have the best team." But if you put that one out there, you have to be able to substantiate your claim. For example, what proof do you have that your team is exceptional? Unless you have authentic, timely and relevant answers to these three questions and can distinguish your firm from the thousands that are already using these messages, then your brand will be lost in a very crowded space.

Prioritizing marketing materials. The biggest mistake in publishing marketing material is not taking into consideration the most effective medium. Brochures are a thing of the past. And in our experience, once the pieces are printed, their shelf life is almost immediately at risk. Create pieces that you can distribute electronically – short, clear, and that can reinforce your brand and key messages. Spending your marketing budget on the development of a newsletter is not going to give your firm an edge.

A uniform approach to RFPs. The biggest mistake is to cut and paste your answers from your in-house database – without taking into consideration what the investor wants, who you are competing against, and the top objections you need to overcome. Read each submission and ask yourself, "So what? Why should they care?" Provide answers that continually reinforce the key messages that you want to highlight. Those messages should directly speak to your understanding of the potential client's distinct requirements.

Lack of focus. The danger in our industry is rarely too much focus, but too little. An unfocused brand is one that's so broad that it doesn't stand for anything. A focused brand, by contrast, knows exactly what it is, why it's different and why people want it.

Poor execution. Many of our clients have gotten discouraged after they developed a website, ran an ad, spoke at industry events, or conducted a webcast, with little return on investment. These managers tend to lose sight that marketing is really about developing relationships and, like any new relationship, it takes time to build interest and trust. To build a positive reputation in this industry, you must reach out to investors with consistent messages on a regular basis. All of this is worthless if you don't test and measure relentlessly. Do what works. Kill what doesn't. Repeat.

Finally, firms tend to sputter when they try to put together a formal marketing plan. If you haven't done so already, set aside the time to establish marketing goals and objectives and plan your tactics for the year ahead. It's not too late. A marketing plan will drive your actions and provide a roadmap to help you measure and monitor your success.