Raising Institutional Capital:

FIGHT $MARTER

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CONTENTS

Introduction

Regardless of the latest boom or the next economic crisis, raising institutional capital has always been and will always be tough. This book is intended to make the task less onerous. It is not meant to cover everything. It is simply a collection of ideas, examples and rationalizations as to how you can more successfully source institutional investors without having to rely on a placement agent.

I don't come from the banking industry, the finance industry or the capital markets. My scars are in sales and marketing; a world that seems absolutely foreign to the fund business, which, when you consider the number of zeros involved, is truly astonishing.

You would think that anyone looking to raise capital in an intensely competitive space would be doing everything in their power to differentiate themselves and adopt the most relevant marketing tools available to them. This simply is not the case. The use of printed PowerPoint slides still runs rampant within the industry. Printed PowerPoint slides are not enough.

I am not implying that I know everything about the sector as I haven't been in it that long. My approach is that of a marketer. It doesn't matter if you are selling cars, shoes, computers or fund management expertise; marketing skills, as I practice them, move across all verticals. I have great respect for those who operate in the trenches and this book is not meant to challenge anyone's expertise or hands-on experience. It is simply meant to present a logical argument as to why I think the process being used to raise capital is broken. This book offers a fix and for that, I credit my fresh eyes. It is hard to see the forest through the trees, and all that bullshit.

I am also not talking about crazy-ass complicated marketing tactics. The stuff in this book is straightforward and simple. If you think it is smart to look and sound the same as your competition, it's probably best if we just grab a beer and talk about something else.

Raising Institutional Capital: Fight Smarter

CHAPTER ONE

Three Laws of Selling

This book is full of tactics; if you do X, you can expect Y. The most important difference between seeing a slight uptick in results versus kicking some serious ass has nothing to do with tactics but rather, the character of the tactician. I live by three laws:

My 3 laws of selling

1. Nothing is more important than your handshake.
2. Don't stop until someone buys something.
3. Don't change who you are in order to sell something.

1. Nothing is more important than your handshake

If the center of the financial world is Manhattan, I come from just about as far away from the center as you can get.

I grew up in a small town in northern British Columbia, Canada. I shoveled snow off my driveway and worked in a sawmill to put myself through school. People drove big trucks and beat the shit out of each other over a beer or a woman, or because it was Friday; it didn't much matter. There were consequences for not doing what you said you were going to do, and those consequences didn't involve a lawyer.

My Dad helped me transform my self-preservation instincts into character. He was a tough man who went blind after contracting spinal meningitis as a newborn. Miraculously his eyesight returned, but he was never able to see very well as a result. Although he didn't talk about it much, this condition resulted in a tussle or two during his childhood. My Dad put himself through school as a commercial fisherman, quitting only when his best friend died. He ended up running a trucking company.

For a short time, I sold industrial lubricant to my Dad's peers. Doyle Trucking was one of my Dad's main competitors. One day, Mr. Doyle called my Dad and explained that he was in a jam; he didn't have the necessary trucks on hand to move some trailers. The ramifications of not moving the trailers would be quite severe.

The next day, all of Mr. Doyle's trailers were where they needed to be. Needless to say, Mr. Doyle was not a hard sales call for me from that point forward. This was what my Dad was all about; if you had to be a dick to win, it didn't count. When you shook my Dad's hand (akin to grabbing a two-by-four) it would be done. There was no one more respected in my town. Unfortunately, my Dad's hard life got the best of him and he is no longer around. He taught me to honor a handshake. I think this is the single most important thing I have learned as a human being.

2. Don't stop until someone buys something

My first job out of school was at Kal Tire, a tire franchise. After eight months I was still busting tires and figured there had to be something better out there for me. So, I jumped. I ended up working for an industrial lubricant distributor, tasked with opening a sales territory in northern British Columbia, a region I grew up in and was familiar with (and where I ran into Mr. Doyle).

They tossed me the keys to a really nice truck, told me to start driving north and that my "territory" ended when I was tired of driving. After two days of driving (a lot of people don't fully comprehend how big Canada is) I stopped, looked around and figured out where I was. Then, I drove around looking for a sawmill, a logging truck or a piece of mining equipment, and when I found one, I'd go knock on their door and try to sell them something.

Selling industrial lubricant was tough. (Although, being a lubricant salesperson did give me a great story to tell and a special status in bars.) The North is a unique place. There are a lot of people who try to make their mark, but the territory and temperatures eventually drive them away. As a result, the community I was calling on was pretty skeptical about newcomers. You had to prove you weren't going to vanish, because when they switched their business to you they relied on you. I once called on a company every week for a year. I knew I was making progress when the owner finally asked me what I was selling.

I still remember the first sale I ever made: a single pail of 32 weight hydraulic fluid. I had been driving to my family's cabin with a flat of beer in my truck and debating skipping my last sales call. However, being disciplined, I turned off the highway and went to see Ron Konke, who operated a self-loading logging truck. Up until this point I had made 17,245 sales calls to no avail. I was tired of the BS and wanted to sell something. I walked into Ron's shop, dropped the pretense and told him I would give him the flat of beer in my truck if he bought a pail of hydraulic fluid. Considering the pail of hydraulic fluid cost $16 and the flat of beer cost $36, Ron bought the pail of hydraulic fluid. I realized right then and there that I needed to come up with an incentive plan to sell my product.

I was selling a brand of lubricant called 76, which was one of the largest sponsors of NASCAR. So, I stopped trying to sell lubricant and sold NASCAR instead. Lubricant was a commodity, NASCAR wasn't. No other group in my region could layer on the incentives I could: jackets, hats, those stupid orange 76 antenna balls, etc. If you bought enough, I could get you tickets to the Daytona 500. In short order, I ended up selling a lot of lubricant. The lesson was to keep pushing until something breaks. I even managed to turn the economics around as well.

When the company I was working for got into the fuel business, I was asked to manage a bulk fuel agency. I equate this experience with studying for an MBA. I was responsible for every aspect of the business: hiring and firing, financials, receivables, collections, inventory, etc.

It is somewhat intimidating to order 100,000 gallons of fuel with no place to put it, calculating that your tanks will be empty after the two days it takes for the fuel to be shipped to you. When you repeatedly get up at 2:30 a.m. to open your pumps and check the levels, word soon gets around that you will go that extra mile and the business comes.

I have learned that good things happen when you start to question why the hell you are doing something one way instead of a more logical way. Most people give up at that point because the answer is generally, "Because that's how we've always done it." Up North, when you buck convention and figure out a better way, that's when people start paying attention and talking to you.

3. Don't change who you are in order to sell something

While I was running the bulk fuel agency the resource sector in B.C. was hit hard and I figured there had to be something bigger out there. At this point, my older brother (who I idolize, by the way) was mixed up in the dot-com world, so I decided to move to Vancouver, British Columbia to play that game.

It was refreshing not having to wear steel-toed boots to work. I hammered phones for a while selling the "next greatest thing." Things went up and then came down and I was once again trying to figure out what to do. I ended up selling real estate for Intrawest at Panorama, a ski and golf resort in southeastern British Columbia.

Intrawest was full of big personalities and some amazing salespeople. I tried hard to emulate these people, going so far as to copy the style of their approach. It didn't work worth a damn. I gave up and started being myself. My passion for Panorama ended up being my greatest tool as a salesman. There was a river to kayak, the mountain had huge vertical and my job required me to drink beer seven days a week with people who were on holidays.

My sales close, which was a little more eloquently put than what I am about to say here, was basically, “Why the hell would you not want to buy something here in paradise?” People fed off my enthusiasm and I sold a shitload of real estate. You shouldn’t change who you are to try to impress people. Learn, listen and be respectful, but be yourself. In my opinion authenticity is the underlying foundation for value creation.

CHAPTER TWO

Chasing Zeros: From Fuel to Funds

In making the transition from selling hydraulic fluid to selling real estate, I learned an incredibly valuable lesson: the more zeros the better. The logical conclusion of this game of chasing zeros could only be the fund management industry, but it took a few more leaps for me to get from one to the other. At each post along the way I learned more about what worked and what didn't.

It wasn't long before the luster of selling yet another condominium for Intrawest began to fade and I started to get restless again. In search for more zeros (and more responsibility) I decided to pack up my truck and move from Panorama back to Vancouver, determined to create some space for myself in Playground's (Intrawest's newly formed sales and marketing company) corporate office.

