

AIMSE Boot Camp

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Basic Boot Camp Format

Topics	
I.	Introduction & Philosophy
II.	Understanding the Investor Sales Cycle
III.	Building and Being Part of a Team
IV.	Writing a Marketing Plan
V.	Presentation Skills
VI.	Engaging and Building Relationships
VII.	Due Diligence
VIII.	Opening and Closing
IX.	Follow-up
X.	Dealing with Management Expectations
XI.	Etiquette Among Marketers
XII.	Marketing Resources

I. Introduction and Philosophy

Professional

(w h a t y o u a r e)

Journey not a destination

Simplicity

People buy from people they like & trust

T
L
C

TRUST
LIKABILITY
CONFIDENCE

Managers and Investors

Managers

Marketers

Investors

Chris' Manifestos



Everyone is Institutional



Know Your Product



Fishing, Not Hunting



This is Bought, Not Sold



Take Down the Hurdles



Don't Solicit, Elicit



Networking & Congeniality



Give Yourself a Headstart



Get the Next Meeting



Beg, Borrow, and Steal



Do the Work For Them



Non-Annoying Aggression



Closing is Follow-up



II. Understanding the Investor Sales Cycle

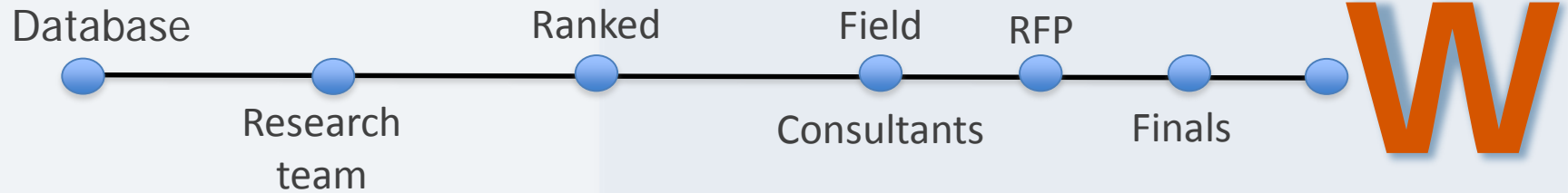
Three Objectives

Attain and sustain
BUY
rating

Provide investment
SOLUTIONS

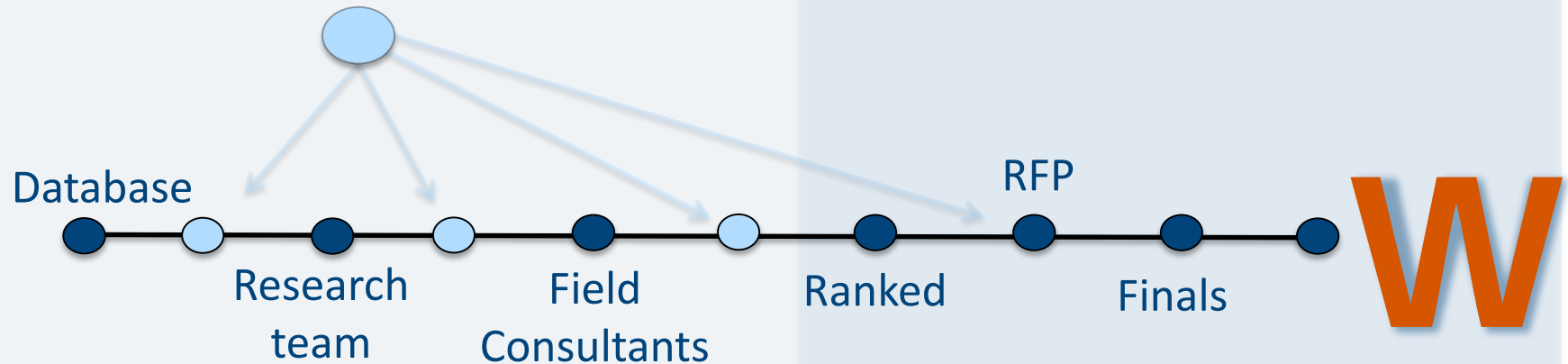
Achieve
TRUSTED ADVISOR
status

Consultant Path to New Business



Pull vs. Push

(Pull) Plan Sponsors



(Push) Consultants

Removing Roadblocks

Marketing

Awareness

Knowledge

3 Ps

Understanding

Trust

Likeability

Confidence

Thought Leadership

Path of the Buyer



The Institutional Investor Cycle

4. Negotiation and Execution

After a positive decision, the investor will most likely negotiate terms and/or fees. Additionally, documents must be filed, AML and KYC checks performed, etc. This step may or may not be extensive. The more institutional, the more extensive.

EVEN AFTER A POSITIVE DECISION, THERE WILL BE LOTS OF WORK

1. Inception/ Priority Setting

1. Inception/Priority Setting

Initially, the investor sets macro priorities as to which asset classes and strategies will be pursued. This will determine where resources will be deployed.

THIS IS THE MOST IMPACTFUL MOMENT FOR A MARKETER TO INFLUENCE WHICH PRIORITIES WILL BE SET

4. Negotiation and Execution

2. Information Gathering

3. Decision-Making

After doing the research and diligence, the investor makes a decision, typically collectively at a board or investment committee level. This may be a "bake off" or finals or may be a bespoke decision.

THIS IS WHAT THE MARKETER IS TRYING TO GET TO... A POSITIVE DECISION ON HIS OR HER STRATEGY

3. Decision- Making

2. Information Gathering

This is where the investor "does the work" and gathers information about the priorities. This stage is typically lots of meetings and activity, both investment research and operational diligence.

THIS IS WHERE THE MARKETER EXECUTES THE MARKETING PROCESS

Who is Making the Decision?

Networking

Investment Staff

Direct Marketing

Intermediaries

Consultants

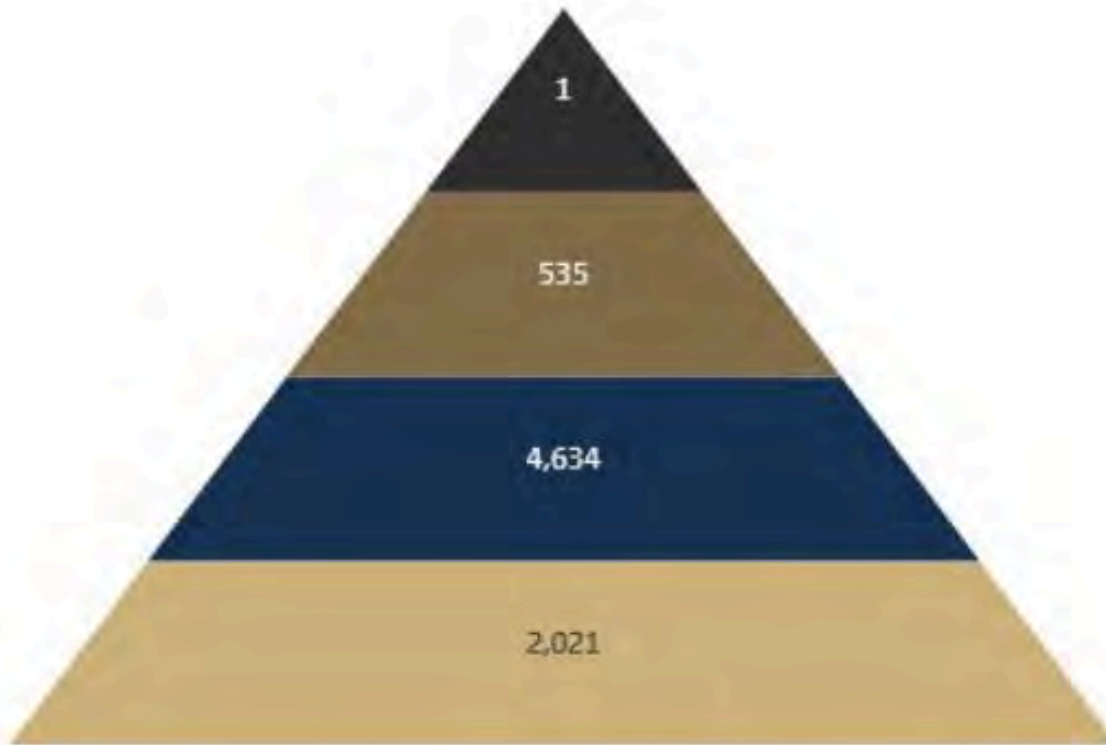
Branding

Board or
Committee

Indirect Marketing



What Does It Take To Raise \$1bn?



● Investors contacted ● Calls made ● Meetings held
● Capital raised (\$, bn)

2,021 Investors
Contacted



4,634 Call Made



535 Meetings



\$1 Billion Raised

What Does It Take To Raise \$1bn?



