



BKCG STRATEGIC COMMENTARY

It All Comes Down to the Meeting

Managers that want to win and retain assets must know how to deliver their message and build relationships

The investment management business is more fiercely competitive than ever before, making it difficult to de-commoditize and stand out from the pack. Regardless of a manager's track record, pedigree, or organizational excellence, investor decisions often hinge on the meeting, the in-person contact that leads them to trust – or not to trust – the manager with their money. Yet managers commonly minimize the importance of meetings, and are thus often either ill-prepared or ill-behaved. What's more, many non-sales personnel lack the natural presentation skills or requisite experience to successfully navigate a meeting. Clearly, ineffective prospect meetings can be an obstacle to winning assets. Yet that's not all. Poor client service meetings are a business hazard as well, since they can add to client dissatisfaction and the costs of lost assets is so great.

Guess What? You're a Salesman

So what's a manager to do? The first thing is to recognize reality: any company that needs to solicit clients – and keep them once attained – is a sales organization, regardless of the product or service offered. That makes every hedge fund, wealth manager, and service provider a sales organization. And during a meeting with a potential or current client, it makes everyone involved a salesperson. As salespeople, we must take to heart that great adage of sales, "People do business with people they know, like, and trust." In other words, good relationships are the goal because they help secure and retain clients. This applies across the investment management landscape. A recent Prequin survey of family offices, for instance, found an increasing number insisting on "a close relationship and good communications with fund managers."¹

Building relationships is a process, of course, not an event. In our experience, there are two pillars of relationship building: credibility and rapport. A lack of credibility will give potential investors a reason *not* to do business with you. Strong rapport will give them every reason *to* do business with you. With those concepts in place, we can discuss some specific steps to build credibility and rapport.

How to Build Credibility

Know your audience. What are the roles of the people you're meeting with? Their responsibilities, decision-making powers, place in the pecking order? Being familiar with this most basic of data points will not only help you pitch, it will communicate interest and respect. Know their level of sophistication so you can gear your language appropriately. How difficult is

a quick Google search before the meeting to discover any relevant issues or unknown (to you, anyway) connections?

Know your goal. What message do you want to get across? Remember, there are tactical messages that are explicit (our operational efficiency has increased, your portfolio is now poised to recover losses, etc.) and there are meta messages that are implicit (we are professionals who take our business seriously, we are not in panic mode, etc.). Close with a call to action: what is the next step you want them to take?

Be ready to tell your story. Define and rehearse your core message, a concise description of your value proposition and chief differentiators. Organize your thoughts beforehand to ensure the conversation flows naturally and logically from one topic to the next. The more organized you are, the better the conversation flows, the more they'll assume you're an effective manager, owing to what psychologists call "transference."

Be prepared to respond. Anticipate the questions you're likely to be asked. What are their specific concerns or interests? A high-net-worth individual will want information or confirmation on very different subjects from a pension fund or a consultant. Put yourself in their shoes, *focus on what's in it for them.*

Keep time in mind. Arriving to the meeting on time might not impress anybody – but arriving late will definitely leave a negative impression and erode your credibility right from the start. Confirm the timeframe beforehand, and pace the conversation accordingly. Prioritize your talking points to ensure you hit them in the time allotted. Consideration for someone's time goes a long way in evincing professionalism and engendering positive feelings.

How To Build Rapport

Understand, and be understood. Accurately appraising and connecting with your prospect/client/investor's situation, needs, and goals is crucial to the sales process, and will directly affect their ability to understand you. Learn to actively listen, to ask for clarification, to stop talking and answer questions. A caveat to the advice above about preparing talking points is to be prepared to go "off book" to address questions and concerns from the other side of the table. Remember, it's not about you, it's about *them*. If you want their money, you have to give them their due.

It's not about you. Did we already mention this? It bears repeating. In the post-Madoff world, you're guilty until proven innocent. Confidence sells, arrogance breeds concern. The days of Masters of the Universe are over, and communicating with clients and prospects alike cannot be considered just a necessary evil, rather it needs to be embraced as a key foundation of doing business. As the latest Credit Suisse Global Manager Survey reported, "Managers and investors are increasingly coming to realize that they need to view each other as long-term partners."²

Make it real. Keep in mind you're talking to a human being. Be conversational. Talking points are guideposts to a conversation, not canned text to be recited mindlessly. Ironically, the best way to avoid stiffness is to practice and keep practicing. The more you internalize your facts and

themes, the more comfortable you'll be with them, and the more you can make it a natural conversation. Practice with colleagues before you ever set foot in a meeting.

Improper table manners. How you behave verbally and nonverbally makes a lasting impression. Are credibility, professionalism, competence conveyed when you've got your head and eyes lowered? When you use verbal graffiti like "um" and "uh"? When you fidget with pens, markers, or notes? These are the least egregious of the many bad habits we've seen in meetings.

Proper table manners. How can you convey desirable characteristics like professionalism and competence? Try sitting up straight – not ramrod straight, but relaxed and poised. Maintain eye contact. Speak clearly. Smile once in a while. Make friends.

Maximize your impact. There are further tactics you can employ to get the most out of your meetings. Be aware of your hands: gestures should emphasize your points; flailing about will be distracting to say the least. Project your voice: this expresses confidence and ensures you'll be heard; try speaking to the back of the room to ensure you're projecting. Don't rush: add emphasis with judicious pauses. And most important, communicate with passion. Passion doesn't simply inform, it persuades.

The capacity to learn, embrace, and execute these recommendations varies from firm to firm and individual to individual. For some it will come naturally, for others it may feel uncomfortable at best, impossible at worst. Regardless of which group you fall into, almost everyone can be helped by professional coaching. It is up to those responsible for the sales process to gauge the capabilities and make certain that everyone's skills and techniques are optimized. Anything less puts your very business at risk.

¹ "Preqin Research Report," Preqin Ltd., March 2010

² "2010 Global Manager Survey," Credit Suisse, May 2010

About BKCG

BK Communications Group helps investment management firms craft and tell their story to prospects and clients. By advising and coaching our clients on their message and delivery, we help them communicate more effectively and thus differentiate themselves from their competition. BKCG's principals have over 20 years of related experience in message establishment and delivery, helping firms from hedge funds to service providers to global asset managers win new business and build strong client relationships. Services can be provided on a single engagement or retained basis. For details, please see our website, www.bkcomgroup.com.