This was a very delicate move for a couple of reasons:

1. Playground didn't know I was coming; and,
2. I had recently gotten married and my wife had just moved to Panorama to be with me there. If any of you are looking for relationship advice, don't move your wife to the middle of nowhere and then leave her there. (Andrea, thank you for putting up with me. Not many would.)

Have you ever showed up at a corporate office indicating that it was your first day at a new job—without there being an actual job? It's good fun. One great thing about a large company is that there are a lot of things going on, and when there are a lot of things going on it's not hard to slip inside between the layers. So, I arrived for work, they found me a desk and wished me luck. Perfect. Now all I needed was something to do.

This was right around that time that Playground signed a contract to launch a project in the Turks and Caicos Islands. They asked some of their salespeople to invite a few clients down there for an event. Having run into some investors who were putting together a mysterious "real estate fund" (my first interaction with a fund), I ended up accompanying a group to the Islands.

I can't recall how we ended up in the local KPMG office, but we did. While there, I accidently kicked a huge binder that was lying on the floor and after I picked it up and asked about it, they told me it was a business plan for a 17,000-acre master-planned community encompassing the entire island of East Caicos. Interestingly enough, the developer was from Vancouver. When I arrived home, sensing opportunity, I called the developer, explained that I was with Intrawest (which was sexy for a resort developer) and asked how I could help. He needed 500 million dollars. No problem. I said I needed a $60,000 retainer.

The next day I walked into the president of Playground's office and gave him a check made out to Playground for $60,000. The conversation went something like this:

Me: *"This money is to cover a year's salary for my new job."*

President: *"And what will you be doing, Kyle?"*

Me: *"I have been hired to raise 500 million dollars."*

President: *"Are you f-ing kidding me?"*

Me: *"Nope."*

President: *"Welcome aboard."*

So now I had something to do, legitimately, at the office every day.

Never having chased money before, I figured the best approach was to call the president of Goldman Sachs and ask for it. This made sense then but I laugh about it now. I can't remember who the president was at the time, but nevertheless, he quickly told me to f-off and to never call him again (yes, those were his exact words). I learned an incredibly important lesson that day: you can get pretty much anyone in the world on the phone if you are strategic enough, and try hard enough. This holds true in the fund management world as much as any other.

I never did raise the 500 million dollars. However, I don't think anyone could discredit the effort I put in. I came really close with a bond placement that was underwritten by a gentleman named Jim, a real-life version of Tony Stark. As the deal began to crystallize, the then prime minister of the Turks and Caicos inserted a few extra line items into the pro forma. The developer, being of unscrupulous character, told him to pound sand and the house of cards came crashing down.

After walking around the hallways of Playground with a bunch of investors in my pocket, it wasn't long before I was asked to package up and sell blocks of standing inventory within Intrawest's network. I honed my Excel skills and became proficient at internal rate of return (IRR) calculations. As you can probably surmise, some of the people I was talking to were developers. They were more interested in Intrawest's ability to sell real estate than they were in buying real estate. In short order, I became the director of Business Development for Playground, and North America, Mexico and the Caribbean became my territories. At that point I had stepped onto an airplane. Three years later, I stepped off.

This is where the most important but most reluctantly accepted lesson of a professional life in sales and marketing was made clear to me. Persistence in building relationships is everything. You can have the best offer in the world targeted at the most qualified prospect, but without some basis of trust and mutual respect, it will not close. I rode the real estate boom, ended up in some pretty strange circumstances and met a lot of really interesting people.

I spent a day with Kevin Costner. He had just purchased the land where Dances with Wolves *was filmed and wanted to build a resort. At the end of the day, he asked if I wanted to smoke a joint and fly back to LA with him in his plane. As I was already scheduled to fly to New York, I declined. We all make mistakes.*

On another occasion, I ended up in a helicopter that was piloted by a Vietnam vet, chasing wild boar around the wetlands of Georgia. I've hunted African big game on a ranch in Texas, in the dark. And don't even get me started on Vegas.

After spending almost every waking moment talking about the absorption of residential real estate in North America, it became apparent to those of us in the trenches that the wheels were about to fall off the bus. I knew this would impact Intrawest and figured it was time to move on.

It just so happened that a good friend of mine, Ross McCredie, (who had also attended Intrawest University, acting as the director of Sales and Marketing for Playground in Whistler) had acquired the rights to Sotheby's International Realty, Canada. Fascinated not only with Ross' vision to grow Sotheby's International Realty in Canada, but also with his intent to align a real estate development marketing company with one of the world's foremost real estate brands, I joined him in his efforts. It wasn't long before we had a dozen or more real estate development marketing contracts across Canada and the U.S.

My job was to oversee all of our projects, and juggle seven-digit marketing budgets in an attempt to sell real estate. The world was blowing up and things became intense. We had to claw and scratch to engage the market, while trying to find new and more innovative techniques to generate interest. It was a tough time, but it forced the real estate development marketing industry to evolve. Customer relationship management (CRM) systems and databases became essential tools, and we relied heavily on technology to track the effectiveness of campaigns. In more recent years, social media programs became all the rage.

Through all the fighting to survive I learned another vital lesson. The technology and tools may change from one day to the next, but in the world of marketing and communications there's really only one central philosophy that remains constant. David Allison, one of the smartest marketers I have ever met, taught me to simply Sell the Truth. Imagine that. Of course this is more complicated than it sounds, but his core philosophy still works every time; in real estate and in fund marketing too. More on that later.

As the U.S. real estate development marketing business evaporated we retreated back to Canada and focused on growing the Sotheby's International Realty brand and brokerage business. I ended up overseeing Sotheby's International Realty in western Canada, which is a business unit that generates annual sales in excess of 500 million dollars. We did well. The company was recently recognized as the 22nd fastest growing company (in terms of revenue) in Canada. I am now a very big believer in the power of a strong brand; another lesson to take forward into the fund marketing world.

Near the end of my tenure with Sotheby's International Realty I spent a great deal of time trying to resurrect large-scale real estate projects, which involved significant recapitalizations. More zeros. In short order, I was working for Second City Capital Partners, an emerging fund manager, and was tasked with overseeing their marketing process in their bid to secure limited partnership (LP) commitments from institutional investors.

Second City Capital Partners is led by a gentleman named Sam Belzberg. Sam is in his mid 80s and still works 8 to 12 hours a day. Few people have gotten on the wrong side of Sam and won. His second in command is a guy named Jamie Farrar, a very smart guy.

I quickly realized that Jamie and Sam were not the type of people you question if you don't have your shit together. I put my head down, got in line and started to bash my shoulder against the outer walls of the larger institutions, harboring the quiet belief that I was tougher and could hit harder than anyone else, which would inevitably pay off. If this was how the game was played, I was going to win. Eight months later I was simply more bruised up than the next guy—those are thick walls.

It was only after getting my ass handed to me after doing it "the way it's always been done" that I started to question the process:

1. The sales cycle was obviously a long one. Wouldn't it make sense to nurture these relationships over time? Was that happening in this sector?
2. I was pitching good numbers, but so were a lot of other groups. Obviously performance isn't all that matters or only the top managers would get money. That wasn't the case here. How were groups differentiating themselves amongst their competition?
3. If results weren't the only thing that mattered, it would make sense that you could close more deals if you simply got in front of more investors. Systems exist to accomplish that. Are they being used?
4. Everyone seems to be using materials that look the same and say the same thing. Wouldn't it be smarter to be different?
5. All of the investors are right there, on a big list. Couldn't you use simple marketing techniques to figure out which investors wanted to hear from you, and when?
6. Is anyone offering this sort of feedback to fund managers?

In real estate, one condominium tower is not too dissimilar from the one across the street, although you'd never know it from looking at the way they are marketed and sold. The brochures, the websites and all the other materials work hard to make potential buyers see how “different” the offerings really are. They are all chasing the same buyers as everyone else. They need to be communicating with them in a constant and personal way if they are going to get them to buy condominium A instead of condominium B. They are also dealing with tens of thousands more names than we do in the fund management sector. Replace the condominium with a fund and the developer with a fund manager; do the same truths not apply?

