Why Branding Matters for Investment Advisors

BY PETER MONTOYA

As an investment manager, you have a personal brand—whether you realize it or not. Whether your clients are institutional or individual, they all carry a thumbnail description of you in their mental Rolodexes.

Imagine an index card with your name, and then some characteristics below it—“trustworthy,” “amazing intellect,” “straight shooter,” maybe even “dynamic asset allocation” or “tax-efficient portfolio management.” These are qualities clients might associate with you, and they might mention these qualities while describing you and your value—while referring business to you, perhaps.

Case Study: Jeffrey A. Dunham

Fee-based investment management implies an ongoing relationship based on consistent returns, quality advice, and mutual respect and interaction. Today, you can build a strong personal brand on these points of value.

Look at Jeffrey A. Dunham. In the 1990s, the noted San Diego-based investment advisor developed a performance-based fee system to reward growth and maintain client loyalty—a key move in the growth of his investment management firm, Dunham & Associates Investment Counsel, Inc., which now boasts hundreds of clients and more than $900 million in assets under management. His system impressed not only his clients but also his peers.

Dunham built his brand—and the brand of his eponymous company—around a leading attribute: performance-based fees, calculated monthly, that applied to single investments and entire portfolios. When an investment advisor outperformed an applicable benchmark, his or her compensation increased; if an advisor underperformed, fees decreased.

Dunham now offers this fee-based performance system through various broker/dealers and registered investment advisory firms.

Are You Active or Passive About Branding?

Your brand emerges from every aspect of your business—your asset-management approach, your interactions with clients, even the way you dress and the atmosphere of your office. If you’re like many financial services professionals, you have let the world define your brand—in essence, you practice passive brand management. But you have the opportunity to define it yourself through consistent, active personal branding and personal marketing.

Wise investment managers actively package and present their value, and the benefit of that value, to the prospects they want to reach—not annually, not when business is slow, but all the time.

They do not believe that competency alone will grow their businesses. They know that effective branding and marketing will attract people to their competency and foster accelerated growth.

Be Personal, Not Impersonal

Most investment management firms aren’t built around personal brands. Instead, they’re built on corporate identities. The problem is that your business ultimately is built on your ability, your personality, and your credibility with clients and prospects.

You are not merely Blue Suit #553, and you don’t want your clients to perceive you as interchangeable with all the other financial services professionals promoting themselves as investment managers. By marketing your personal brand, you can step out of the pack.

Some financial services professionals think that they can’t possibly grow a business around a personal brand. But you need only look at the examples of Charles Schwab, Raymond James, and H.D. Vest for proof.

What Is Personal Marketing?

Personal marketing simply is the marketing of your personal brand. It means marketing your value, professionalism, and identity directly to the clients you want to attract.

Personal marketing means replacing template brochures and business cards with impressive personal brochures, custom logos, and other tools designed to promote your unique strengths. Through personal marketing, you enjoy greater differentiation from other investment managers, and you can promote yourself more powerfully as a trusted advisor and consultant to the niche.
audience of your choice.

Good personal marketing gives your prospects and clients the impression that you are “the answer”—the capable investment manager who understands their needs, their objectives, and their milieu.

The Tenets of Effective Personal Marketing

Differentiation

Whether you choose to highlight your asset management philosophy, your technology, or your expertise advising a certain community of investors, pick something that sets you apart, build your brand on it, and market that difference or feature.

You can express your differentiation in a slogan that says either a) what you do and who you do it for, or b) what you do and the benefit. Example A: Investment Management for Public Pension Funds. Example B: Dynamic Asset Allocation Designed to Enhance Portfolio Performance.

Notice that this slogan is built around a leading attribute—the service that is the core of your value.

Strategy

Many investment managers lack a concrete business-development strategy. They operate day-to-day and try to develop business as time permits. They might be great at networking or leveraging professional relationships to generate referrals. But there’s an underlying problem.

Essentially, these advisors are substituting business tactics (their skill sets) for business strategy. When you ask them how they will do in the coming year, they say, “Well, I hope to grow by 10 percent,” or “20 percent,” or “30 percent.”

But hope is not a strategy. Once you clarify specific short-term and long-term goals, then you can determine the tactics and strategies you should use and create a strategic plan to attain them.

Consistency

Promote your personal brand through a brochure and Web site with a consistent message, look and “feel,” regular networking, and requests for referrals, speaking engagements, and articles. Use any medium available to communicate your name, slogan, and message to your target audience.

You need to look like a pro, and that means hiring pros. The design and verbiage of your print materials and Web site should be appropriately impressive and professional and should directly reflect your quality. So you should hire a professional writer, designer, and photographer to create a high-quality personal brochure, develop and present your slogan on distinctive business cards and stationery, and go in for some public relations—ghost-written articles, public appearances, and press coverage. Focus your networking on the CPAs and attorneys who offer access to decision makers and high-net-worth individuals.

You also need either the time or the staff to implement a regular marketing program. This is not a luxury; it is an investment in the growth of your business and should be treated as such.

Integrity

Your brand must live up to your marketing claims. If you promise a highly personal relationship with your clients, then ramp up the one-on-one time. If you talk about a large, helpful staff, hire that staff. And so forth.

Build Your Brand or Languish

The marketable presentation of your value, character, personality, and service is critical to growing your business. If you want to turn yourself into a saleable, valued asset—instead of just another face in the crowd—you must build your personal brand. Top producers continually attract clients as an effect of personal brand identities.

We all want to do business with a person—a respected, trusted individual with whom we can build rapport, not a corporate entity that will ignore us. This business still is built on relationships and that’s why you must promote yourself.

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