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Special points of interest:

- **How to talk to investors during losing periods.**
- **Free conference registration for funds of funds.**
- **Cheat sheet for creating custom reports with PerTrac Publisher.**

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PRESENTATIONS 401: CONNECTING WITH CLIENTS

By Jane Abitanta, Founder and Principal, of Perceval Associates, Inc.

As a presentations coach, fund managers often ask me, "What makes a successful presentation? What sells? What are the tricks to making a winning pitch?"

The trick is that there are no tricks.

The investment business is tough. You've got to be really good, but you can't be slick. You need to be confident, but you can't be arrogant. You need a strong ego in order to achieve good performance, but you need to manage your ego in order to run a successful business.

Your clients will see through tricks and tools and whatever else you throw at them—giving someone control over their money (or their professional reputation in the case of the institutional client) renders even the most trusting individual a bit wary. What's a money manager to do?

What Do Clients Want?

Contrary to what you might think, the place to begin is not with yourself. To create a successful presentation, you need to connect with your audience. To develop an audience, you need to establish a *relationship*.

The important thing to remember about relationships is that they are *two-way*. In order to establish a relationship, each person must be willing to offer something to the other.

So, in order to connect, you should begin by thinking about what your audience wants. Most people are looking for respect-- to be heard and understood. That requires listening on your part. In the asset management business, clients are also looking for advice and counsel. They want to see confidence — you

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How To Ride the Asian Tiger

By Niall Shiner, Eurekaledge

Looking at the recent popularity of Asian-based strategies and the amount of money flowing into them, it is tempting to think that there is a lot of Asian money going into, and about to go into, alternatives. In reality there is little correlation between the two investment flows.

There are a variety of reasons why Asia is a more challenging place to sell alternatives than the West. First is its lack of a geographical centre for alternatives. In the West, very large market presences cluster around New York, Geneva and London, but in Asia a much smaller quantum of money is spread over about six cities. To cover Asia fully you need to visit Tokyo, Hong Kong, Singapore, Korea, Taiwan, and of course, Australia (with the

added issue of whether you travel to both Sydney and Melbourne). Marketing in Asia a time-consuming travelling nightmare.

Making matters even more difficult, in each country there is a different language and culture and different ways of doing business and, perhaps most confusing of all, appetites for different kinds of alternatives from a different kind of allocator.

Also, alternatives are a "newer" investment class in Asia than in the West. One consequence of this is that there simply is not the breadth of knowledge about how they work and, perhaps more importantly, why and how

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are supposed to be the expert.

“Clients don’t want to give their money to a manager who doesn’t seem confident in what s/he is doing.”

At first glance, these concepts might seem contradictory. You are the expert and expected to give advice, yet the client needs to be heard and understood. But this tension is not uncommon. Think of the medical profession—the doctor is the expert yet how often do we hear that doctors don’t listen to their patients? In many ways, your clients think of you as “the money doctor.” You are there to facilitate their financial ailments.

Demonstrate respect for your clients or prospects by listening to their requirements and experience before you start talking. Ask them about their concerns—what do they worry about? After you have had such a discussion, ask them what would be helpful to them in managing these concerns.

Authentic Listening

Listening is not easy. Listening authentically is a real skill. Authentic listening is to hear in order to understand the other person’s point of view. In order to listen authentically, you must let the other person talk without interrupting, asking questions only to clarify what they are saying. I have found this type of listening particularly difficult for money managers—your brains work faster and you make connections more quickly than the average human being. The result is *inauthenticity*: you are not really listening, you are waiting to make a point, give advice, ask a question (examine your motivation here), or put the other person into action “what are you going to do about it?”

Inauthentic listening translates to lack of respect—and you’ve lost your audience.

Who are You in this Relationship?

Why do you do what you do? How did you become a money manager? How did you get here? How well do you understand yourself? Your relationship to wealth and money?

Self-awareness is the first step toward greater connection with others. For money managers, self-awareness is particularly important as it relates to money. You need to recognize your own issues with money so that you can understand your reactions to others when engaging in discussions of wealth management. This is true whether you

counsel individuals or manage portfolios for institutions. Your issues with money—how it is made, accumulated, spent or not spent, used as a tool, etc—must be separated from the reality of what is happening in your relationship with your client.

Think also about your role and how your clients see you—in many ways this is your *brand*. Are you their sole manager or are you one of several? Are you a specialist? A generalist? How did the client come to you? What do you represent to them? I worked for many years for a Swiss bank. As an American, I never really understood my American clients’ mindset about having an account at a Swiss bank until our statements were late. My Swiss colleagues got it immediately. It was only then that I began to truly understand the brand I represented.

One of the most effective ways to engage a client or prospect is engaging in what I call “mirroring parallel lives.” Think about the things that worry you and talk about them. When the client talks about their worries, acknowledge those fears and, if you share them, acknowledge that too. It is a way to connect with people—to find common ground.

Dealing with Criticism

We all have down months, quarters, even years. My experience is that most money managers have already done a pretty good job of beating themselves up over poor performance before they ever have to hear it from a client. You are competitive—you have to be in order to do what you do—you want to win, to be right, to make money.

Of course some times it doesn’t work. Dealing with criticism is difficult—especially when it comes from someone who is not as skilled as you are in running money. The key here is *self-management*. You need to manage your own feelings around being criticized—the timing is always bad. Use what I call the “three r’s” *reflect, respect, respond*. Take the time to listen to and reflect on what your client is saying—recognize that they are disappointed.

Acknowledge their criticism—respect who they are and their right to criticize your performance. Only after you have listened to and acknowledged your client should you respond with your explanation for what happened and your strategy for moving forward. Try to eliminate “but” from your

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response. When you say “but” the client feels that all he has said has been discounted. Try instead to say “yes and ...” which acknowledges the client’s point of view and merely adds your thought to it.

Creating Presentations that Matter

When you start to think about your presentation, begin by asking yourself the four key questions: Who is my audience? What is on their minds? What is the most important idea I need to convey? Why should my audience believe me?

When you start with thinking about your audience, you increase the probability that they will be interested in what you have to say. In presenting your strategy to prospective clients, think about what wins: an organizational/intellectual framework they can understand, clarity in your philosophy and approach, and passion/conviction.

Clients will be much more willing to hire you if they understand how you make decisions and your “process.” Once you are hired, they will be much more supportive in down times if they understand your philosophy and how you implement your strategy.

Still, clarity around philosophy and approach can be tough for money managers—so much of what you do is art—how you just know when you need to get out of a position, etc. And so much of our industry tries to wrap science around what you do in the name of “managing risk.” It is a tension that never will go away—not as long as we have litigious investors who aggressively pursue fund managers with negative performance.

I believe clients want to see passion and conviction in a money manager. Again, it comes back to handing over control of my portfolio: Clients don’t want to give their money to a manager who doesn’t seem confident in what s/he is doing. Money management is complicated and most clients believe that their investments need constant vigilance—therefore really good money managers are so passionate about their profession that they have no other interests! This is an exaggeration of course, but not far off the mark.

Summary

Connecting with your client/audience is the key to successful presentations. In order to connect, you must develop a relationship with your audience. Begin by considering what is foremost in the

minds of those you want to reach and practice the skill of authentic listening. Recognize and manage the tension that exists for all money managers—you are positioned as the expert, and you are required to listen and acknowledge client concerns. Self-awareness and the ability to effectively manage criticism are crucial in building relationships with clients.

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