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Third Party Marketing

Getting Started

Outsourced Sales and Marketing
Solutions for Investment Managers

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Presented By:



An Introduction: The Third Party Marketing Business

Third party marketers work with investment managers to improve their sales and marketing process and increase assets under management.

The best firms specialize in matching clients with financial intermediaries - consultants, multi-managers, sub-advisory firms - and institutional investors, such as public and corporate pension funds, and endowments.

3PM firms seek to accomplish this mission by developing an investment manager's unique story, creating a marketing plan and sales materials, and managing the sales cycle from start to finish.

EBooks in this series include:

Third Party Marketing: The Basics

3PMs leverage their industry knowledge, contacts, and marketing and sales acumen on behalf of a limited roster of investment manager clients.

Third Party Marketing: Getting Started (That's this book)

How do 3PMs and investment managers collaborate to raise assets under management during the first year of the relationship? This EBook shows how.

Third Party Marketing: Structuring a Successful Relationship

What are the characteristics of a successful relationship? What are typical contractual terms and conditions? And what are the pitfalls to avoid?

The Role of Third Party Marketing Firms

Many investment management firms are headed by experienced investors, not experienced marketers and salespeople.

Third party marketing is a cost-effective way to benefit from a full-time, professional sales effort while controlling fixed costs.

Rather than investing scarce resources in a dedicated internal sales force, and all the expenses that go along with it, many firms have chosen to outsource their business' sales and marketing functions to third party marketing organizations.

DIFFERENTIATION IS VITAL

Because the vast majority of equity managers live somewhere in the same style box, it can be tough to differentiate one firm from the dozens, if not hundreds, of others investing with the same style and discipline. For new and emerging managers with little name recognition, the challenge is especially difficult.

THE ROLE OF THIRD PARTY MARKETING FIRMS

- ➔ Develop the firm's story.
- ➔ Create a marketing plan and sales and marketing materials.
- ➔ Initiate and execute the plan.
- ➔ Convert opportunities to assets.

Working Together: The First 90 Days

1 PHASE 1 OBJECTIVE: ESTABLISH THE FOUNDATION TO WIN

During the first 90 days of a typical relationship, the first order of business is for the third party marketing firm and the investment manager to develop the institutional “story,” solidify roles and responsibilities, and confirm tactical approaches.

RESPONSIBILITIES OF THIRD PARTY MARKETERS

<i>Prepare Strategy and Marketing Materials</i>	
→	Develop institutional presentation
→	Create a product snapshot
→	Build a library of RFP responses
→	Select databases to populate
→	Provide attribution analysis
→	Evaluate peer group data
→	Create specific contact plan
→	Establish distribution list

RESPONSIBILITIES OF INVESTMENT MANAGERS

<i>Provide Quantitative and Qualitative Information</i>	
→	Provide firm information
→	Discuss customer personas
→	Transfer qualitative data
→	Provide compliance disclosures
→	Review sales materials
→	Approve sales materials

Working Together: The Next 180 Days

2 PHASE 2 OBJECTIVE: INITIATE THE MARKETING PLAN

During the next 180 days (months 4-9) of a typical 3PM/investment manager partnership, you may expect to see databases populated, initial meetings scheduled, and the story fine-tuned.

RESPONSIBILITIES OF THIRD PARTY MARKETERS

<i>Get on Prospects Radar Screens</i>	
➔	Populate database information
➔	Distribute quarterly performance mailings
➔	Contact target prospects
➔	Set up initial meetings
➔	Complete RFP and RFI responses
➔	Approve sales materials

RESPONSIBILITIES OF INVESTMENT MANAGERS

<i>Assist in Market Positioning</i>	
➔	Broad meeting participation
➔	Timely responses to information requests

Third party marketing is not a cookie-cutter industry. Each firm has its own unique blend of industry focus, asset class product expertise, and geographic concentration.

Working Together: After 270 Days

3 PHASE 3 OBJECTIVE: CULTIVATE OPPORTUNITIES TO WIN ASSETS

At this stage of the partnership between 3PMs and investment managers – around the ninth month – the objective is to gain the confidence of consultants, get onto short lists, and ultimately to win new business.

RESPONSIBILITIES OF THIRD PARTY MARKETERS

<i>Manage the Prospect Pipeline</i>	
➔	Maintain distribution list
➔	Direct prospect follow up
➔	Schedule visits at manager's office
➔	Participate in final presentations

RESPONSIBILITIES OF INVESTMENT MANAGERS

<i>Participate in Targeted Meetings</i>	
➔	Search participation
➔	Targeted meetings
➔	Client service

How to Choose the Right Outsourced Sales and Marketing Partner

Third party marketing is not a cookie-cutter industry. Each firm has its own unique blend of industry focus, asset class product expertise, and geographic concentration.

Just as important, investment managers must find the one with whom partnering just “feels right.” This is vital because the relationship is very much a partnership, and not a typical vendor relationship.

Five questions any investment manager should ask itself before hiring a third party marketing firm are:

- 1** Am I committed to growing my business and fully supporting the effort?
- 2** Am I willing to spend equal time choosing a marketing firm as I do choosing an investment?
- 3** Would I hire their salespeople for my own staff?
- 4** Is their track record of success one I am comfortable with?
- 5** Would I want them representing my strongest competitor?

An investment manager is entrusting a significant part of their future success with the third party marketer.

