

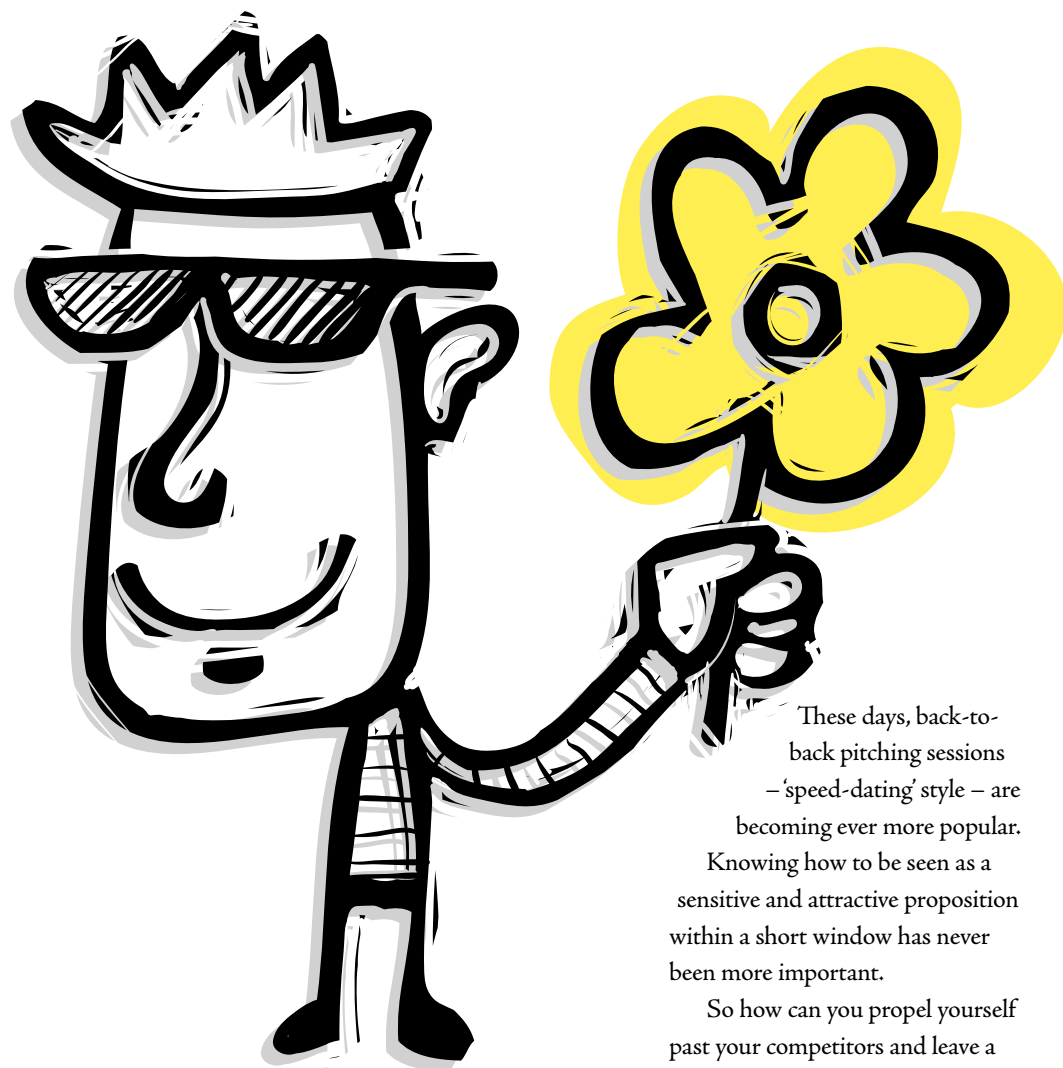
HOW TO get lucky ON A SUPER DATE

Face it. If the phone isn't ringing after your first pitch, then the targeted fund is just not that into you. In this two-part report, **MATT MILGROM** and **DANIEL GRIOLI*** canvass the sure deal-breakers that too often put investors off funds managers.