26%

Of the investors who ultimately allocate, initially said there was no room for the fund in their current portfolio



13 months

Average sales cycle, involving 40+ touch points



50%

Of LPs scale their investment over time



4

Meetings held on average before an investment is made



38

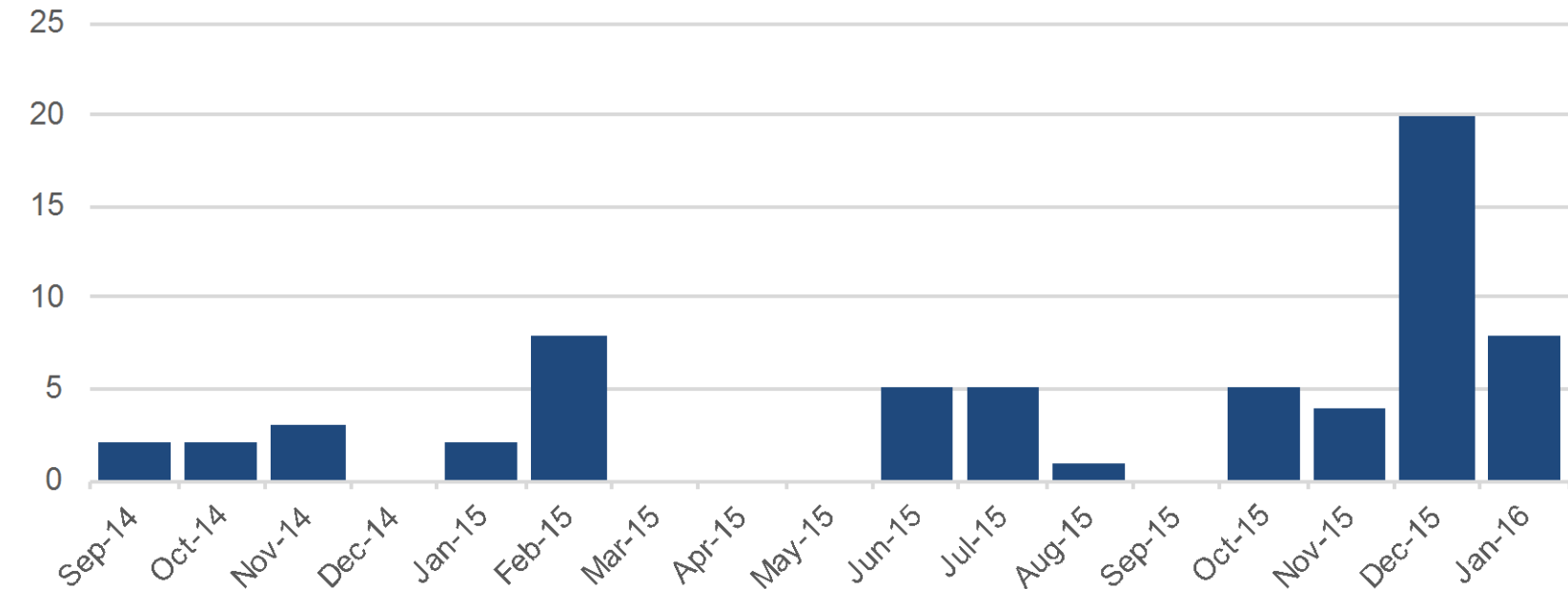
Combined average number of emails and calls made before an allocator writes a ticket

Source: Eaton Partners

**Data based on one hedge fund client's \$1.2bn capital raise*

Sample Marketing Process 1

Marketing Activity Contacts by Month
(65 Total Interactions)



Total Interactions

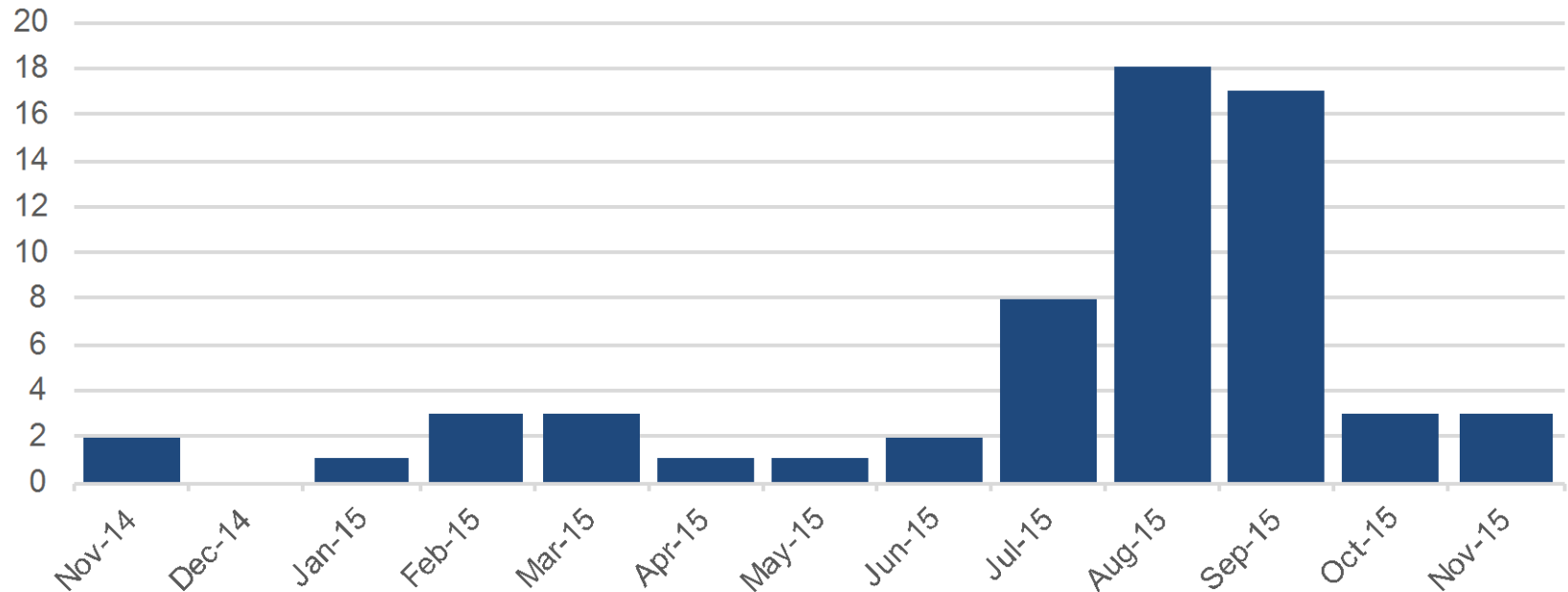
Email 58

Call 6

Meeting 1

Sample Marketing Process 2

Marketing Activity Contacts by Month
(62 Total Interactions)



Total Interactions

Email 45

Call 11

Meeting 6

Sample Marketing Process 1

Date	Activity
October 14	"I remain boringly distracted on a business transaction and until that is completed am not spending as much time on fund work as I should. Please can you chase me in mid-November.."
November 24	Marketers followed up
January 23	"Finally....finally... I am coming to NYC and whilst the deal we have been talking about for ages is not yet announced, all parties hope to sign in two weeks time..." Meeting scheduled for February 3.
February 1	Investor loses his voice and cancels meeting
February 2-20	Marketers reached out seven times to continue dialogue.
June 12	"Finally we got our deal done!" Begins process.
June to December	Lots of emails, calls, and meetings.
January 1	Investment made.

Plate Spinning



III. Building and Being Part of a Team

Lone Wolf or Wolf Pack?



Marketing Coverage Models

Geography	Channel	Product
(Location)	(Investor type)	(Products or Asset Class)
<ul style="list-style-type: none">• Country• Region• State• City	<ul style="list-style-type: none">• Consultants• Pensions• Endowments & Foundations• Family Offices• Banks and Platforms	<ul style="list-style-type: none">• Equity• Fixed Income• Commodities• Currency• Structured Products

Team Issues

Competition vs. Cooperation

Accountability vs. Responsibility

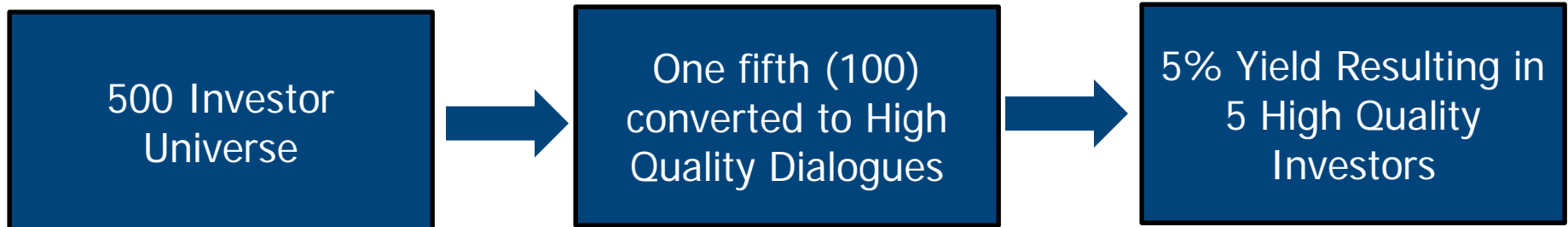
Roles and Responsibilities

Senior vs. Junior

Chris' Rule of 500™

How many investors can I cover? How big is my list?