Taking an even wider look. Would Audi say the same thing in a brochure as BMW would? Would Nike ever use the same catch phrase as Adidas? Why don’t Apple computers look like Dell computers? These are obviously rhetorical questions.

How did I end up consulting for fund managers? I believe that the marketing truths that apply across every other sector also apply to ours. You need to account for the individual attributes of the industry, yes, but that is no different than any other situation.

The evolution of marketing in our sector is long overdue. If you had my background, you would be consulting for fund managers too.

CHAPTER THREE

The Marketing Mantra

The reason why it is so challenging to raise capital is because we tend to do nothing but ask for money over and over again. And we all do it in the same way everyone else does, all day, every day. Very little time, if any, is spent creating an authentic relationship, or trying to be unique.

Although institutions themselves are oftentimes gargantuan unfeeling monsters, they are still run by people; people who have families and who go to soccer games and dinner parties. If you treat them with respect they will treat you with respect. If you call them up out of the blue and ask for 100 million dollars, they won't be hugely responsive. Would you be? If you step back, take a more prolonged outlook and focus on creating authentic dialogue, you will be amazed by how readily you can qualify interest.

Raising institutional capital does not require a secret code that is only known by a select few, although those in the placement business would like you to believe it does. You simply need to present a compelling value proposition to the right person and follow up accordingly. The process is no different than selling hydraulic fluid or condos. Yes, you need to know the language, but the process is a sales process just like any other. There also seems to be an underlying belief within our industry that institutions are unapproachable.

I am going to call bullshit on this point. When I was running the bulk fuel agency I had to track down people who owed me money; people who were good at making themselves scarce. They didn't have cellphones, they didn't use email and they typically lived in the middle of nowhere. Some even lived in homes that had dirt floors. Those people were hard to get a hold of.

In the institutional capital game you know who you want to talk to, you have their email address and you have their phone number. These relationships are not as coveted as everyone makes them out to be. You can talk to anyone you want to talk to. No, it's not easy; however, if you don't need a horse to get there, and you don't need to time your approach for early fall when the ground is frozen and there's little snow, it isn't that difficult. Tell the person who is responsible to grow up, pick up the phone and make it happen.

I will talk about this more later on. For now, just know that it doesn't matter what you are selling, people hate making phone calls. At the first sign I am avoiding a call, my rule is to stop what I am doing and make the call. If you do anything at an elite level you know there are certain things you need to do to stay at that level. If you are a 10K runner you know that you need to keep your time under a certain number to still be considered good. If you ski, you need to keep going back to that one run that scares the hell out of you. Once you stop challenging yourself this way, in your heart you know you are done. The same goes for making a sales call. Once you stop doing that you know it's time to get out of the game.

There are thousands of books on the psychology of marketing and this is not one of them. I am going to try to use laymen's terms in an effort to make a few points. It is also not my intent to delve deeply into the technology behind marketing. First, I am far from being an expert. My strength lies in the fact that I know what is possible, and I know people who are smarter than me who can make it happen.

Lastly, my intent is not to create controversy in the industry. I am simply articulating generic truths that relate to marketing. This is not new thinking; it is simply new to this sector, which amazes me. This is one of the most sophisticated environments you can find, and the antiquated approach to marketing opens a huge door for anyone who cares to walk through it.

To keep this simple, you only need to execute the 12 tactics listed in the next chapter in your effort to source capital. Some of the tactics seem rather intuitive; however, more often than not they are still overlooked. Remember, you don't get credit for knowing that you should do something. It only counts if you are doing it.

CHAPTER FOUR

Top 12 Things to Do to Source Capital

1. Build a budget.
2. Say something different and reverse control of the pitch.
3. Create a dynamic website and promote it.
4. Establish an electronic direct mail (EDM) campaign.
5. Execute a relationship-reliant direct mail (DM) campaign.
6. Put together a basic social media marketing campaign.
7. Design a quality brochure.
8. Create a brochure with a strong Call to Action (CTA).
9. Engage a public relations (PR) firm.
10. Plan for event marketing.
11. Don't forget traditional print advertising.
12. Optimize a CRM system.

Let's look at each of these in more detail.

1. Build a budget

Many people in our industry see marketing as an entirely subjective discipline with very few controls. To a certain extent they are right; however, a great deal of discipline can still be applied to the marketing process.

You would never consider deploying managed capital without the ability to track its performance. Similarly, tracking the effectiveness of your marketing spend is one of the smartest things you can do. If you track what is working and what isn't, you can allocate more resources to those tactics that are working and less to those that are not. Hence, the return on your marketing dollar should compound year after year.

And yes, you should allocate money to marketing. We all need to stop whining about this and just do it.

2. Say something different and reverse control of the pitch

I keep talking with people in our business and hearing the same thing over and over. Everyone seems to agree that marketing materials are heavy, full of industry rhetoric, and horrible at creating any sense of intrigue or urgency. When I ask why this persists no one seems to have a credible answer.

I refuse to believe it is impossible to create urgency in our industry. Hell, shouldn't you at least try? We have all seen a large institution adjust their timing and process to meet the deadline for a fund that is closing. If you present a compelling enough argument you can influence any established process. Are you considering strategies designed to create urgency in your attempt to raise capital? Do you think you will be better or worse off if you employ these strategies?

It isn't enough to simply leave an investor wanting more; I am not overly concerned with accomplishing that. The hard part is to keep the investor engaged and feeling like they have the inside track on something. That is tough, although the theory is relatively straightforward. You simply need to come up with an investment thesis and a strategy that no one else is pursuing; a strategy that everyone will believe is an incredibly good idea.

I am not naïve. I know that this is next to impossible; however, it is the pursuit of the goal that is important. Will you ever be able to create unusually high levels of interest in what you are doing if your language and approach is the same as everyone else?

I have seen all sorts of very smart people clambering over each other in their bid to purchase overpriced real estate. I understand that it is a different game. I am simply making the point that everyone is susceptible to the game. Our world is no different. Finding a strategy is tough, but not impossible.

Let's break down how you maintain control of the pitch:

Maintaining control of the pitch

CONTROL	MECHANISM
There needs to be rarity in what you are offering, as it relates to both your investment thesis and the opportunity to participate.	*"We are the only group in the world that is applying these five principles in the analysis of infrastructure, and you are one of 27 people who have received this information."*
You need to control the time frame around the process.	*"As the timing of our first and final close is quite restrictive, we will need to know whether or not you would like to receive additional information by next Wednesday."*
Drag your feet on making any decisions that will limit your flexibility and your ability to create the perception that demand exceeds supply.	*"Don't set the overall size of the fund until you have a general sense as to how many people are interested and who those people are."*

I know it is incredibly challenging to control the timing around a placement from a large institution. Again, it is not so much about perfect execution, it's the attempt to be strategic that is the important exercise. At the end of the day, this will result in a much more palatable environment to raise capital in. The key is to think strategically. Don't simply create a marketing deck and start randomly sending it out. At that point there is nothing left to do, but beg.

A parting comment: remember that no one is saying no to these investors. Keep that in mind. People tend to want what they can't have and sometimes saying no is the fastest way to getting a yes.

3. Create a dynamic website and promote it

I think the world has evolved past the point where I need to talk about just how important a website is. Instead, I will focus on what you want your website to accomplish. A website is nothing more than a storefront. You want people to walk in, check it out and feel compelled to buy something. In this case, you want them to engage.

Imagine for a moment, walking into a huge shopping mall and seeing a row of stores that look exactly the same. Take this analogy one step further: imagine walking into a couple of those stores only to see the exact same products. This analogy sums up the experience of looking at websites in the fund management sector. Websites talk about risk, returns and people, and they give a bunch of examples. But they don't typically present a value proposition that is entirely unique.

Your website needs to look and feel different. Don't be in such a rush to talk about the 19.23% return that you achieved with Fund III, the 1.8x multiple, or the unique ability you have to recognize value that is based on 135 years of cumulative history; unless you know that no one else is achieving your results. If that is the case, forget about the stats. Use big, bold, black writing to say, "We are the best in the entire world at what we do. Pull your head out of your ass and give us more money." Wouldn't it be fun to actually try that? I bet the end result would surprise you. If you are going to say something, actually say it and do it with confidence.

I walk into room after room, talking to fund managers. Every time you say something that pushes the limits of the industry the immediate response is, "We can't do that!" Why?