Candlelight flickers across the best table in the best restaurant in town. Your date looks entrancing and you're dressed to kill. The flowers were a nice touch, and the chilled Bollinger broke the ice beautifully. Yet something went awry between entrees and mains. You had assumed their glazed eyes signalled stunned awe. After all, you'd wowed them for an hour with your most startling successes: your stellar career, impressive salary and intrepid travels. You've even dazzled them with the sheer number of partners you've delighted previously. But now, 20 minutes after they 'went to find the bathroom' your date has absconded and you're experiencing déjà vu. Finally, you signal to the nervously hovering waiter for the bill. Another expensive dinner wasted.

Only an evergreen single-dates like that. Human relationships are all about mutual understanding. About a meeting of needs, about talking and listening. That needs to start on the first date if there's to be any chance of a second one, or a happy-ever-after story.

Pitching for an investment mandate can be exactly the same: *people buy from people*, and listening and understanding are the lifeblood of healthy business relationships. That sounds obvious but a terrifying number



of pitches still get it completely wrong.

Just like an egocentric date, they trade conversation for bragging. Listening for talking. And without knowing what's important to the super fund, funds managers barrage them with claims and credentials that cover all the bases.

This is excellent news for funds managers in the know. Why? Because a pitch that connects a super fund's needs with clear benefits really stands out from the pack.

These days, back-to-back pitching sessions – 'speed-dating' style – are becoming ever more popular. Knowing how to be seen as a sensitive and attractive proposition within a short window has never been more important.

So how can you propel yourself past your competitors and leave a lasting impression that launches a profitable future?

DO YOUR HOMEWORK

Successful relationships have something in common: an empathetic understanding of real needs. Responding to those needs nurtures happy, lasting relationships. Assumption or ignorance of them breeds frustration, conflict and ultimately, divorce. A business

relationship that responds to client needs is lasting and profitable. And as trust builds, so does the opportunity for growth.

Gathering an accurate understanding of what is important to the super fund must start before the initial pitch. Your fund may be top-performing, have the largest team of MBAs, CFAs and PhDs and be highly rated by consultants. But there's little point banging that drum if the super fund values risk diversification, liquidity or organisational culture highly.

So how do you determine what is important to the fund?

UNDERSTAND FUND GOALS

First, it's vital to answer this question: *What is the super fund trying to do?* The simple answer is: *Invest to meet the retirement needs of its members.* But funds have varying priorities, including:

- ♦ a long-term investment horizon;
- ♦ risk diversification;
- ♦ obtaining exposure to risk premiums; and
- ♦ reducing costs.

The *Men Are From Mars, Women Are From Venus* of super funds is the excellent book *Investment Beliefs*

– *A Positive Approach to Institutional Investing* by Kees Koedijk and Alfred Slager.

Understanding what makes the fund tick is an essential ingredient in preparing a winning pitch.

POOL YOUR KNOWLEDGE

You'll be surprised by how much collective intelligence you already have about the super fund you're planning to approach. Existing relationships, previous pitches, industry experience: valuable intelligence may be already at your fingertips –or within your department.

Focused research of corporate websites, annual reports and member communication can answer important questions such as: *What are the super fund's core values? Their membership demographics? Is the fund in accumulation or running-off its assets? Does it have a defined-benefit offering? What are the risk and return objectives for each investment option? Who are the existing fund managers?*

If there are gaps in the picture, fill them in the simplest way possible: pick up the phone. Some super funds will welcome the opportunity to talk about themselves. Especially when they know it will lead to an offer tailored to their needs.



Daniel Grioli ... it's about them, not you



Matt Milgrom ... be brave. Ask yourself why pitch at all

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Top 5 pitching turn-offs

1 Not doing your homework: like ordering *foie gras* for your vegetarian date, pitching an inappropriate offer can irritate and even offend. Either way, it's bad for your brand.

2 Not tailoring your pitch: use copy-and-paste with care. Accidental references to previous prospects or logos from previous pitches are all shortcuts to hearing 'Thanks, but no thanks'.

3 Coming on too strong: desperation isn't attractive. And while going direct to the trustees may get you in front of the investment team, it'll feel like a forced blind date to them.