- As a general guideline, a senior marketer should have a coverage universe of approximately 500 entities divided by the number of active products he or she offers



IV. Writing a Marketing Plan

Marketing Plan

Diagnosis

Prognosis

Objectives

Strategy

Tactics

Control

Marketing Plan

Diagnosis

Prognosis

Objectives

Strategy

Tactics

Control

“SWOT” Analysis



Marketing Plan

Diagnosis

Prognosis

Objectives

Strategy

Tactics

Control

Prognosis

Capitalize on strength of Large Cap strategy

Lever Tier 1 consultant relationships

Marketing Plan

Diagnosis

Prognosis

Objectives

Strategy

Tactics

Control

Marketing Plan - OBJECTIVES

Target: AUM of \$1 billion

Target: Large Cap Equity AUM of \$600M

Target: 18 Tier 1 consultant meetings

- » 3 (X5) meetings per Tier 1 consultant
- » 3 site visits

Marketing Plan

Diagnosis

Prognosis

Objectives

Strategy

Tactics

Control

Marketing Plan - STRATEGY

Broaden consultant coverage

Introduce strategy to new channels

Capitalize on BUY rating with Callan

Marketing Plan - TACTICS

Broaden consultant coverage

- Meet with 3 new regional consultants
- Add coverage of 3 new tier 3 consultants

Introduce **LCG** strategy to new channels

- 10 Taft-Harley prospects
- 6 Family Offices

BUY rating - TACTICS

Callan Client List	3 rd & 4 th Quartile Managers
Alaska Permanent Pension Fund	Alliance Bernstein Bears
Archdiocese of Los Angeles	Goldman Saks 5 th Avenue
Baker Hughes Inc	In-Fidelity
Briggs & Stratton Corp	T. Rowe Nice
Carpenters Trust of Washington	NewBerger-NewBerger
City of Baltimore	Morgan Freeman Stanley
City of Clearwater	BlackBoulder

Marketing Plan

Diagnosis

Prognosis

Objectives

Strategy

Tactics

Control

S.M.A.R.T. Goals

Specific

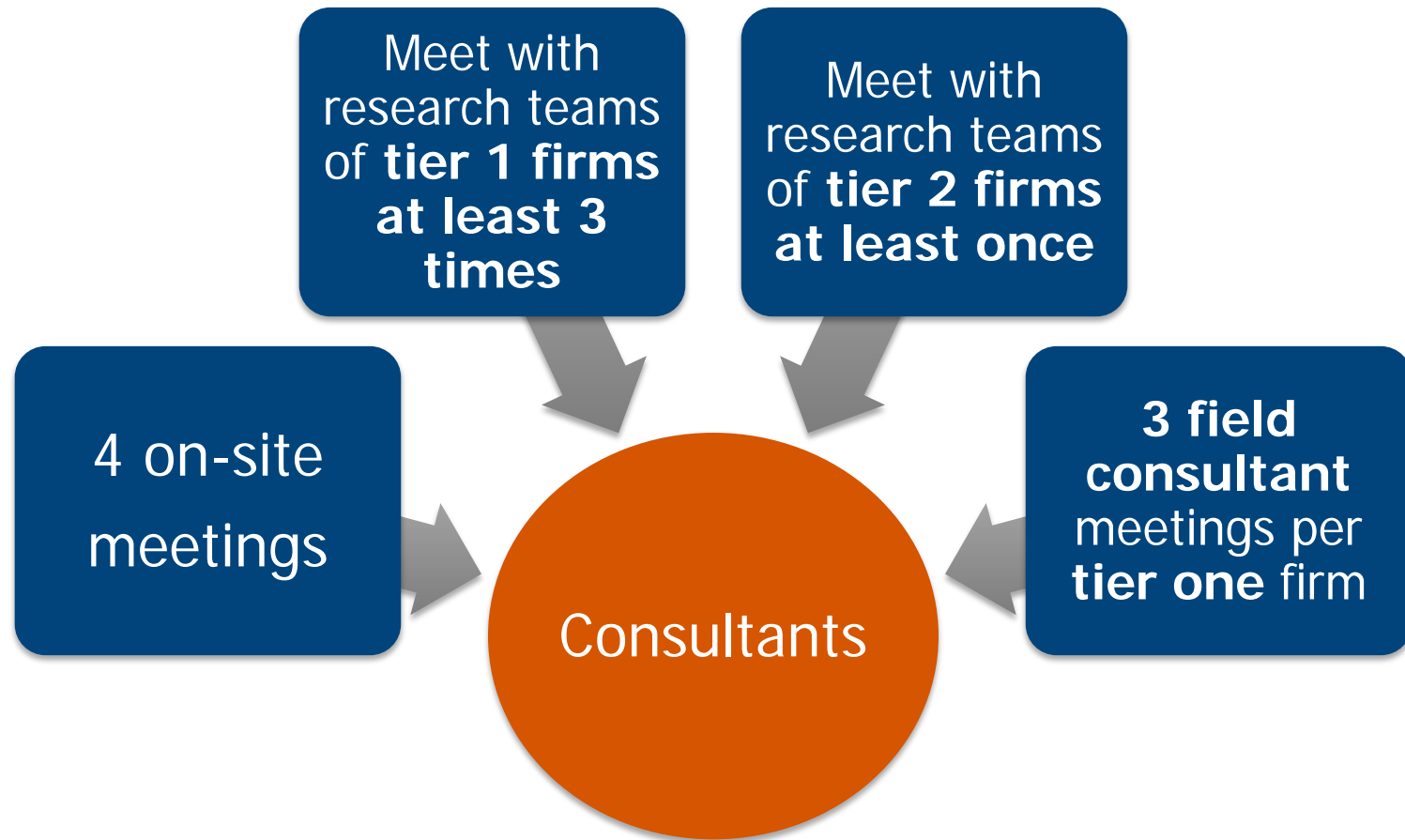
Measurable

Achievable

Realistic

Time Bound

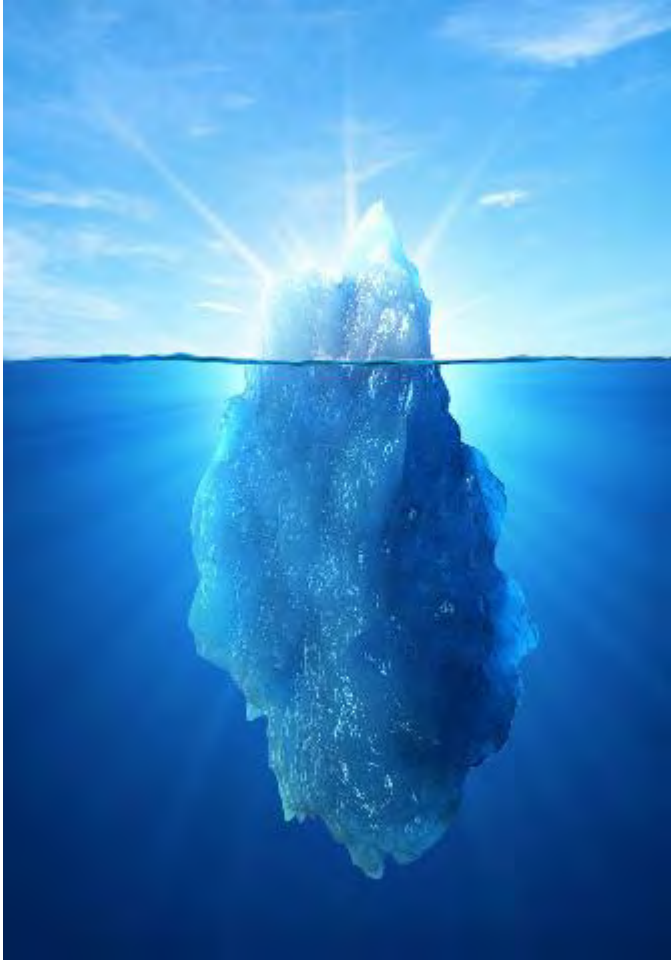
S.M.A.R.T. Goals



The “O” Not All the “P’s”

The “O”	The “P’s”
Opportunity Why do I care? What are you seeing that is interesting?	People
	Pedigree
	Philosophy
	Process
	Performance

The Iceberg Analogy



"The 10% above the water"

The opportunity should be very compelling...

"The 90% below the water"

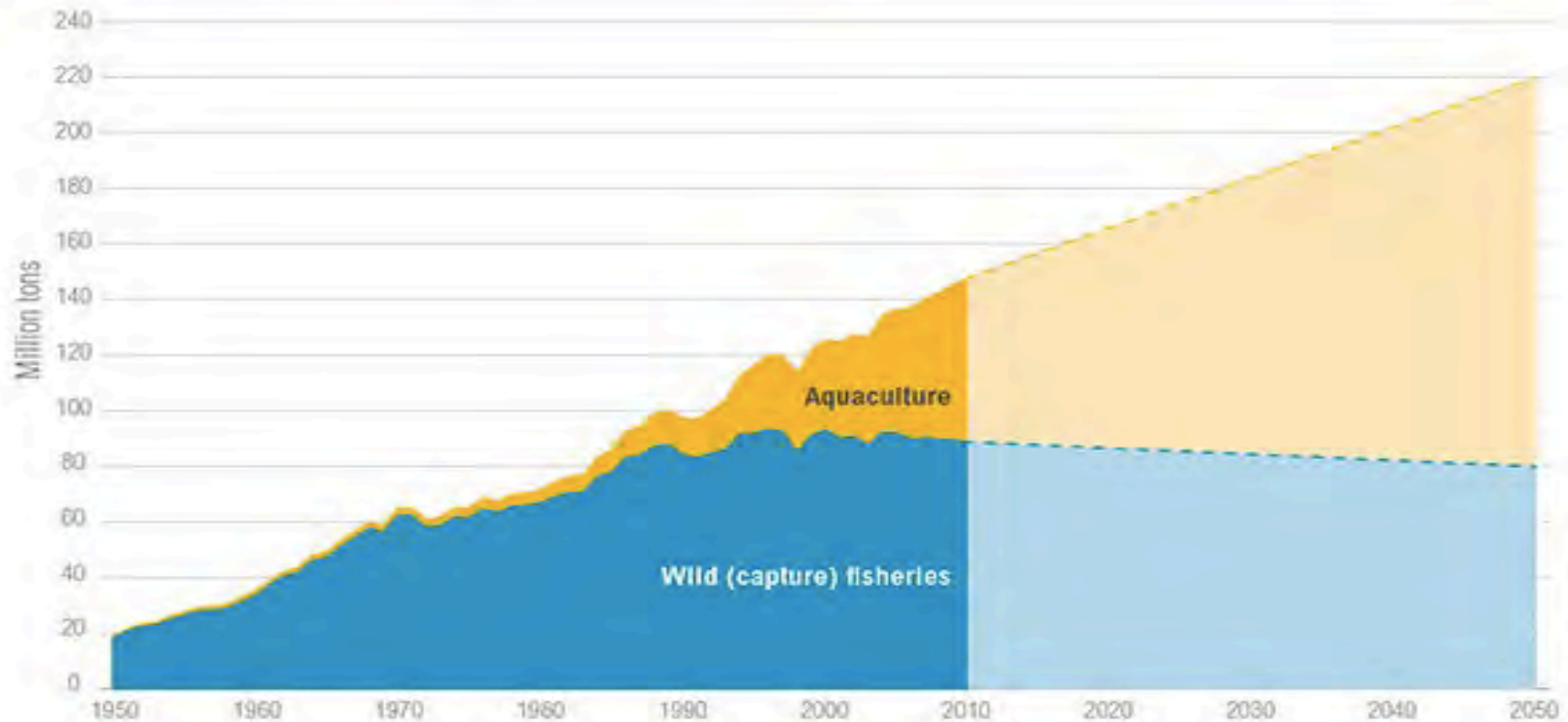
So the investor will be motivated to do the work on the investment.