Of course you can't be an idiot about how you do business, but why can't you be hugely different? What is the real risk? This isn't a rhetorical question. I am sincerely asking. Will your existing relationships blow up? Probably not. Your clients already know you are good people. The only risk I can see is that you might not get money from the people you *are currently not getting money from. On the other hand, you might get money from new connections. This seems like a classic situation where there is nothing but an upside, and where only fear of trying something new is standing in the way.*

You also want people to walk into your store (website) and hang out for a while. This is what people are talking about when they refer to an online community. Mystery solved. There are a thousand different ways to do this, and of course some are not suitable for our industry. I do understand the regulatory restrictions that the industry is subject to, but there are smart ways to work within the rules to present compelling content; content that will make your customers stick around, read your material and change their mind about you and your organization.

A blog is a great tool for encouraging people to hang out at your online storefront. It is nothing more than a place where you publish interesting information that doesn't fit anywhere else. You will be more successful if you create this content yourself because it will be focused and original. However, you can modify information from other sources as well. This is hugely important for two reasons: First, if you have something interesting to say (and show) on your website, people are bound to spend more time there. This is a good thing. Second, it is important to make use of search engine optimization (SEO).

A good rule of thumb for blogs, newsletters, websites or reports—anything you want people to read—is the 70/30 Rule. The 70/30 Rule calls for 70% of communication to be strictly editorial and informative. The remaining 30% is promotional. This works like a charm because the truth is, most people don't want to read your promotional stuff unless they work for your company. Some might read it if it's buried alongside other stuff they find interesting and informative, and maybe even a little bit entertaining. However, the Trojan Horse is the 70% that sneaks the 30% into the consciousness of your audience.

When I talk to most people in the fund management sector about SEO their eyes glaze over. They tell me they know what it is, but most really have no idea. So, let me simplify it for you; don't concern yourself with how it works, just recognize that it does. Google (and the like) is smart enough to prioritize your position in search results based on the amount of new information you contribute to the online world, and the quality of that information. Hence, if you are creating good content and constantly putting it on your website you are going to come up more often in searches. This is a good thing. If you haven't changed anything on your website for several years, your website will not show up in search results. This is a bad thing.

The only thing worse than this for your website or marketing program, is if you launch a number of activities and then stop. This creates the perception that something went wrong internally, and that the company is faltering. If you are going to create a dynamic online environment, don't bite off more than you can chew and plan to keep doing whatever it is you decide to do for a couple of years.

After optimizing your website with dynamic and changing content you should consider setting up Google Analytics and an AdWords program. A Google AdWords program will assist you in your efforts to show up more often in Google searches. There is an inverse correlation between organic (stuff you don't pay for) SEO and your AdWords buy. The more content you create for your website the less you have to pay, while the less content you create the more you have to pay. You should also arrange for a Google Analytics report to monitor how successful your AdWords buy is.

Spending money on AdWords can be a quick way to flush a bunch of cash down the toilet. Don't do it blindly. Understand what it will cost for you to achieve the results you want and ensure that you track the results. There are a lot of people who can help you with this.

The term "private equity" is Googled 837,000 times every month. More importantly, that search term turns up more than 130 million responses. Blogs, SEO, AdWords and websites provide you with the opportunity to stand out amongst the crowd on Google. A lot of people in our business seem to think that exposure doesn't matter. It might not matter in the short term, but if you have long-term aspirations it matters.

Your website is a reflection of the sophistication of your company. It takes years to create a very rich and robust website. Those who invest the time now will be miles ahead of the competition in five years. I can absolutely guarantee that every investor, at one time or another will be looking at your website. Do you believe it will influence how they perceive your company? Make it great. It doesn't cost much and yet at the end of the day it's a great investment.

It all boils down to this: Don't be afraid to say something that is offbeat and direct. Be unique, continue to add new information to your website, and ensure that people can find you when they are searching online. Warren Miller, who made epic snow skiing movies for 40 years said, "If you don't start snow skiing this year, you'll be one year older when you do." The same can be said for investing in your website.

4. Establish an electronic direct mail (EDM) campaign

No matter what anyone says with regards to marketing, it's OK to use email as a promotional tool. You simply need to respect privacy laws and understand opt-in regulations.

In most industries marketers stumble all over each other in their efforts to connect with their target market. The institutional investment sector is unique in that you can precisely define exactly who you want to talk to. This is both a blessing and a curse. It is a blessing because you know exactly who you want to talk to, eliminating the need to spend valuable marketing dollars to source leads. It's a curse because everyone else has the exact same information. It is no wonder that groups like CalPERS and the Harvard Management Company build complex systems to filter information. It would be almost impossible to field the thousands of requests for capital that hit them every week.

I'd like to point something out here. The marketing process outlined in this book is not designed for groups like CalPERS. Your approach in those cases is black and white. You go online, fill out some forms and four months later you either win the lottery or you don't. I know it isn't that simple; I am just making a point. Those worlds are so cluttered with politics that they need to objectify the process as best they can. If you do know someone who can sneak you in the door (it does happen), well done. Buy that guy a beer, or 12.

The three rules of EDM

1. You need to ask for permission to email promotional material. Hence, you need to be diligent in stating that you are seeking permission when you first email someone and to also provide them with an adequate option to unsubscribe. Most importantly, when someone does unsubscribe be respectful of that.
2. The Securities and Exchange Commission (SEC) prevents you from soliciting a placement outright. Because of this, marketing is tricky but not impossible. You are allowed to connect with accredited investors you know. More often than not you have more connections than you think you do. Start there.
3. It is critical that you track the effectiveness of any EDM campaign.

The four pitfalls of EDM

1. Sending too many emails in succession.
2. Using too much text and too few visuals.
3. Not respecting your unsubscriber list.
4. Emailing unrelated content.

I have found that institutional investors are extremely receptive to receiving these types of emails. This is counter to what everyone thinks. You simply need to take great care to send them engaging content. I have had people unsubscribe, but I have never had everyone from a single institution unsubscribe. What does that tell you?

The SEC has nothing against you creating a monthly or quarterly newsletter to update people about noteworthy announcements pertaining to your group, such as new deals, new results, new hires or more importantly, new thinking related to your area of expertise. As long as you aren't blatantly saying, "Give me money," you are more often than not, in the clear. Lawyers may advise you to have designated blackout periods, but you can easily schedule around them.

Institutional investors are very voyeuristic. They like to watch and listen for a long time before they express any interest. A dynamic newsletter is one of the most effective ways to demonstrate consistency and credibility within the sector. You won't notice instant gain, but that isn't the point. With every newsletter you send out (if it is good) you are building your reputation and familiarity. This helps enormously when you want to connect directly with the institution because you won't be a strange name amongst thousands. Even more importantly, you are apt be top-of-mind when it comes time for them to make a placement.

As a result of this institutional waiting and watching game, your newsletter can't be 10 paragraphs of boring text. It needs to be dynamic and constructed in a manner that is visually impactful. Text should be presented in digestible snippets, and there should be a variety of communication devices employed: text, video, graphs, surveys, tables, charts, photos, etc. Furthermore, the information can't be entirely promotional. As mentioned earlier, it should be 70% editorial and informative, and 30% promotional. The information you present should come across as a gift from you that offers value; it should be genuine, interesting and best of all, not readily available to the institution.

It is important that your newsletter include opportunities to start a dialogue with investors. This is a subtle but very significant point. Every time you engage with an institution you are advancing your relationship with them and creating an opportunity to learn a little more about them. As an example, you could incorporate an auto-response questionnaire in your newsletter, inquiring about how you can improve upon your newsletter, or bring up a question of concern within the industry at that point in time, or about anything you think might generate a response. The importance of the information itself is obvious, and you'll also learn who is paying attention to your newsletters. You'll probably want to make note of that.

5. Execute a relationship-reliant direct mail (DM) campaign

Direct mail is still a very effective way to generate interest. It also represents another touch point for your target market. I would send direct mail only to your most qualified prospects—those you are already in some form of dialogue with—in your attempt to spark more involved conversation. No one in this sector seems to do this, so for those who do, it can be an incredibly effective tool. I am not proclaiming that you hit 5,000 people with direct mail. That would not be permissible. I am simply recommending that you send people you've already engaged with something meaningful to promote more involved dialogue.

