

Standing Out in a (Very!) Crowded Market

by Beverly Flaxington and Michael Slemmer, CFA;
of The Collaborative for Business Development, Inc.



Beverly Flaxington

Cerulli reports a 33% growth in the number of RIA firms over the last five years, and a recent Pershing/Moss Adams study puts the projected growth for RIAs at over 22% for the next five years. Every RIA must be concerned about how to stand out in a very crowded market. With many new entrants, and without clear differentiation and excellent salesmanship, RIAs will not achieve their growth goals – and many will fail. As wealth managers hurdle toward the dreaded “C” word – *commodity* – there are two ways for RIAs to “stand out”. One involves differentiating to prospects



Mike Slemmer

– before someone knows you well, and the other involves differentiating the client experience. Both are critical to a firm’s success – we’ll look at the first one, differentiating yourself for prospective clients.

One of the problems RIA’s struggle with every day is that their offerings, the things they do and the problems solved are, in many ways, the same as their competition. Having a clear message about what you do and a clear way to say why it is different from everyone else seems to be an ongoing challenge. There are four requirements in this business – four things every advisor must do well and, in turn, show they do differently from everyone else. The challenge in these four areas is differentiating your message from your competitor’s. At a minimum, you must provide 1) strong client service 2) a working investment process 3) short and long-term goal planning, and 4) high client-touch.

These four areas are the cornerstone of a successful practice. Let’s look at how these are often translated into “positioning”: (1) Client Service – “we do it well”, or “ours is exceptional”, (2) a Working Investment Process – “we have one”, (3) Planning – “we focus on your whole life and all of your issues”, and (4) Client-Touch – “we become a member of your family.”

These are important statements, but *how can you differentiate your message?* The average investor hears the same message from hundreds of RIA firms. The key is to tell your story in a manner that allows someone who doesn’t know you to be able to feel and think about what it will be like to do business with you – to be a client of your firm.

Looking at your firm, by talking to your existing clients and interviewing your staff, gives you insights about how better to articulate the experience of working with your firm. Words and images that are used should be grabbed and pulled into your materials.

The primary task is thinking hard about what you do differently – and then amplifying it in every way possible. This step that is easily missed – many firms skip the “define markets and offerings” stage and go right to business development. It can be very hard to sell anything when the messaging is unclear, or is same-old, same-old to everyone else.

A well-known investment management firm wanted to hire a salesperson. They had a very muddled message to the market and *no* new salesperson would have been successful. By defining market and message first, the rest fell into place and now the firm is on many lists of top investment advisors – and they never *did* need a salesperson! At another firm, we were brought



in to train the salespeople, but found branding the whole firm first was the key – everyone was saying something different to the market.

Many RIAs devalue marketing – it's too "intangible", they lack expertise, or it simply isn't enjoyable. Many are very good at investing or tax planning, and believe this expertise will cause clients to flock to them. Defining yourself to the market is crucial, and it begins with assessing your strengths – it can't be left to others. Differentiation means knowing your target market, knowing how you define them and how they define themselves, and clearly articulating the uniqueness of your products and services. Apply the "so what?" test to every differentiator you come up with – is it truly unique in the market, versus competitors, in prospect's ears?

Another step in the process is deconstructing your competition to find their differentiators, to avoid mimicking them. For instance, you may see a specific firm as your main competitor, and believe you must position yourself similarly. One of our clients took a close look at their competition and found a very unique opening to position themselves with much more complete services. They are now getting calls with people saying "I didn't know you did that!"

We often hear "our target is everyone with over \$500,000 in investable assets". We estimate that 75% or more of the RIAs define their target as just this. To avoid becoming a commodity RIAs must define their targets by knowing specific attributes about their current and prospective clients. This doesn't mean you're limiting yourself – it can still be a very broad market – just well defined. One of our clients is targeting the retirement market with a specific message about both tax and investment management. Another targets senior executives in transition, while a third has seeks corporate executives that have recently IPO'd.

All of this leads to crystal-clear brand and firm identity for both external and internal awareness and understanding of who *you are* in a crowded marketplace. The final step is to write everything – from collateral, to website copy, to news releases – with these differentiators amplified. Again, don't assume anything – connect the dots for your readers in everything you say. State the benefit to your target, who'll always be thinking, "Why does this matter to me?"

The Collaborative provides business development support for RIAs and others in the wealth management industry and can be reached at <mailto:info@the-collaborative.com>.

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