Crafting the Narrative

Opportunity	Background and Credentials	Execution
Current	Past	Future
Why do I care?	What is the firm's history?	How will the strategy be executed?
Why is this a compelling opportunity?	Why is this the right manager to exploit the opportunity?	What are the risks?
	What investment edge does the firm have?	What is the competitive landscape?

Opportunity Example

Aquaculture Is Expanding to Meet World Fish Demand



Source: World Resources Institute Improving Productivity and Environmental Performance of Aquaculture, 2014

Dispositive Questions

- How much capacity is in the strategy?
- What is historical performance?
- How long is the track record?
- What are the fees and terms?
- What is negotiable?
- Who are your current investors?
- Who are the appropriate targets?
- How much resource is the firm willing to commit?
- How much transparency is provided?
- How much time will management commit?
- What is the potential timeline?

Tools of the Trade

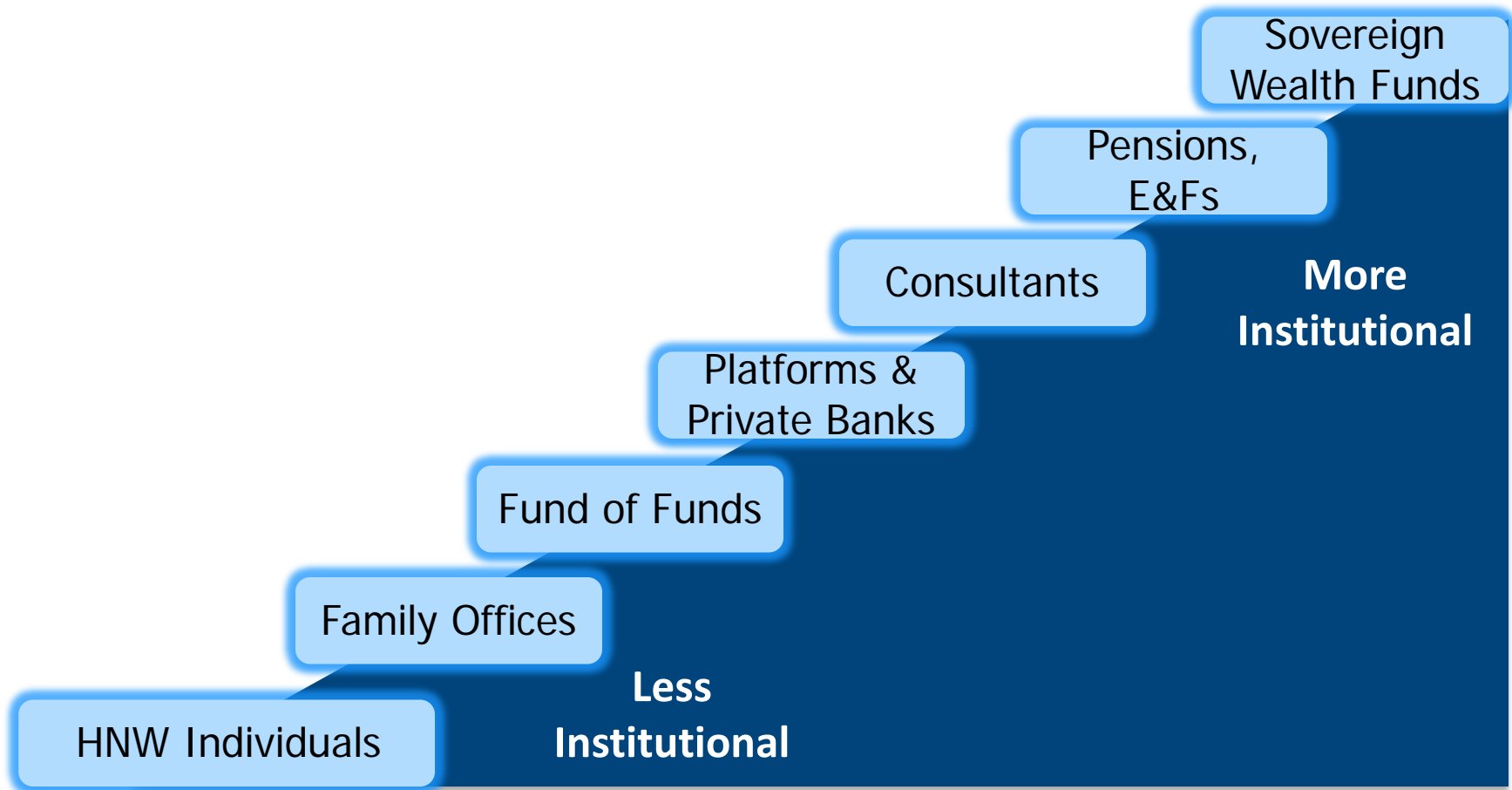
You will need:

- **Investment Committee Memo**
- **Presentation "Pitch Book"**
- **One-pager**
- **Frequently Asked Questions (FAQ)**
- **Due Diligence Questionnaire (DDQ)**
- **Risk Reports**
- **Investor Letters**
- **White Papers**
- **Models**

Ultimately, the goal is to give them:

- **Offering Documents**

Investor Targeting



V. Presentation Skills

15 Tips for Making Effective Presentations

- 1) **BE PREPARED:** Learn about your prospect (or consultant)
- 2) **Deliver a strong opening**
- 3) Personalize your message for each audience
- 4) Develop a compelling and persuasive presentation format
- 5) Pay attention to the “little things”
- 6) **Stay engaged when a co-presenter is presenting**
- 7) Demonstrate passion and enthusiasm

15 Tips for Making Effective Presentations

- 8) Manage your time well: **earn points for finishing early**
- 9) Develop good listening skills
- 10) Practice your presentation**
- 11) Eliminate distracting mannerisms
- 12) Deliver a persuasive closing
- 13) Avoid the common mistakes
- 14) Handle Q&A effectively**
- 15) Expand your comfort zone and build confidence

A T F Q

Pre-show work

1. Why is the search taking place?
2. Why are we included?
3. What is the funding status of the plan?
4. How many firm are competing? (names?)
5. What are the key selection criteria?

Pre-show work

6. Do members have a concern about the asset class?
7. What are the client service expectations?
8. What are the names of the trustees?
9. What is their level of investment knowledge?
10. Any special topics we ought to cover?

People Buy From People They Like and Trust

T
L
C

TRUST
LIKABILITY
CONFIDENCE

Alternatives Presentation

May not be a finals presentation!

Be prepared with your story for:

- **One minute pitch (“elevator ride”)**
- **15 minute pitch**
- **One hour pitch**

Keys to Presenting

Hard No vs. Soft No

Connecting

Patience and Honesty

Treat Them Like an Investor

Ask for the Order

VI. Engaging and Building Relationships

Many Ways Up The Mountain



Sourcing

Identifying and sourcing investor contacts:

- Understand and organizations hierarchy
- Identify impactful individuals
- No contact is too junior

The goal is to get to the right person under the best possible circumstances

“Creating Your Own Shot”

Use any and all means to get in front of clients:

- Referrals
- Networking
- Conferences
- Events



The goal is to get have in-person interactions to create a shared sense of experience

Events and Conferences

If the party is terrible, always remember...



... You are at the party!

VII. Due Diligence

Due Diligence Process

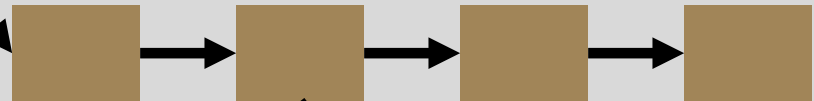
Parallel Marketing and Due Diligence Processes

Boxes represent meetings, calls, follow-up, etc.