When you send a piece of mail it is critical for it to be well-designed and impactful. Less is more. I also believe it is extremely important that your DM is related to your EDM. Any measures you take should be extremely tactful, further enhancing the recipient's understanding of your value proposition. Perhaps it is an example of a past quarterly report, showcasing the sophistication of your reporting, or it could be other useful, welcomed information. It's all about engagement. You're not trying to sell anything. You just want to generate a response and get the conversation started. Or at least be remembered in a positive light.

6. Put together a basic social media marketing campaign

I will touch on social media marketing simply because everyone talks about it these days. In its current form, it doesn't readily apply to this sector.

Social media marketing involves leveraging public sentiment to advance a goal. This is difficult to achieve and is fraught with unknowns. In the fund management sector we are so governed by rules that our flexibility to employ social media techniques is limited. The most popular tools offered by the social media space are also not widely adopted (professionally) by those in the investment sector; tools like Facebook and Twitter, for example.

There is, however, one thing you should do: optimize LinkedIn. This network is noted as being credible and it provides good opportunities to generate conversations within your sector. Find a local social media consultant and explain that you are only interested in LinkedIn. If they are reputable they will try to convince you to use more than one tool! Don't. You have other things to do with much better ROI.

7. Design a quality brochure

When I first started to work in the fund industry I was absolutely astonished that it was common practice to ask for 100 million dollars and simply produce a printed PowerPoint deck. It was explained to me that some investment guru (at Goldman Sachs, or maybe it was J.P. Morgan, or maybe Lehman Brothers Holdings Inc.; yep, probably Lehman) determined that the prettier something looked the less credible the situation likely was, and therefore only numbers and facts were necessary.

I don't disagree with the sentiment around the importance of succinctly presenting information and avoiding all things superfluous; however, I bet this "guru" knew nothing about marketing and was simply masking his or her insecurities. (I'll get all hell from a whole bunch of people for saying that, but it felt good.) A professionally designed, quiet, yet good quality leave-behind doesn't need to be flashy, just credible. It also says something simply by existing. It says, "Our group is different, pay attention to us." Marshall McLuhan was right; "The medium is the message."

I would also safely bet that this mysterious guru (if he or she is still around) is probably driving a BMW and wearing name brand clothes and accessories. You can't tell me that marketing doesn't play a part in that. People working within the walls of institutions in our industry are as susceptible to marketing as anyone. You simply need to create marketing tools while being mindful of the process. This is achievable and if you disagree, there is really only one way to settle it. We should fight.

The biggest fight I have ever seen was in 100 Mile House, a small town in the South Cariboo region of central British Columbia, Canada. I was 16 and sitting against the outside wall of a bar drinking a beer (damn fake ID). Suddenly, the double-sided door banged open, almost taking off my head and a guy literally flew out of the bar, roadhouse style. He landed in a heap in the parking lot, the bar quickly emptied and the fight was on. I watched several hundred people kick the shit out of each other. The four cops in town were parked there, lights flashing, just watching. It was crazy. Wanting to prove I was tough, I held up the wall of the bar so it didn't fall over and stop the fight.

Fast-forward four years. Same bar, but I was now inside. I was walking around thinking I was something else and I bumped into a guy. It was loud and busy and I didn't think much of it. When I got to where I was going I turned around. The guy was looking at me. I looked back. He took a man-sized bite out of the thick glass mug he was drinking from, and spit it on the floor. I put my beer down, walked to the door and ran like hell.

I am not suggesting for a moment that you want to do anything but present pertinent information. However, one should absolutely engage a professional creative agency in the production of their printed promotional materials. To think that this isn't important is delusional. If you gave an investment manager two packages that present the exact same information, where one package was a PowerPoint deck and the other a professionally designed piece from a talented creative agency, which do you think presents more professionally? And remember that printing technology today allows you to print small batches and update frequently.

To insist that "all that matters are the numbers" is akin to telling Nike, Audi and Apple that they are wasting hundreds of millions of dollars every year on marketing. The investment community doesn't like the fact that they can't precisely define the value of marketing; it is a subjective world. However, this doesn't mean that it isn't immensely important. Professional collateral is one of the most prominent ways you can differentiate your company. Celebrate the fact that you can accomplish this quite inexpensively.

It is also critical that there is consistency across all mediums. Your print material should be consistent with your website, your website consistent with your letterhead, the letterhead consistent with media reporting, etc. This will promote stronger brand awareness and assist in your efforts to position your company as a professional place of business.

My last point relates to business cards. I will admit that this may lean more to personal preference, but I believe that business cards should be printed on paper stock so thick that you stand a good chance of cutting through a Texas-size steak with them. To me, nothing articulates credibility more than a hefty business card.

8. Create a brochure with a strong Call to Action (CTA)

Notice how I've used the term Call to Action and not summary deck or pitch book. There is a place and time for the information that is typically found within pitch books and summary decks, but I believe that a new tool should be created. Call it an executive summary or a mini deck, if you will. I like to think of it as your CTA.

Most fund managers overlook the fact that marketing collateral is not intended to sell anything; its sole intent is to solicit a response. Don't let your brochure speak on your behalf. A brochure is an inanimate object that can't make the micro adjustments that are necessary in a serious sales situation. You want to get your prospect talking to a human being as soon as possible. Design something that accomplishes that.

One of the most predominant frustrations for fund managers is the fact that they continuously send out information to institutional investors without ever receiving a response, which begs the question: “If your marketing collateral provides an investor with all the information they want, what reason do they have to contact you?”

This seems relatively obvious, although it is something most fund managers overlook. They tend to fill a PowerPoint deck with a bunch of superfluous information, telling everyone everything and hoping that someone finds some part of it engaging. They then seem surprised when nobody calls. Why would they call?

Most PowerPoint decks are too long, contain too much information and look like every other deck. You have about 1.5 seconds to make an impression; the time it takes an investor to open the box and put it on the “read later” pile. Once it hits that pile it’s game over. Something has to prevent that investor from putting your brochure on that pile. If you are working on an infrastructure fund, engrave a single sentence on a 10 pound piece of iron. If you are working on a distressed real estate fund, send information in a box made from distressed wood. I am obviously using these examples for effect, but you get the point.

Some people would argue that our industry is above tactics such as these. I disagree. If it is well done, it is memorable. Would you rather be memorable or not? Let me expand on how to create a good CTA brochure:

Six-step guide to building a good CTA brochure

1. The title page of your CTA brochure should be uncluttered. It should include a logo, contact details and a single sentence that embodies why you think someone should pay attention to you. This will be just one powerful, direct and concise sentence, and probably the hardest sentence you will ever have to write—undoubtedly the hardest working too. While creating your brochure, you should be thinking one thing and one thing only: "Will someone read this and call me?"

2. Readership and the time spent reviewing information decrease with each subsequent page in a brochure. You need to be conscious of that and develop your brochure accordingly. Don't waste your first few pages doing anything but establishing why your investment thesis is unique and why you are different. You will have time to talk about deal flow, the fund details and all the other vital statistics later. The names of companies change, 45 years of cumulative experience in one equals 56 years in another, and 24% IRR equals 26% IRR, etc.

   Remember, institutional investors are looking at this stuff all day long, every day and they lose sensitivity to the details.

They are looking for something that stands out and if they are going to invest in an existing strategy they will typically re-up with an existing manager. If that isn't you, you aren't going to get far unless your CTA catches their attention.

3. The second section of your CTA brochure is the most important because this is where you identify your value proposition. It needs to stop the institutional investor in their tracks. It needs say something powerful and different. This section must create enough interest to make people keep reading, and turn the page. You want people to think, "I haven't heard that before," "Who is managing this fund?" or "I should look into this."
4. The next section of your CTA brochure should succinctly explain how you will achieve the value proposition you've identified. Find a way to say something no one else can say. If this isn't possible, that should tell you something. It doesn't necessarily mean that you should abandon your plans. It simply means you need to rely on probability and the inefficiencies of the market in your effort to raise money, which will change how you approach the situation.
5. Now that you have presented what you do and how you do it, in the next section you will present why the investor should believe you. This typically relates to your team. Your primary focus is to create a situation that leaves the investor wanting

more. Information pertaining to your team is one of the most prominent opportunities you will have to create intrigue.

