ARK Market Leader Education Series

Marketing ABCs
Marketing Sabotage: Manager Missteps You Can Avoid

We love managers. We've never met a manager who was not 'excellent' at what they do. We've never met a manager who did not herald his/her performance as 'top of the charts', 'best in class' and 'highly marketable'. We've never met a manager who couldn't show a positive growth chart and identify at least one statistic in which they stand very well above their peer group. This is what we love about managers because without this passion and commitment there is no long term opportunity. However, given this 'consistent' profile that we are presented with by managers, why is it that so many managers fail to thrive?

We all know that this blame is often passed to marketing. However, we also all know that even the best sales person will struggle in selling a wet noodle. If the past few decades have taught us anything, they've taught us a few core tenants that we believe are worth sharing with managers, no matter how good they are:

1. **Showing Up Matters**
   There are hundreds of managers in your space vying for attention. Your numbers are no more 'special' than theirs. What is the differentiator? Showing up and building a relationship consistently and overtime. Managers more often than not fail to simply show up. They talk of 'being available' but often that is followed by all the dates they can't travel, all the conflicts they have, the flights they can't take, the conflicts they can't miss. We all have other interests and priorities and family is a big one. However, managers are often their own worst enemies in regards to the simple task of showing up. Weeks turn into months which quickly turn into quarters and then years. If you want to grow, you need to show up, in earnest and with frequency. We understand it's expensive and takes time away from the portfolio. We also understand that investors want to know that your 'watching the shop', however very few investments come without a relationship. And relationships take time and presence.

2. **Persistence Pays..But It Also Costs Money**
   Managers often point to the success and yet relative underperformance of major brands. They don't understand how 'XYZ has raised billions' and they can't get out of the gates. A simple cost benefit analysis of the marketing budgets of XYZ would answer this question. Marketing is a game of presence and presence costs money. Building relationships costs money. Distribution costs money. Having a cost efficient yet consistent and effective marketing distribution effort applied over several years is what is required. Six months is not sufficient, nor is generally twelve. Managers should be prepared for 36 months at a minimum of full scale and consistent marketing commitment in order to establish market share. As with many things in life, the early assets and placements are the hardest. The snowball effect is further down the hill than thought, but it is attainable with persistence, and commitment in the form of time, dollars and positive intention.

3. **Performance Is Never Enough**
   Yes, performance is still a top driver of initial adoption in the large majority of investment decisions. At the end of the day, regardless of how formal the research process, how 'intelligent' the institution, and how 'market aware' the investor, performance is what managers are hired for. However, performance is not in and of itself the driving factor. Performance sustainability is the key attribute that we believe research teams are seeking. What creates the sustainability factor? Depth of team and lack of turnover; breadth of infrastructure and asset management preparedness; diversification of clients; market opportunity set and market cycle.

4. **Your Universe Is Bigger and Better Than You Know**

   There are thousands of strategies in dozens of databases across a wide range of product structures and asset classes. Managers are not in short supply. Never underestimate the universe that is available to investors both large and small. This universe will come in all shapes and sizes, some larger and more 'safely branded' than you, some smaller and more nimble than you. The universe will also provide firms that will work harder at getting their name out there and do a better job with educational content and market commentary. Winning business is a needle in a haystack. The best way to be that needle is to thread it constantly with consistent messaging, consistent outreach, strong and sustainable performance, lack of team changes and constant monitoring of the competitive landscape to know your competition, and to be conversant in your differentiators.

5. **Cache Counts**

   We have represented a variety of firms over the years. As you might imagine, the road warrior stories are many. Managers have acted in both savory and unsavory ways. Companies have grown and morphed, closed and reopened, branded and rebranded. What we have learned along the way is that our market, particularly the RIA and Institutional market, expects to work with high quality teams. Firms should avoid brands and positioning that are overly 'showy' and focus on quality communications and consistent messaging filled with meaningful content. A brand should stand up to the major players in the market, demonstrating clarity, vision, consistency and professionalism. Brand is extended to how managers act in live meetings with prospects, how marketing collateral and commentary is drafted, how PR is written, how colors and design are used and how social media is integrated.

6. **Responsiveness = Responsible**

   All managers promise to be extremely timely in responding to prospect and client requests and we believe that they genuinely wish to deliver on this promise. However few do. In part, we believe that research requests are a test to determine the preparedness and commitment of a manager. Accuracy and timeliness of materials, both regularly issued and custom designed, must be a top priority for any manager seeking to grow assets. Timeliness should be defined as within 48 hours of any request for custom data, 24 hours for any 'standard' data. Managers who are not prepared to meet these deadlines should not begin marketing until they have a full library of exhibits and data sets 'most often requested'.

7. **Don't Go Changing**

   It is inevitable that staff changes occur. It is surprising, however, how often they occur at management's hand during a broad based market push. This is NOT the time to make changes. Change is an immediate 'back burner' and 'wait in see' for most research teams. Change can signify discontent and lack of coordination at a minimum, and concerns over legitimacy and sustainability for many. It is imperative in our experience that managers avoid unnecessary change during the first 24 months of a marketing push. If and when change does occur, working closely with your marketing resources to ensure efficient and effective messaging will go a long way towards building relationships and market confidence in how you handle change.

8. **Timing Is Everything**

   Honest marketers and managers who have been successful will tell you that timing is indeed everything. The same exact firm profile in one decade could be a smashing success, and a complete failure in another time frame. Managers should not only consider their readiness to engage the market, but the market's readiness to be engaged. This analysis relates not only to the overall market cycle but also to specific movement in the asset class and product structure. First mover advantage, capacity considerations, in/out of favor structures, asset class performance, portfolio asset allocation current thinking and general market conditions all play a pivotal role in the success or failure of a marketing campaign.