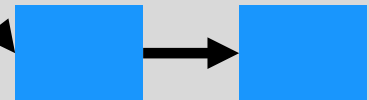
Marketing Process



Investment Diligence



Operational Diligence



Due Diligence Red Flags

Essential Requirements

- Independent pricing
- Strong corporate governance
- Independent board of directors
- Full service administration
- Detailed exposure data
- Monthly NAVs or better
- Letters and risk reports
- Access to the actual Portfolio Manager
- Resourced back office team

Red flags

- Open-ended fees
- Hard locks that exceed 12 months
- Liquidity less frequent than annually
- Exclusive use of limited counter-parties
- Single signature to withdraw cash
- Different terms within a share class
- Any significant findings/judgments by regulators/courts

Investment Preferences

- No dominant investors (e.g., holdings that exceed 25% of fund AUM)
- Liquidity frequency generally no worse than quarterly
- De minimis exposure to complex derivative style instruments (e.g., exotic options, use of bespoke credit tranches)
- Robust portfolio financing

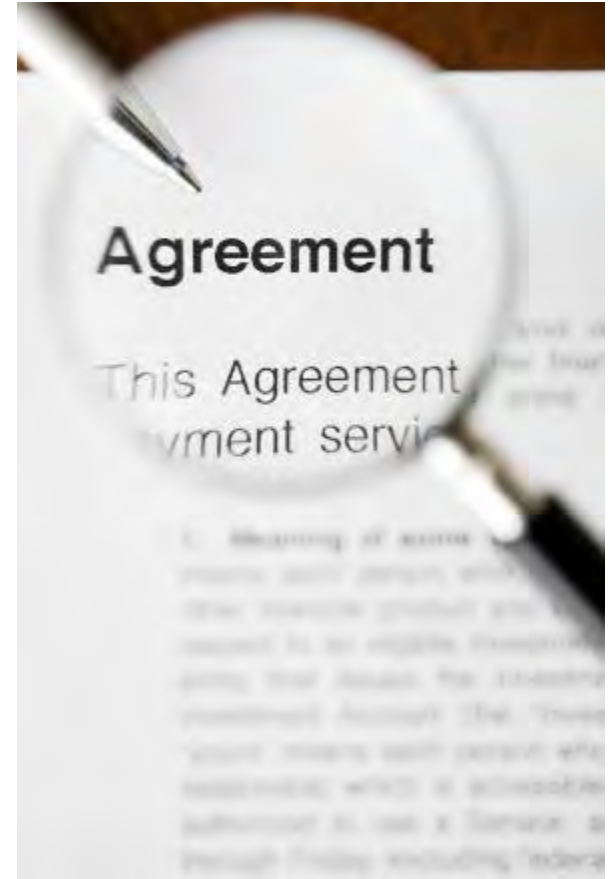
VIII. Opening and Closing

Opening & Closing

We own the front and the back of the presentation

Always remember...

- **T L C**
- **Win – Win**
- **Promises, Promises**



The Field of Battle

You own your surroundings

- **Manipulate your environment to maximize the experience**

You have to account for all the variables:

- **How do you enter the room?**
- **Where do people sit?**
- **Who speaks and what do they say?**
- **How is material integrated?**
- **What do you leave behind?**

The Opening Moment Checklist

Checklist Item	
Thank You	We appreciate their time and value it...
Introductions	Who they are and who we are?
Time Management	How long do we intend for the meeting to be?
Statement of Purpose or Goal	What we hope to accomplish?
Follow-up Expectations	What will happen after?

The Opening Moment

90

Seconds

Presentation Management

- **Pre-work with manager**
- **Presentation plan**
- **Read the room**
- **Calling audibles**
- **Non-verbal communication**
- **Signals**
- **Don't create problems!**

Asking for the Order

Fear of No

Persistence

Be Quiet... Listen

Would you like
fries with that?



Working the Problem

Create Your Own Process and Solve the Investors Problem

- The investor doesn't want a fund, they want co-investment ideas
- What types of co-investments are they looking for?
 - Ideas that are different than the other ideas in their portfolio
- How to keep the process going? How do you show you are different?

Working the Problem

Date	Item
November 2018	<ul style="list-style-type: none">• Manager wants to know who will invest in the next six months• Marketer responds “no one”• Manager is disappointed
December 2018	<ul style="list-style-type: none">• Marketer identifies interest in co-investments from massive investor and schedules meeting for January• Starts to prepare manager for meeting (manager plans to bring a page or two, marketer writes 25-page case study)
January 2019	<ul style="list-style-type: none">• Successful meeting with investor CIO and staff
February 2019	<ul style="list-style-type: none">• Continued follow-up but investor has other priorities they are finishing and won't be able to focus on this until the 2nd quarter
March 2019	<ul style="list-style-type: none">• Marketer sends specific investment theme, not yet in the portfolio• Manager responds in 15 minutes and asks for call
April 2019	<ul style="list-style-type: none">• Investor likes idea so much, they immediately move to diligence• Manager passes diligence with marketer's help

IX. Follow-up

Sales Stats you need to know

48% never follow up with a prospect

25% make a second contact and stop

12% make three contacts and stop

ONLY 10% make more than **THREE** contacts

More Stats you need to know

2% of sales are made on the **first contact**

3% of sales are made on the **second contact**

5% of the sales are made on the **third contact**

10% of the sales are made on the **fourth contact**

80%

of sales are made on the 5th-12th contact

Even More Stats You Need to Know

FACT: 57% of a prospect's decision is complete by the time of the **first meeting** (Source: MFS)

- So, some of that 57% comes from how well we are at **FOLLOWING-UP**

So, lets talk about how we can successfully
Follow-up...

Follow-up – The Key to Success

Staying in front of investors:

- Meetings
- Conferences
- Events
- Thought pieces
- Thank-you notes (hand-written)

Be creative!



Technology and Follow-up

How do you organize?

- CRM
- Reminders
- Ask for feedback



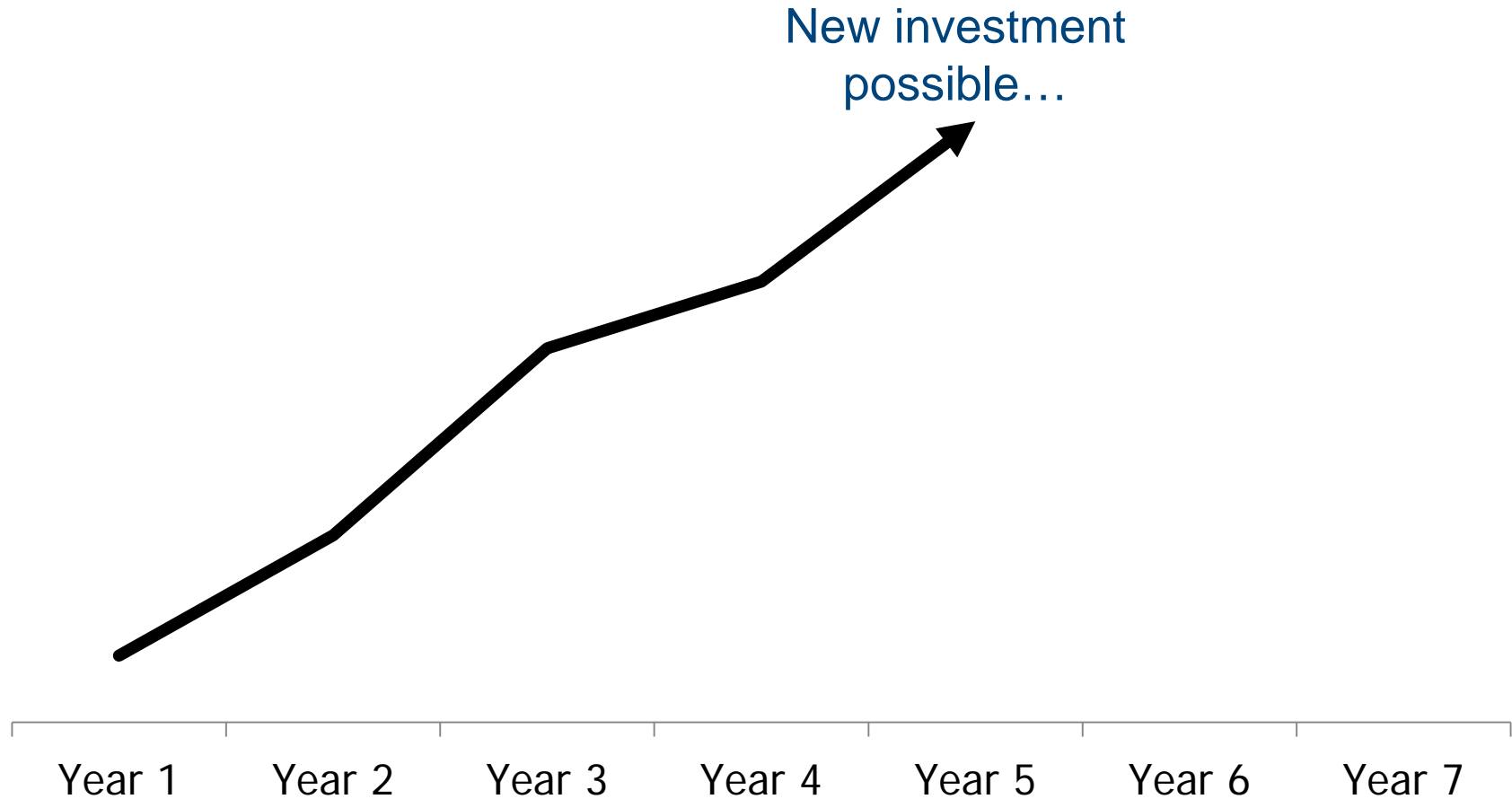
There should always be a next step...