For example, "Joe Smith, Peter John and Kevin Johnston were recognized by The Wall Street Journal as the people to watch in the coming year." I obviously made that headline up, but aren't you interested to know more about them? Every team has a cool story. Figure out how to tell your story in such a way that you leave people wanting more.

6. The last page of your CTA brochure is where you set the hook. Come up with a reason why these people should connect with you. Keep it simple: "If you are intrigued about something you have read in this brochure and would like to receive a comprehensive summary deck, please email info@yourcompany.com." Remember, you aren't trying to get them to make a commitment. Your goal is to solicit a response.

9. Engage a public relations (PR) firm

PR is nothing more than an extremely credible form of advertising, in my opinion. I would like to preface any comments about public relations with the disclaimer that you need to talk to your lawyers before doing anything. Our world is so heavily monitored by regulatory bodies that you can't be irresponsible in your efforts.

As a general rule, I believe in the merits of running interval-based PR campaigns around important milestones and announcements. That said, PR is akin to EDM marketing. You can't be out there directly or indirectly promoting your fund, unless of course you are registered.

There are three reasons to engage a PR firm:

1. It makes you appear credible;
2. It leads to inbound inquiries, reversing control of the sales process; and,
3. It generates incredible content that you can leverage in EDM and reporting, which is worth every penny you spend to a multiple of 10. If you are featured in The Wall Street Journal you can run with that for months.

Most people in the investment sector consider public relations to be a costly undertaking with undefined deliverables, mandated only for the direst of situations. On the contrary, PR efforts can be extremely targeted and short-lived, with an objective to place three or four quality stories in related media. When you consider PR as advertising it starts to make more sense. Compare the cost of your PR efforts to running three or four advertisements. Having run dozens of PR campaigns in my time, I haven't been able to come up with a better way to gauge whether or not you are receiving fair value from your PR firm.

When putting together a PR strategy, I recommend budgeting to pay a PR firm for a four- to six-month retainer. The cost of this will depend on the scope of your objectives and your geography; however, I have found that you will see strong results for less than you might think. Many PR firms forecast that you won't see results over a short time frame, but I disagree. If you haven't been picked up in four to six months, in my experience, it isn't going to happen.

10. Plan for event marketing

Event-based marketing can be hugely effective, but it is important to understand what you are trying to achieve and that it isn't to secure a placement.

I have been to a lot of events, not necessarily in the capital sector, but in general. You very rarely achieve what you set out to achieve. Some people attend these events to learn something, but most attend hoping to land that "big fish." You don't often land a client at an industry event, so stop trying. Go to these events to build your opt-in d-base, full stop.

An ever-expanding d-base and the appropriate management of your d-base is your lifeblood to capital. The sooner you get that into your head the better.

There are some important considerations in assessing which events to attend, as they can be expensive. The general rule is that you pay a lot for an intimate event and not a lot for one that is less intimate. Everyone thinks that the intimate event is the ticket. Not in my opinion.

Getting something out of an event is a numbers game. In my experience, the ratio between meeting someone and making a business connection does not improve whether you are attending an event with 100 or 10,000 people. Hence, I strongly recommend going to the event that has the largest number of attendees. The one qualification of course, is that those attending the event should be from the audience you want to connect with.

Four rules of event attendance

1. Don't worry about handing out business cards. No one typically reconnects after these events. Focus on collecting cards. This is important.
2. Don't just ask for a card; ask if you can send them something. It doesn't have to be about your fund. You can follow up with

information regarding something relevant. Do this tactfully because through their agreement they are opting in to your EDM campaign. Again, very important.

3. Your goal is to connect with as many people as possible. This is really hard work and it takes tact. You don't want to be like the guy who arrives at the party wearing multiple pop collar polo shirts and carrying a six-pack of coolers. That guy always gets beat up.
4. Follow up with your new contacts right after the event. This sets a great precedence and sends a strong message about your professionalism.

One more point: event sponsorship is one of the best ways to advertise in this sector. It is hugely targeted and the SEC has no issues with it.

11. Don't forget traditional print advertising

The SEC makes it quite hard to execute an effective print campaign. There are still tactics you can deploy, but again, I strongly recommend you talk to your lawyers first—to be safe.

Print advertising is a strong opportunity to reach institutional investors and there are some great channels, Preqin being just one of them. Preqin produces quarterly reports and reviews, and provides advertising space. Again, you need to be aware of what you can and cannot say, and remember the goal is to create the perception that you are credible and established. Strict awareness-based messaging within this type of media can help you do that. The key is to understand the distribution and make sure it matches your intended audience perfectly.

As a side note, it is smart to watch your Google Analytics on the dates your advertising runs. You can easily gauge whether or not your advertising has increased the number of visitors to your website. This is a smart thing to do and one of the main reasons to advertise. Think of print advertising as directional signage pointing people to your website.

12. Optimize a CRM system

Having a fully optimized CRM system is one of the smartest things you can do to raise institutional capital. A functional CRM system is absolutely necessary to communicate with the industry en masse. Raising capital has as much to do with timing and statistics as it does with performance and relationships. Regardless of how well you are performing, if a retirement fund is over-allocated, it is over-allocated; no amount of logic will open up that box of gold. The key to success then, is to be kicking around when the box does open. You have a much better chance of knowing the moment has arrived if you are actively communicating with the retirement fund on an ongoing basis.

A CRM also allows you to track pertinent details that can elicit hundreds of dialogues, and enables you to actively manage interest across multiple investment strategies. Every call should be tracked and every email recorded. Such diligence allows for seamless re-engagement and the continuity of the relationship. Simply put, it will help you look respectful and professional at all times.

When a group indicates they will be making a placement the following year, it is important to track that information. A CRM system allows you to do that. If their investment interests are shifting, this is extremely valuable knowledge. By tracking pools of interest you can shift the investment thesis of your next fund accordingly and launch into a much more receptive environment, which obviously relates to more success sourcing capital. If you do this well enough you can create an environment where demand potentially exceeds supply.

Intrawest excelled at this. For example, when someone walked into a sales center and inquired about real estate, if they weren't interested in a ski condo we were trained to ask what they might be interested in. If they indicated interest in a golf condo we noted that in the system. When time came to plan for the next project, Intrawest pulled up these stats. If 200 people had expressed interest in a golf condo, Intrawest would build 20 golf condos to ensure that demand would exceed supply.

Don't underestimate how important any dialogue is with a large institutional client. Train your team to ask the right questions. Think of the potential benefits of employing this tactic with 500 large institutional investors. You won't see results in six months, but the long-term potential is staggering.

For example, what do you think would occur over time if a fund manager always capped out their capital raise? If you are effectively tracking data and set the size of your next fund to correspond with demand, it is possible. This is no different than what Intrawest did with regards to selling condos. Read the market well, astutely manage your CRM and set goals you can always meet based on that information.

I believe we are all smart enough to provoke investors to vie for the opportunity to "get in." There has to be a track record of performance, obviously, but many groups do have that track record. Marketing will do the rest.

CHAPTER FIVE

Sonar Marketing

I could have included Sonar Marketing in the previous chapter, but since it is so important I decided that it deserved its own chapter.

In my experiments bouncing digital information (emails) off of people and interpreting the feedback, I stumbled upon a powerful methodology, which I call Sonar Marketing. In my opinion, Sonar Marketing is by far the best way to identify interest amongst a large database of prospective investors. If you are going to implement anything from this book, this should be it.

Sonar Marketing requires that you embed video content in outbound emails. Video is critical, as the tracking capacity of video far exceeds that of text-based email (and watching associated open rates.) You never really know for sure if someone has read an email, even if your system shows that they opened it multiple times.

But, people don't accidently watch two minutes of a video. That just doesn't happen.

This strategy relies on the underlying belief that you can profile a given individual's interest based on what they do with the information you send them.

- If they unsubscribe, that is good information. It means they are not interested.
- If they open an email once, their interest is tough to gauge.
- If they open an email 20 times it's still tough to gauge, but worth looking into.
- If they watch 10% of a video and then close it, they are not interested.
- If they watch an entire video they are worth investigating.
- If they watch a video five times and then forward it to a bunch of people, they are very engaged and you should call them, immediately.