So choose wisely.

What is Third Party Marketing?

Think “manufacturer’s representative” – a person with specialized industry or product experience, with deep roots in a given industry, hired by a manufacturer to sell its goods.

Third party marketing in the investment management industry is no different.

Third party marketers (3PM) leverage their industry knowledge, contacts, and marketing and sales acumen on behalf of a limited roster of clients.

Third party marketing firms each have their own area of specialization and emphasis. Some examples of ways 3PMs differentiate themselves include a focus on:

- ➔ **Asset Class.** Experience with a given asset class, such as large cap growth, small cap value, and emerging markets.
- ➔ **Geographic Region.** East Coast, Midwest, West Coast, Europe, Far East, for example.
- ➔ **Market Segment.** Dedicated sales coverage in a particular market segment (sub-advisors, corporate pensions, public funds, for example)

Reasons to Hire a Third Party Marketer

- **Launch** a new product.
- **Seed** a start-up with critical assets.
- **Expand** into new market segments.
- **Fix** an ineffective distribution effort.
- **Transition** from portfolio manager effort.
- **Alternative** to hiring internal sales people.
- **Grow** an established product line with limited presence.

The Characteristics of a Quality Relationship

The best investment manager-marketer relationships always have the same three characteristics:

- 1 Dedicated.** It is a dedicated, professional effort.
- 2 Consistent.** There are consistent principles, including defined goals, expectations, and accountability.
- 3 Realistic.** Both parties make a realistic resource commitment to the effort.

*Setting specific expectations
up-front is the best way to
avoid surprises.*

The Basic Requirements for a Successful Long-Term Partnership

How do you seek success? Design the right marketing structure for your firm with:

- ✓ A commitment to a truly dedicated professional effort.
- ✓ A set of consistent principles with defined goals and expectations.
- ✓ A realistic financial and resource commitment to support a comprehensive sales program.

Not too long ago, the third party marketing business was considered a “cottage industry” – small, fragmented, informal networks of salespeople with limited channels of distribution.

Today, however, the use of independent distribution teams is widely accepted as a proven method for increasing a manager’s assets while controlling the sales expenses and investment professional’s time and focus away from investing.

The standard model calls for the 3PM to serve as the sole sales agent for the firm, but in other situations the 3PM may supplement an existing internal sales force.

In either scenario, ultimate success hinges on a well-organized plan with clear roles, responsibilities and accountability.

Our Values: About Arrow Partners

Arrow Partners was founded with the vision of being the premier institutionally-focused third party marketing firm in the United States.

From “Day One,” we knew that we must establish and aggressively maintain a reputation of thoughtfulness, ethics, and most of all, success.

We know that the most effective way to do so is by:

- ➔ Staying active in the industry.
- ➔ Focusing relentlessly on working with only the best clients and vendors.
- ➔ Communicating clearly and regularly with our clients.
- ➔ Developing and maintaining the most reputable sales practices and procedures.

Arrow Partners wants to be known for its success, but also for its reputation for maintaining relationships with the highest-caliber people and organizations.

We don't merely seek to adjust to industry and market conditions. By the virtue of taking a strong industry leadership position, Arrow Partners wants to actively influence those forces for the betterment of our firm and its clients.

Managing Principals



**Steve
Rubenstein**

Steve Rubenstein is the founder and a principal of Arrow Partners, a leading third party marketing firm serving the investment management industry. In 1998, Arrow Partners was a founding member of the Third Party Marketers Association, of which Steve was President from 2004 until 2006.

Since founding Arrow Partners in 1995, Steve has been a leading advocate of the third party marketing industry. He has written and been quoted extensively in industry publications.

Previously, Steve was Vice President at Bankers Trust in the Global Investment Management Group, from 1988 to 1994, where he was responsible for establishing private-label and sub-advisory relationships. From 1986 to 1988, Steve sold independent equity research to U.S.-based institutional investors for Institutional Research Services. From 1984 to 1985, Steve sold independent research products and services to financial institutions for Drexel Burnham Lambert. Currently, Steve holds Series 7, 24, 50, 54, 63 and 65 securities licenses with FINRA and is registered with the SEC and MSRB. Steve graduated from Lehigh University in 1984 with a Bachelor of Science in Finance.



**Ken
Rogers**

Ken Rogers joined Arrow Partners in 1998 as a Principal, and has been instrumental in its growth into a third party marketing industry leader. Ken's leadership in the third party marketing industry is extensive. Over the course of his career, Ken has been published and been quoted numerous times by national publications.

Ken has an established a proven track record of successfully selling a broad range of investment products and services to institutional investors and financial intermediaries. From 1988 to 1997 he was a Principal and Managing Director at RogersCasey, where he led marketing and sales, and served on the firm's Executive Management Committee.

Ken spent four years at Metropolitan Life Insurance as an account executive, managing an institutional sales and client service team. Currently, Ken holds the series 7, 24, 50, 63 and 65 securities licenses with FINRA and is registered with the SEC and MSRB. Ken graduated from Muhlenberg College with a BA in Communications in 1985.



To Learn More About Third Party Marketing

Arrow Partners is a Founding Member of the Third Party Marketers Association (3PM).

The 3PM was formed to maintain a standard of excellence in the industry and to share information and ideas among independent sales and marketing firms.

For more information on how outsourced sales and marketing may help you raise assets under management, please contact:

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