X. Dealing with Management Expectations

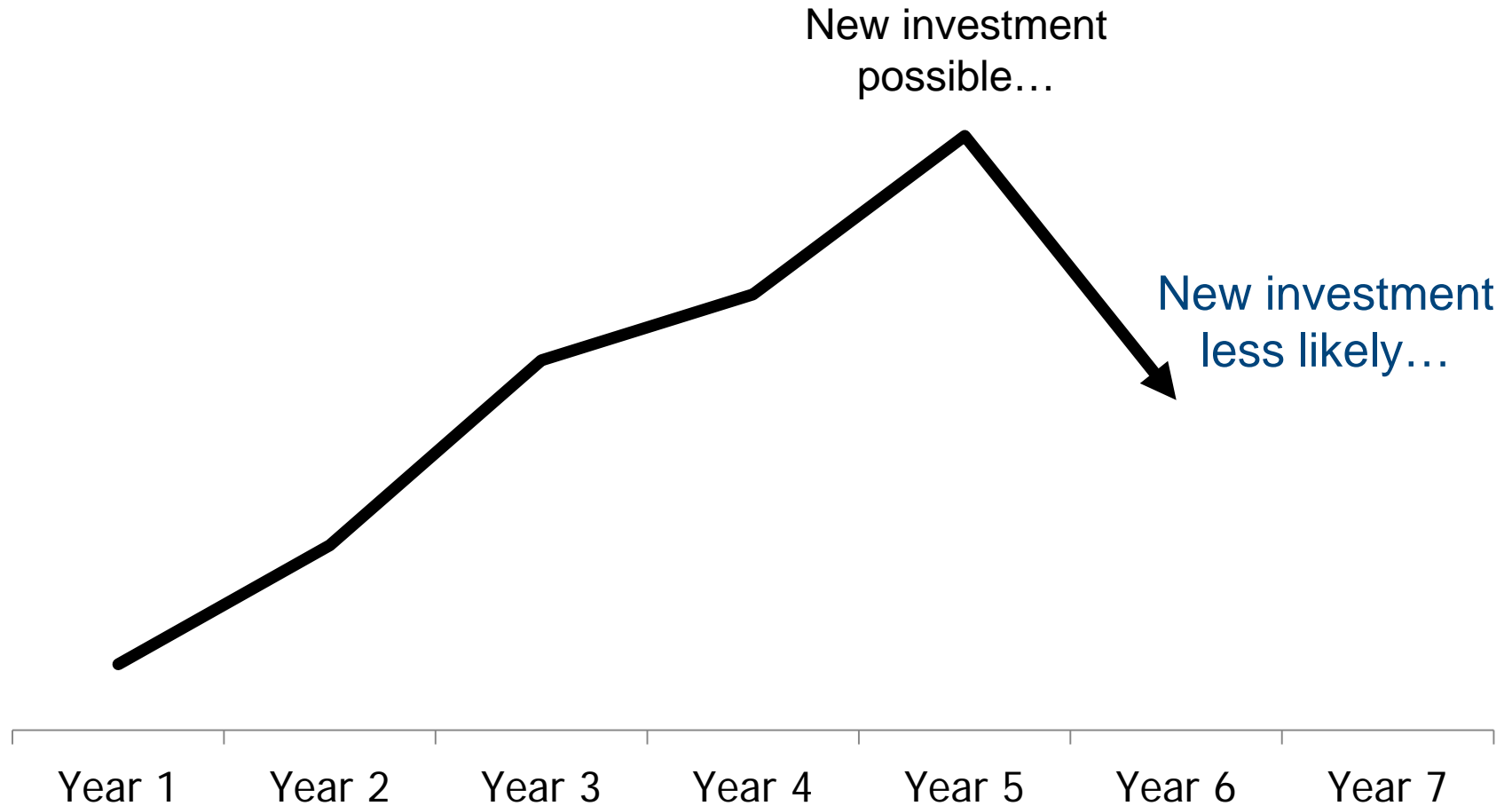
You and Fund Performance

Your Personal Performance		Your Fund's Performance	
		Positive	Negative
		Positive	Negative
	Positive	✓ Raise & Retain	Retain <u>Only</u>
	Negative	✗	✗

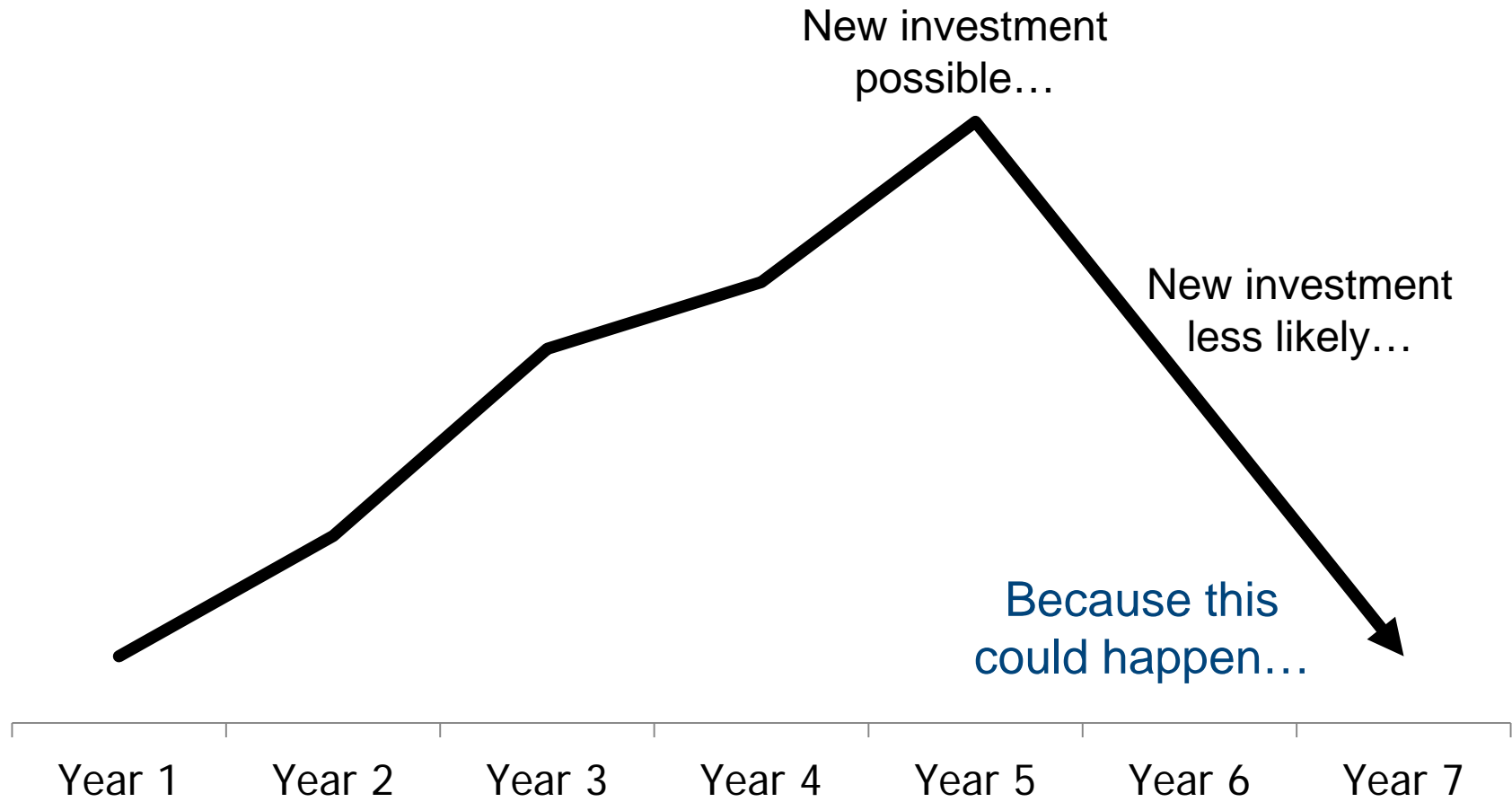
You and Fund Performance



You and Fund Performance



You and Fund Performance



First Misunderstanding

Our bosses are Kantian, our clients are Humean...



**"Act only according to that maxim whereby you can at the same time will that it should become a universal law."
— Immanuel Kant, Grounding for the Metaphysics of Morals**

**"'Tis not contrary to reason to prefer the destruction of the whole world to the scratching of my finger."
- David Hume, A Treatise of Human Nature**



Second Misunderstanding

The Subjunctive Mood

- The subjunctive is a grammatical mood (that is, a way of speaking that allows people to express their attitude toward what they are saying)
- Subjunctive forms of verbs are typically used to express various states of unreality such as wish, emotion, possibility, judgment, opinion, obligation, or action that have not yet occurred

Examples:

- "I have to believe there are investors who would invest in our fund..."
- "Aren't there investors out there who invest in funds like ours?"
- "Shouldn't we be able to raise \$500 million in a fund like this?"

Speaking Truth to Power

The Mayaguez Incident

- May 1975, the Khmer Rouge captured the SS Mayaguez, a US container ship in Cambodian waters on its way to Thailand.
- On May 12th, the Khmer Rouge boarded the ship and took the crew to the nearby island of Koh Tang.
- On May 15th, four American helicopters carrying US Marines stormed the island of Koh Tang to rescue the crew.
- Vicious firefights between the Marines and Khmer Rouge ensued and a total of 131 US military personnel engaged in pitched battle for approximately fourteen hours.
- During the battle, the Marines were informed that the crew of the Mayaguez had been set adrift at sea and rescued and they "had been a raw firefight for no reason."
- Late in the day, under cover of dark, the Marines were extricated from the beach at Koh Tang.
- During the extraction, three Marines from a machine gun team that had covered the retreat were left behind.
- This is when the Navy SEALs got involved...

