

Woodfield Wire

AN E-NEWSLETTER FOR HEDGE FUND MANAGERS
AND OTHER INDUSTRY PROFESSIONALS

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Live and In Person: Sharpen Your Investment Presentation Skills

A couple of months ago, Woodfield's President, Frank Franiak, and I were presenting our services to a potential client whose communication style was very reserved. It took a fair amount of probing to identify what it was he was interested in and to tailor our presentation accordingly.

It made me think about Woodfield's clients who, as asset managers, continually make presentations to prospective investors. Being attuned to what the client wants can have a big impact on the results.

There are generally two components in an investment presentation: an in-person meeting with the prospective investor, and a written presentation or pitch book (generally a PowerPoint presentation with a leave-behind copy). We'll discuss the written presentation in a future issue. Today, we're focusing on the face-to-face meeting.

Prior to his career with Woodfield, Frank spent many years on the buy side as an asset allocator. He's seen some egregious mistakes and some brilliant presentations. Following are some of his recommendations to make the best impact possible in an in-person presentation.

"It's a big mistake to focus only on talking points, like a politician giving a press conference," Frank says. "No matter what the question, some presenters give their canned answer whether you want to hear it or not. Or they take you through their pitch book right off the bat, starting with page one. In my opinion, that's a huge mistake."

Forget about your pitch book at the beginning, Frank counsels. Instead, sit down with the person and talk. Get to know them. Find out what kind of information they want to know so you can specifically address the issues they're concerned and curious about.

The one exception to the above rule. "If you find yourself sitting across from a block of granite--someone who is showing no sign of interest and not engaging with you," Frank says, "that is the one circumstance where you pull out your pitch book and start to go through it page by page. If a person seems to be indifferent, it's the only thing you can do."

Evaluate the prospect's communication style and attempt to match it. As you interact at the start of the meeting, you have a great opportunity to study the person's communication style. Pacing is important. Is the person introspective, taking time to think before asking or answering a question? You may need to proceed more slowly. Does he want to tell anecdotes about his kids before getting down to business? This is a person with a personal communication style who wants to get to know you as an individual. Does she have a more rapid style? Get to your point faster.

Determine what issues they're concerned about and focus on those issues. One prospect may be most interested in your background and trading experience, another on your fund's trading strategy, and a third on how you control risk. "You need to determine what people are interested in, what moves them," says Frank. "Then address those questions or concerns directly rather than relying on the presentation you'd planned to give." At this point, he adds, it may make sense to pull out your pitch book and draw their attention to a specific section or diagram that deals with an issue that is important to them.

Figure out the intent behind the prospect's line of questioning. People don't always know how to ask the right question. Listen; be smart; analyze where they're going and, if they're not getting there, help them. "For example," Frank says, "if the prospect asks you what is the maximum percentage of your portfolio that you would allocate to a specific stock or specific industry group, it should be clear that what they're concerned about is risk. You want to directly answer that question, but also use it as a segue to explain the other ten things you do to control risk that the prospect hasn't thought to ask about."

Know that professional asset allocators are absolutely inundated. The prospect may listen to scores of presentations every week. It's very difficult to break through the clutter. It's also wise to keep things in perspective--don't be disappointed or question the quality of your program or presentation if you are not selected. If an allocator is going to hire five managers and sees 100 people, you could be in the top 10 percent and still not get the money.

Financial products are bought, not sold. In the early days of his career, Frank worked for a man who believed that financial products were sold, not bought. But over time, Frank arrived at the exact opposite conclusion--they're bought, not sold. "About all you can do is go in, get someone's attention and put your product in the best possible light," he says. But ultimately, it's up to them. No matter how good you are, how personable, how effectively you present yourself; if the product doesn't fit with what they need or want, you're not going to make the sale.

Practice, practice, practice. If you're starting your fund and have ten leads and you believe three of them are really good, those are the *last* people to call on. Go after the leads with the least potential first so you can practice and encounter questions you haven't anticipated. With each prospect you pretty much have one bullet to fire," Frank says. "If you call on a prospect today when you're not ready and do a bad job, there's not much chance you can get in again a year from now, or ever, after perfecting your presentation skills. People who do this for a living are flooded with presentations. Once they've made a judgment, it's very difficult to change their minds."

Don't be self-centered. Center on the person you're talking to. Sometimes sales people are so excited about their product, it's as if they've discovered the Holy Grail. But if you don't focus on the prospect, you're sunk.

Be aware of clues. At some point your prospect may want the meeting to end or move off a certain line of questioning. Notice the clue and oblige. Frank endured one presentation years ago at the end of a futures conference. Fund representatives had been inundating him with presentations all week. At 4 p.m. on Friday, a presenter came in and proceeded to talk on and on in a very low, soft monotone. "I was trying really hard to stay awake," Frank says. "My head dropped; he didn't notice. He just kept going."

It's a lot like dating. Sometimes for reasons that aren't obvious, people click, or don't.

Great performance or a compelling story. "A lot of asset allocators are just chasing performance and there's nothing you can do," Frank says. "If your fund doesn't have great performance, you need a compelling story." A compelling story would be, "I was the head currency trader at XYZ Bank, produced huge returns for the bank and now I'm going off on my own."

The bottom line? There is no magic bullet. You need to listen, be intuitive and adaptable--figure out who you're talking to and how they need you to communicate with them. Be aware of what the person is interested in. "Be responsive to the prospect," says Frank. "That's not always easy."

About Us

[Woodfield Fund Administration LLC](#) provides third-party accounting and fund administration services to hedge funds, fund of funds, commodity pools, unit investment trusts, real estate funds, family offices and other investment entities. Our clients range from small startup funds with just a few investors to large asset managers with capital in excess of \$1 billion. They choose us because of our focus on accuracy, completeness, timeliness, personal attention, customized services and reasonable cost.

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