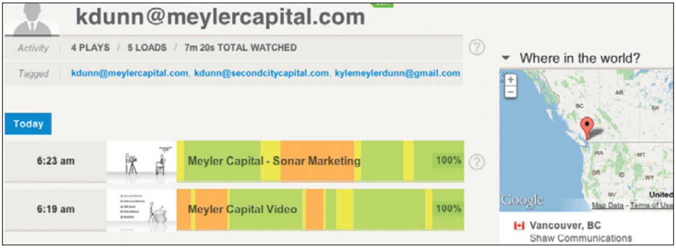
Sonar Marketing: The Coles Notes

Create three videos. They should all talk about something related to your specific niche and value proposition. The first video should talk about something generic, the last about something specific. However, you can't directly ask for money. Watch who watches it.

Send the second video to those who watched the first, and the third video to those who watched the second. Carefully monitor how many views each video receives and who is watching them. By doing this, you can qualify interest with an incredible level of accuracy.

You can also devise strategies to deal with those who didn't watch the first video, those who only watched the first two, and so on. If you're watching closely enough, every action will suggest a very probable reaction that will move you closer to your goal.

It's a bit like playing poker. You watch the other guy closely for "tells" that give away how he's feeling and you act accordingly. And in my opinion, a three-tiered funnel is the magic number.



Example of video tracking heat map *(powered by Wistia)*

- The heat map shows which part of the video kdunn@meylercapital.com watched, and how many times.
- You can see when the videos were watched.
- You can see which videos were watched.
- You can see where the person was when they watched the videos.

The effectiveness of Sonar Marketing is directly correlated to how good the content is. The content should not just be engaging, the production quality must be good. There is ample hardware out there that takes good video, but the hard part is capturing quality sound. It's worth hiring a professional to produce your videos. It isn't expensive and it's worth every penny.

The success of your program relies heavily on the statement you make with the first video. There are a variety of ways you can make this statement. You can use star power, rely on statistics, leverage startling new research, or present compelling demographic information. The most important point I can make is that your content needs to be extremely captivating. For example, if you could somehow convince Warren Buffet to do a quick video on your behalf, I think your viewership would be pretty high. If you can actually get Warren to do a video, you deserve a beer.

It is also extremely important to be aware of the ancillary benefits associated with the video. Let's use the example of Mr. Buffet. What do you think it implies about your group if Warren Buffet speaks about your offering? How do you think the production quality of the email will be interpreted? It's crucial to realize that the quality and content of your videos are accomplishing a lot more than simply finding out who is interested in your field of expertise. You are setting the reputation for the credibility, reach and sophistication of your team; all of which are hugely important.

Sonar Marketing is not perfect, but it is damn good. It gives you a leg up, and a place to start. I can't think of one logical argument as to why you wouldn't want to execute a credible multi-tiered Sonar Marketing campaign. If you can, let me know.

CHAPTER SIX

The Telephone

I have worked in a lot of very competitive sales environments. You get up at 5:00 a.m., drink three cups of coffee and pick up the phone.

Placement agents are brilliant at promoting the fact that they can raise 100 million dollars by making a few phone calls. This is the exception, not the rule. More often than not, raising capital requires a lot of telephone work. This is why Sonar Marketing is such a big deal. You are going to need to make the phone calls regardless, so you might as well call people you know are interested.

The truth of the matter is that I hate making phone calls. I have made so many that the thought of picking up the phone and calling 100 people makes my eyes roll back into my head. But, when the circumstances demand it, I do it. I relate this to athletics and exercise.

I am obsessed with exercise. It almost killed me once, since I was also obsessed with beer and late nights. I would drink all night, work a 12-hour shift in the mill and then hit the gym harder than most. (There was a time when I could bench press 350 pounds and shoulder press 90-pound dumbbells.) All was good, outside of one thing: I was only sleeping about two hours a day for weeks on end. At one point, on a particularly intense run, my body decided it was time to rest. I ended up involuntarily lying in a field for quite some time that day. The positive side of this is that I don't tend to sleep much. Case in point, I am writing this on Monday, while sitting on a red-eye Cathay Pacific flight from New York to Vancouver. I took the red-eye out on Sunday night.

Fortunately, I can't run anymore because I managed to break each one of my ankles on two separate occasions. I broke one so badly while waterskiing that it was non-weight-bearing for six months. It just so happened that I was traveling five to six days a week at that point as well. Traveling on business is difficult at the best of times, but imagine tossing a backpack on over your suit jacket and grabbing a pair of crutches. I remember crutching across a barren real estate development site in Arizona, looking at the Next Big Thing. On every fifth or sixth step a crutch would break into a sinkhole and I would end up on my back. It was pretty funny; at least for everyone else on the site tour. Not so much for me.

I broke the other ankle while whitewater kayaking, which was my passion for 15 years. I have never encountered a more intense and satisfying environment. We paddled some pretty intense rivers and the margin for error was extremely small. Fortunately, I managed to rip my left shoulder apart pretty handsomely over the years and after two surgeries, the last of which resulted in a significant bone graph and a lot of metal, I don't kayak anymore. There's a good chance those injuries saved my life.

To make a long story longer, I have learned that you can't excel at anything unless you put in the time and train for it, and this all relates back to sales and the telephone. A good salesperson has to keep picking up the phone, just as much as an athlete has to continue training. It is hard gritty work, but you can't expect to stay at the top of your game without it.

I have supervised hundreds of salespeople. Every time I walked into a room the first thing I would ask is how many phone calls each team member had made that day. This is a great barometer to gauge who is going to make it in sales and who is not. You can teach someone what to say, but you can't teach someone to have the audacity to call 100 people in a day. You are born with that ability, and this is why I like to hire high-level ex-athletes as salespeople.

They have proven that they can do the grunt work necessary to excel at something.

Where am I going with all of this? In short, your agent (or your internal IR candidate) must make a lot of phone calls, and have the CRM system discipline to relentlessly track this effort. Ninety-nine percent of all salespeople will hate me for putting this on paper. In fact, I was apprehensive in writing it because I know I will be held accountable for doing it as well.

If you are a fund manager and you are looking to hire an agent or someone internal to raise capital for you, ask to understand who they are calling and how they are going to document the call. Most CRM systems can easily accommodate the request. Making phone calls is a necessary evil if you are trying to find new people to talk to. Everyone tends to overlook the direct correlation between the number of phone calls made and the success of a capital raise. Be mindful of this and set up a system you can track. And, bloody hell—try to call people who are interested in what you are doing.

In the institutional investor sector you will receive voicemail 95% of the time. Leave a message. The point isn't necessarily to talk to the given individual, although it is heaven when you do. The primary objective is to create a sound bite to differentiate yourself. Recognize that these investors receive 300 emails a day, which further supports the fact that you should send something that is unique. However, only about 10% of the people who send an email will make a phone call. Even fewer still will make two phone calls.

In a perfect world you would sit at your desk and qualified leads would call you. Well, it's not a perfect world so don't ever build a plan that relies on inbound calls. You will lose. The "big thinking" in our sector relates to figuring out which institutional investors you should take the time to call. An effective marketing plan will accomplish that for you, but at the end of the day you still need to pick up the phone.

Just because someone has watched every video you have ever sent 10 times, it doesn't mean they are going to stop what they are doing to talk to you. As with any sales environment, you need to chase the meeting. Believe it or not, when you finally do reach the individual, they will actually be very apologetic and respectful. Most of the time they aren't ignoring you, they're simply busy. And not to state the obvious, but you need to demonstrate some tact and allow the guy on the other end of the phone to save face. But you already knew that.

CHAPTER SEVEN

Be Mindful of Timing

One of the most surprising lessons I have learned in my attempts to connect with institutional investors relates to time. The sales cycle in this world is unusually long. The larger institutions will want to watch you from afar for a while, before expressing any real interest. This reconfirms the importance of a strong CRM system. You want to ensure that you are constantly communicating with those who have expressed interest in what you are doing. Not only will this keep you on their radar, but if you are doing a good job you will continue to receive feedback. This information is hugely valuable.

Most fund managers will start a campaign and do a decent job communicating for six months or so. Then they stop. If you maintain professional and interesting communications for 36 months you will see a huge benefit from doing so.

I have seen hundreds of marketing campaigns come to life and then slowly die off, with little impact. Any truly good campaign I have ever seen comes to life and just keeps going. This is what generally happens:

1. At the outset, people are skeptical: "These guys are crazy and they will never make it."
2. Eventually this turns into: "Wow, these guys are still here. Maybe I should check them out."
3. This becomes: "The information these guys are pushing is very applicable to what I do."
4. Finally, this turns to gold with: "Wow, you haven't heard of these guys? They are great!"