Speaking Truth to Power

The Admiral's Plan

- Drop fliers over Koh Tang announcing that the SEALs were coming.
- Then send the SEALs ashore, unarmed, during the day to retrieve "Marine bodies" that "may or may not be on the beach."

The Admiral wanted to...	The Lieutenant responded...
Drop flyers announcing the SEALs were coming	SEALS never announce they are coming
Send the SEALs during daylight	SEALS prefer to operate at night when they have a tactical advantage
Send the SEALs unarmed	Are you kidding?

Speaking Truth to Power

The Investment Manager's Plan

- Often our investment managers aren't aware of our actual capabilities and limitations.

The Investment Manager wants...	The Marketer responds...
Get the first meeting!	Almost no one can invest after one meeting.
Get the first meeting because the manager needs... well... first meetings...	Get the first meeting because of a potential interest the investor may have or a problem to potentially be solved... "use their own words against them."
Get the first meeting based on how interesting the manager thinks the manager is...	Get first and follow-up meetings based on 1) an interesting opportunity, 2) a history and track record of success, and 3) a fully formed execution plan.
Get the first meeting without any particular follow-up... if the investor has interest (which they certainly should), that will be enough...	That almost always is the end of the process. Get the first meeting knowing what potential process and follow-ups will occur. Have a plan.

XI. Etiquette Among Marketers

Rafer Johnson



C.K. Yang

From left: Rafer Johnson '59, coach Ducky Drake, and UCLA classmate Yang Chuan-Kwan

XII. Marketing Resources

AIMSE sponsors can help

- A.S.A.P. Advisor Services
- eVestment Alliance
- FINsearches
- Infinity Info Systems
- Institutional Investor
- Morningstar
- Pensions & Investments
- Proposal Software
- Salesforce
- Standard & Poor's (MMD)

XIII. Tips & Tricks

Tips: To Do

Follow-up

Serve

Make it Personal

Make those around you look good

Tips

Calls vs. Emails

Levels of Touch

Avoid the “Epic Fail”

Get the little things right

Tips: resources

Visit TED on the web



Books to read

Slow Down to Sell Faster

The Naked Presenter

Presentation Zen

Resonate

How We Decide

Brain Rules

Execution

The Challenger Sale

The New Selling Solution

The First 90 Days

Perfect Phrases for the Sales Call

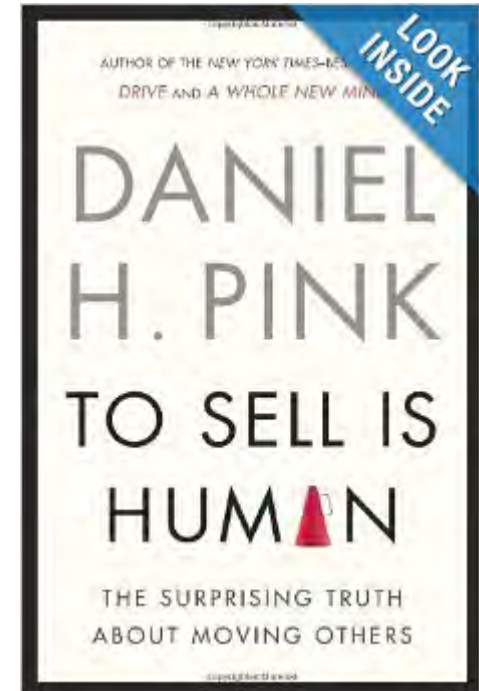
To Sell is Human

The ABCs of moving others

A – Attunement

B – Buoyancy

C – Clarity



The Challenger Sale

The Hard Worker

The Challenger

The Relationship Builder

The Loan Wolf

The Reactive Problem Solver



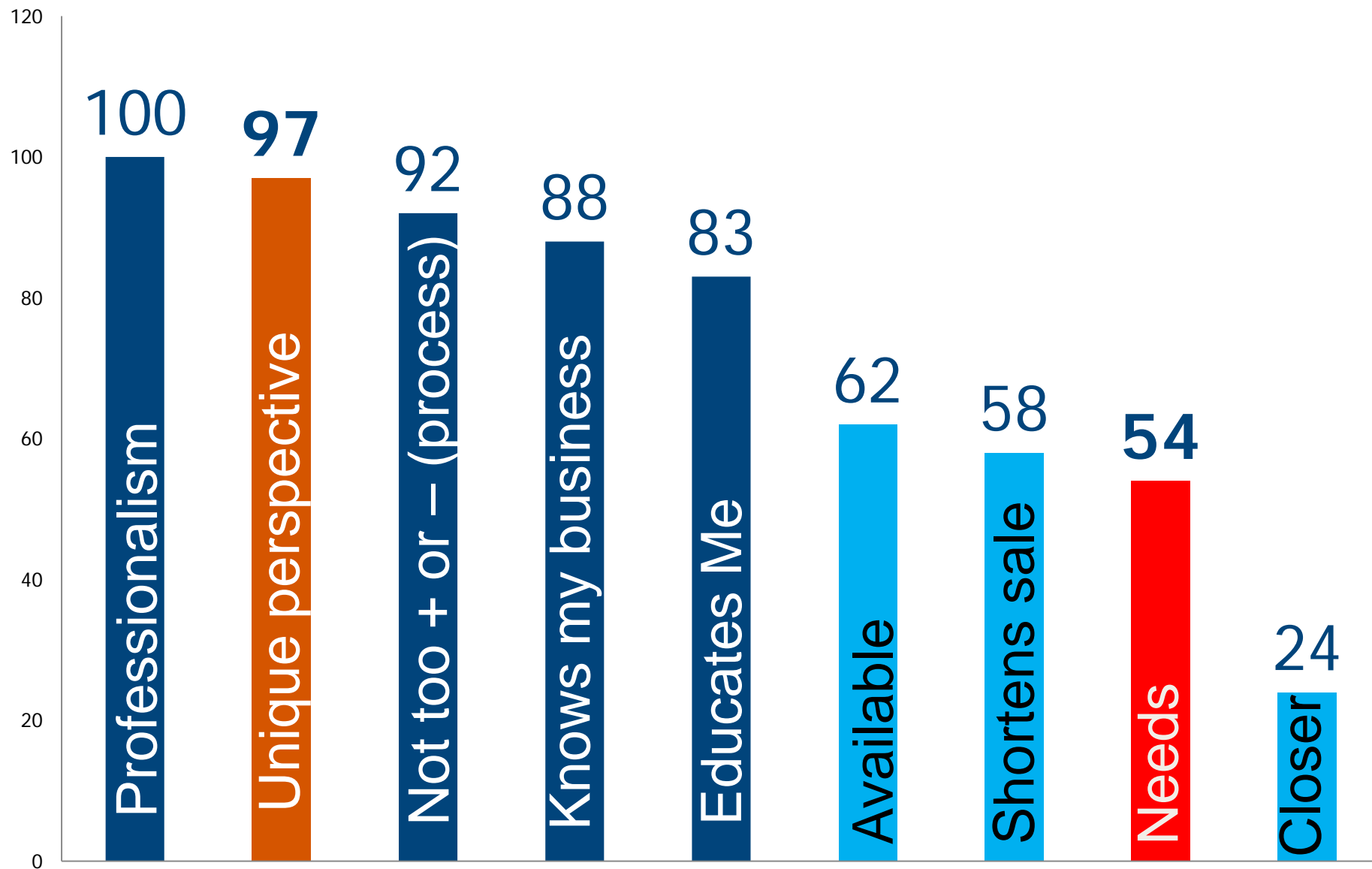
Customer Loyalty

52%

How you sell

Not

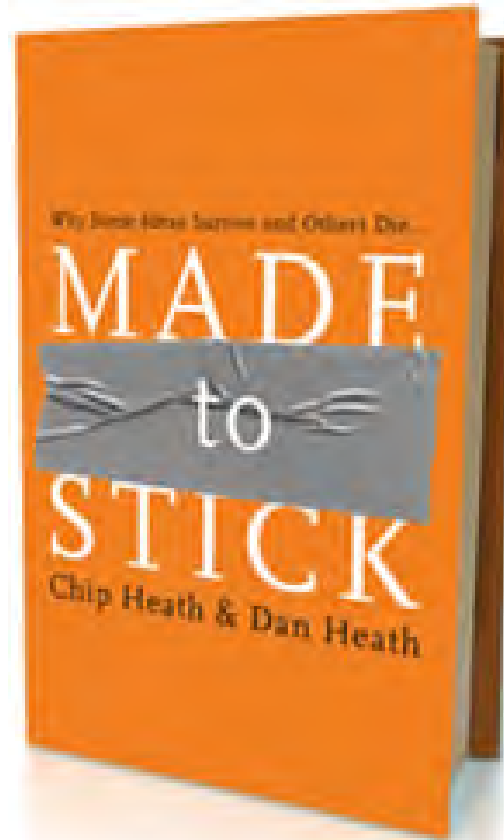
What you sell



Source: Challenger Sale

Made to stick

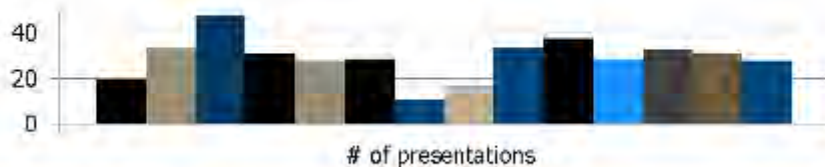
Simple
Unexpected
Concrete
Credible
Emootional
Stories



Keep it simple

Lessons learned

- Started in industry in 1987
- Sales presentations began in 1991
- 9 years with Seamark (1998)
- 7 years with Greystone (2006)



Real leaders don't do PowerPoint

You are the message

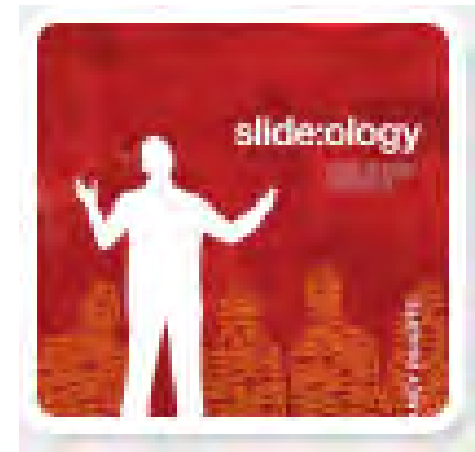
The eternal question: **W I I F M**

What's the big idea?