4 Death by PowerPoint: slides should feature simple messages and key benefits, not resemble industry papers. They support the presenter not the other way around. Reading long and complex slides to the audience is slow pitch suicide.

5 Lose the BlackBerry: "I've got more important things to do and you're irrelevant". So screams your body language if you're checking your smartphone while a colleague is presenting.

Of course, funds may be tight-lipped. Some decision makers – rather like the best-looking person in the room – are swamped by unwanted advances. In this situation, coming on too strong isn't a good strategy. You will look desperate and the market is small. People talk.

Once you've completed your

research, distil it to a list of key points. Using this to inform your general approach will ensure you cover the needs of the organisation.

STAKEHOLDER ANALYSIS

It's time to get specific. The decision to award a contract is normally made by a small panel of decision-makers and influencers. These will normally be regulated by a fund governance structure. Understanding both will give you the competitive edge.

First, explore the way the super fund's investment decisions are made. That means scrutinising the roles, responsibilities and knowledge of the people regulated by the governance structure.

Next, hold a brief, focused workshop session, inviting the people in your team who best know the panel members. Include in your scope the fund's trustees and management, along with internal investment, compliance and legal teams and consultants.

In your discussions, identify each stakeholder, their level of influence and their role in the decision-making process. Next to each, log their 'hot buttons'. These are the topics or features that concern or motivate them most.

Finally, rank them in order of importance and collect the most important findings together.

ARE YOU COMPATIBLE?

Bringing the fruits of your homework together provides a lucid picture of the super fund's needs and priorities. At this stage, you're equipped to ask a brave question: should we pitch at all?

Just as the beef farmer probably should not waste good money wooing a militant vegetarian, being honest about your compatibility with the targeted super fund makes good sense.

Pitching something that you

know will fail is a dangerous, wasteful exercise. You'll burn valuable time and effort that could be directed more productively to compatible prospects. And you could harm your brand in the eyes of the fund if they sense you're wasting their time.

THE PAYOFF

The benefits of this approach go way beyond simply winning the business. In fact, you'll win even if you lose:

- understanding a super fund's real needs helps you develop very specific market intelligence;
- gaining the fund's perspective means you can tailor future approaches and products; and
- with a better understanding of the marketplace, your position is strengthened when pitching to other funds.

IT'S NOT ABOUT YOU

Someone who talks only about themselves isn't enjoyable company. At best they're boring. At worst, downright offensive. If this happens on a first date, it doesn't augur well for the future. After all, your date is already in love: with themselves.

In a pitching situation, of course, you're expected to do most or all of the talking. So, when your pitch is all about them, you tell them, in effect: "You're important. We think we know what you need, and we want to share it with you."

PICK YOUR 'WIN THEMES'

Gather the fruits of your previous research: your summary of the super fund's needs and a list of stakeholder 'hot buttons'. You'll find that many of these will naturally match features of your offer. You now have the basic ingredients for your 'win themes': hot button + benefit + feature = win theme.

'Win themes' are simple, powerful arguments that address

the needs you've already identified. They highlight the benefits the stakeholders will enjoy from a particular aspect of your offer.

Of course, for these promises to be believable you'll need to provide evidence. And this is where your store of facts, figures, case studies, testimonials and industry comment comes in. Wherever possible, match your 'win themes' with specific evidence that demonstrates that you have the ability to fulfil your promises.

With these 'win themes' established, diligently apply them to every aspect of your pitch. Work them into the DNA of your content. Never waste an opportunity to convey them. For example:

- use dynamic, benefit-led headings in presentations. For example: 'Part 1: key personnel' becomes 'Part 1: the experts dedicated to keeping your fund at optimal performance'.

- add compelling captions to diagrams, for example: 'Figure 12: our governance model. Providing you with a reliable, risk-managed portfolio, our framework engenders an atmosphere of accountability and continuous improvement'.

Careful application of 'win themes' in this way will reach even the swiftest of skim-readers: the decision-makers. ■

**Matt Milgrom is a key principal at Tender Success, a boutique consultancy helping Australian organisations win more pitches, proposals and tender responses.*

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Next month, Milgrom and Grioli detail the six essential second-date clinchers.