I don't know how many times I have seen this happen, but it is particularly important in this sector. Institutional investors are looking for stability and consistency, above all else. If you hit people hard and then suddenly disappear, it works against you. If you are going to start communicating with the industry, make sure you have the budget and a plan that encapsulates a three-year timeline. If not, you are best to keep your head low and your powder dry.

I have recognized another oddity in this industry. In most environments, when you send an email and don't hear back within a day or two, you aren't going to. For some reason, and I can't explain why, this isn't necessarily the case in our business. On many occasions I have received a response to an email that had been sent 30 to 45 days prior. I have no idea where that email sat during that time, but this continues to happen and it continues to amaze me.

In short, it is best to keep your head down and keep pushing. The responses will come—eventually. In this industry your ability to raise capital relies more on what you do when you aren't looking to secure placements than what you do when you are.

CHAPTER EIGHT

Reporting: Your Secret Weapon

I will spend some time talking about reporting because I believe it is one of the most significant ways in which fund managers can differentiate themselves from others. There are two forms of reporting: internal and external. I will focus on internal reporting first.

Internal reporting is the manner in which you speak to existing LPs. If you are fortunate enough to have existing LPs, recognize that their importance supersedes everything in this book; the easiest client to get is the one you already have. So, it is mission-critical to have an extremely robust communications plan in place for your current LPs.

This type of reporting presents a huge opportunity to differentiate your services and your company from others in the industry, but don't simply push out a bunch of industry rhetoric in print form. Use a diverse and engaging approach. Create some videos, use graphs and make the information interesting. Create a mobile app that allows an LP to keep up-to-date with your fund. Send personal notes when significant events occur. Phone them. Send them industry news. If your reporting is engaging, quick-witted and interesting, all the while covering the pertinent details, word will spread that your group is different—in a good way. Warren Buffet's famously conversational letters to shareholders in the annual report for Berkshire Hathaway are a good example of this strategy. I know you know this, but are you doing it?

The story is pretty much the same for external reporting. This is one of the most significant opportunities you have to make an impact across the industry. The SEC has no issues with managers pushing out quarterly updates (outside of blackout periods) to those accredited investors who have expressed interest in their fund. Make the content engaging, use video, print, color, etc., but most importantly, if you start, keep doing it—for a long time.

This is one of the most prominent opportunities you have as a fund manager to say something interesting and to establish prominence over the long-run. You won't see any benefit from doing this today or tomorrow, but over time and at some point, you will ask yourself how you ended up talking to institution X, Y and Z, and you'll realize it was your consistent messaging that opened the door.

Good marketing is not a science, which is probably why it is not feverishly pursued in our industry; we love things we can count. Marketing is a dynamic investment worth making. However, you don't want to burn money either. Find a really smart person to help you. A marketing plan can fit any budget. You just need to prioritize and move forward one step at a time.

CHAPTER NINE

Writing a Marketing Plan

I offer the following in my attempt to help you think differently about the process of raising capital, which undoubtedly, some of you are already executing extremely well. But I suspect that a great deal of professionals in our industry are creating a PowerPoint deck that includes everything they have to say about anything, sending it to the people they know and then making it up from there.

If you are struggling to come up with a plan, start with the following Marketing Plan Checklist.

1. Define a very precise investment thesis. I know this sounds obvious, however, the more precise it is the less competition you will have.
2. Define your value proposition. Why can you execute your investment thesis better than anyone else? Recognize that your competition will have a history of performance, plenty

of examples and a great deal of cumulative experience. You need to be able to offer something no one else can. If you can't, change your investment thesis until you achieve this. Why people don't spend more time coming up with a thesis that is uniquely their own is beyond me.

How many times have you heard, "We have excellent deal flow"? If this is the case, be very specific. Tell people why you have excellent deal flow. For example, "John Smith ran a textile company for 35 years. In that process he met Peter Casey, Ted Jones and Kevin John. It is John's very close relationship with Peter, Ted and Kevin, which no other fund manager can duplicate, that allows us to see more deals than anyone else." Now you are saying something.

3. After you have come up with a unique investment thesis and value proposition, you should set a marketing budget.

   Prioritize those initiatives that will lead to the most capital, while recognizing that some initiatives work together. This relates back to why you want to track what works and what doesn't. You will benefit from this immensely on the next program you launch.

4. Connect with your current investment relationships to generate interest about the upcoming fund.

5. Identify your target market and determine who your closest competitors are. You can't position yourself against the competition if you don't know who the competition is.
6. Track down a pre-existing internal list of investors who are interested in your mandate, or utilize a group like Preqin to discover who else might be interested.
7. Export your compiled list of prospects into an appropriate EDM program to ensure that you can professionally communicate with them.
8. Seamlessly integrate video playing/tracking capability into your EDM.
9. Develop a compelling email that introduces your company (utilizing video) and confirms further permission to connect via email.
10. Come up with three storylines and begin work on creating three videos designed to engage interest.
11. Launch these three videos successively over a three- to four-month time period, only sending a follow-up video to those who watched its predecessor.
12. Build an EDM template that is consistent with all other forms of media.

13. Ensure that your website adequately conveys your new and improved value proposition.
14. Establish a blog on your website and plan to publish a blog post every two weeks.
15. Set up a targeted Google Keyword buy and Google Analytics, ensuring that your analytics are seamlessly connected with your EDM system.
16. Hire a professional creative services agency to develop a CTA brochure in both print and digital formats. This brochure should be unlike anything else in the market and designed in such a manner that information can be added easily.
17. Courier the brochure, or another piece of influential information to those who have watched your videos.
18. Execute a telephone campaign to connect with everyone who viewed your video and/or opened your email.
19. Identify three or four events to attend that fit within your pre-identified target market.
20. Sponsor one or two events within your target market.
21. Set up a PR campaign that is focused either on your brand or your investment thesis. This is designed to create inbound calls. It is also important to note that you can't get coverage

simply because you want coverage. You need to have something newsworthy to talk about.

22. Identify three or four avenues within Preqin to build brand awareness. It is critical that your awareness campaign is aligned with additional campaigns in other communications channels.
23. Develop a comprehensive quarterly newsletter that is related to milestones and industry announcements. This quarterly should be a marketing piece in itself, designed to solicit feedback.

This overview is by no means inclusive; there is a lot more you can do. My intent is to simply demonstrate that there are very smart things you can do outside of building a PowerPoint deck and sending it to the people you know—or having an agent send it to the people they know.

CHAPTER TEN

Be Different

If I were asked to wrap everything up in one statement, I would simply have to say this: be different.

The industry is full of drones regurgitating rhetoric that has lost meaning. There will be multiple opportunities to demonstrate a history of performance, to convey your experience and talk about your returns; however, in most cases you only have one chance to catch the eye of a discerning CIO. Don't waste that chance. If the information you send crosses his desk and ends up on the "read later" pile, you are dead in the water.

The industry is so focused on meeting the needs of investors that one of the most critical steps in the process has been overlooked: getting noticed. It doesn't matter how convincing your argument is if you have no one to talk to. Take some chances and be bold in your tactics.

Toss out all the jargon and come up with plain speak as to why your company is different. If you are searching for language, focus on what is said at the conclusion of the board meeting, or on your way to the door or the elevator. That's the stuff you want to focus on; the language you want to feature; your real value proposition. Write with conviction and be extremely blunt.

You don't need to sacrifice your credibility to be different. The most credible people are the ones who walk their own road with confidence. Establish *your* brand and don't worry about what everyone else is doing.

This industry doesn't have to be boring. There is room for innovation. Your target audience is comprised of human beings who are influenced by marketing in every other facet of their daily lives. Use that to your advantage and trust your gut.

Most people know what they want to say. My advice? Just start saying it.

ABOUT THE AUTHOR

Kyle Dunn has been involved in the sale of two billion dollars worth of industrial lubricant, bulk fuel, web development services, syndicated digital images, luxury real estate, and LPs for funds. He's discovered that the fund management world is not using the latest tools in the marketing industry to the best advantage, and wrote this book to address that gap. He lives in Vancouver, BC, Canada with his wife and daughter.

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