Slide:ology

Help the audience **see** what you are saying

*“Great presenters **connect** with their audience
and allow the slides to enhance their story”*

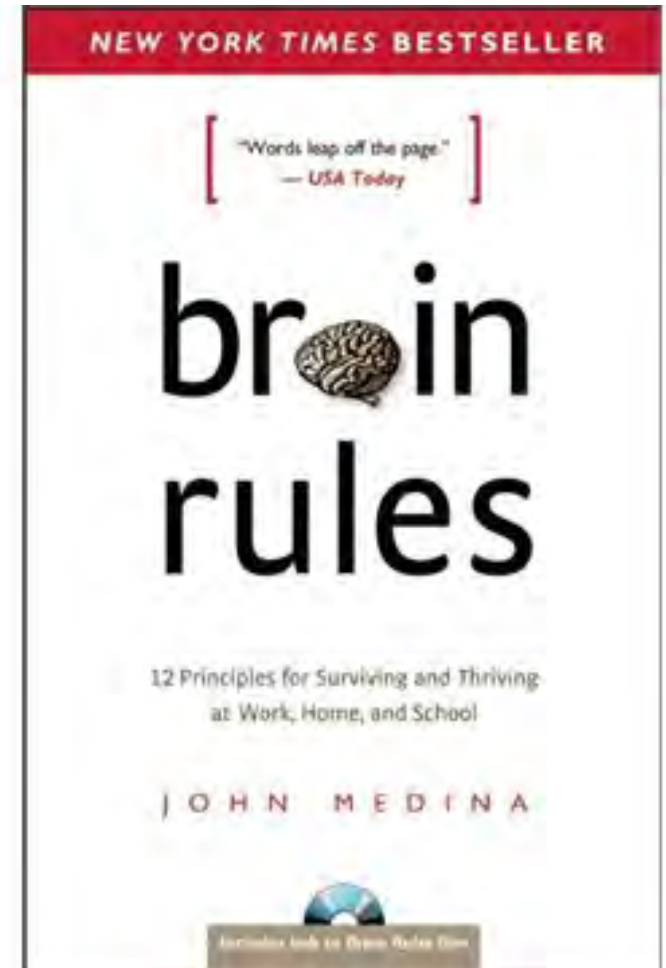


Brain Rules

Vision trumps everything

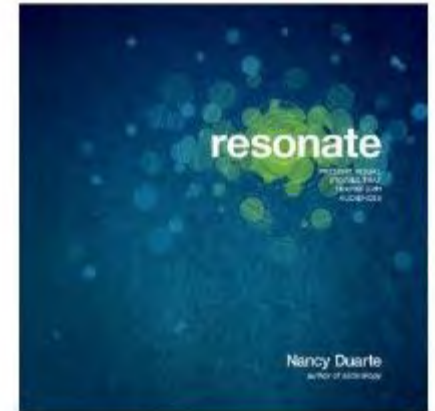
Attention (10 minute rule)

Meaning before detail



Resonate

Stories move people to action



What could be

What could be

Reward

What is

What is

What is

Call to action



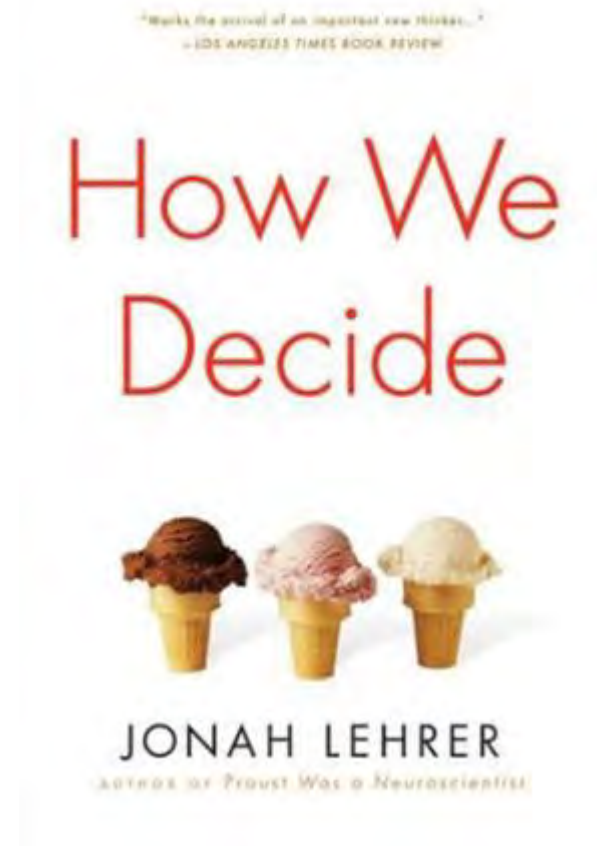
How we decide

Emotional vs. rational

Pictures vs. data

Too much info is bad

Human touch is good



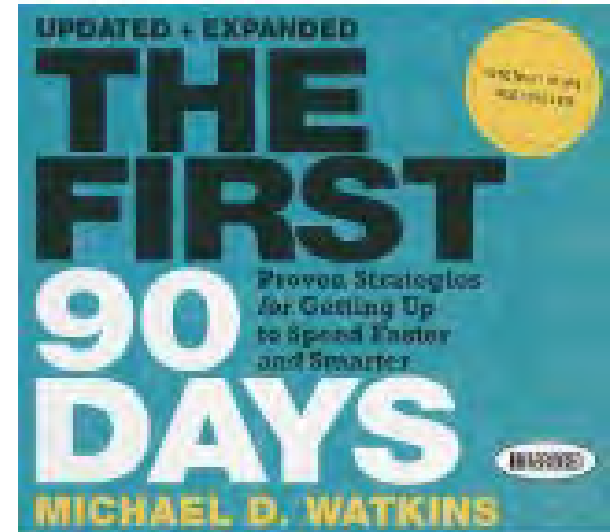
The First 90 Days

Assess

Diagnose

Negotiate

Build

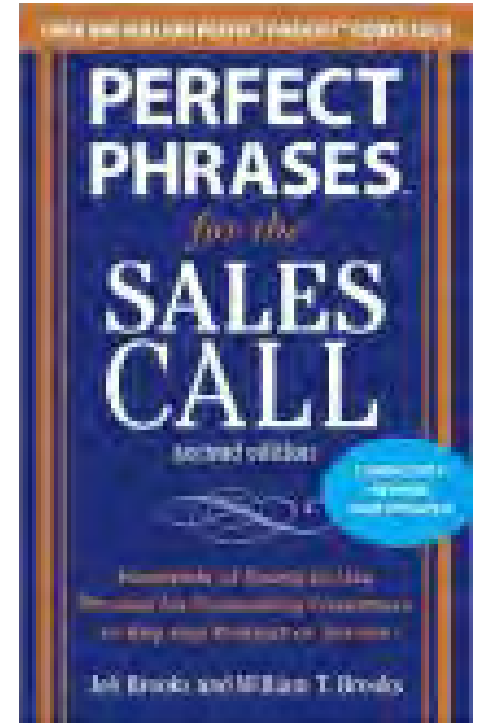


Perfect Phrases for the Sales Call

Tools

Tips

Tactics



Execution – getting things done

Plan

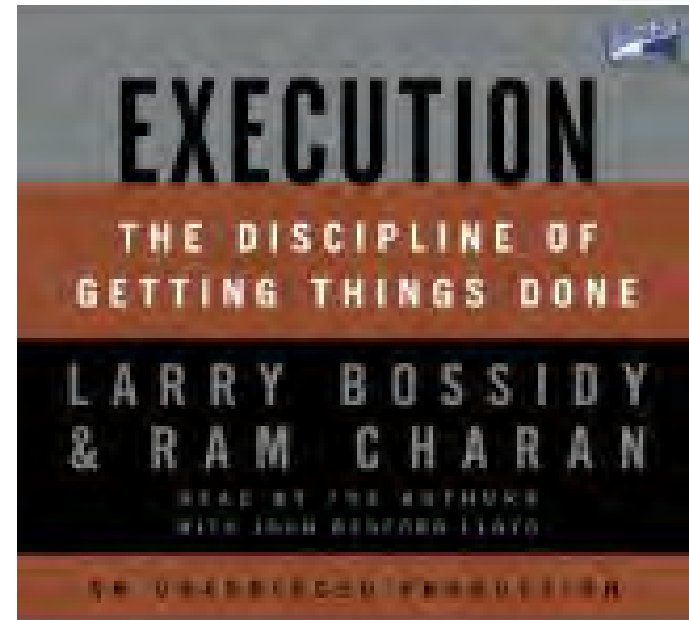
Execute

Accountability

Strategic

Tactical

“Service Excellence”



The New Selling Solution

