

Excess Returns

Monthly insights for investment marketing and sales professionals



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Thought leadership has become a virtual requirement in the world of investment marketing. Those who don't have thought leadership want some. And those who already have some want more. This issue of *Excess Returns* answers some important questions for those who would become thought leaders.

With best wishes,

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Alpha Partners is an investment marketing firm specializing in research and presentation strategy. Our goal is to create alpha (excess returns) by helping investment firms win, keep and diversify assets under management.

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So You Want to Be (Yet Another) Thought Leader?

Ever since we hung out a shingle in 1995, our firm receives this request every month or so: “We want to build a thought leadership program. Can you help us?” And even after all these years, I still get a little thrill when I hear the term “thought leadership.” After all, what’s not to like about thinking and leading? At the same time, I wonder who follows thought leadership when it has become so prevalent. Is there still a meaningful role for thought leadership when there is so much of it?

Sometimes the person calling us truly does understand the time, resources and raw human talent required to generate effective thought leadership. More often, though, I suspect that many people in our business still think of thought leadership as cranking out a few white papers every now and again.

If your firm wants to build a thought leadership program, or if you want to improve an existing program, there are a few questions you should be asking.

What is thought leadership, exactly?

The term “thought leadership” was coined in 1994 by [Joel Kurtzman](#), who was a founding editor of the magazine [Strategy + Business](#). “Thought leader” described interview subjects for the magazine who had business ideas that merited attention. So what has thought leadership come to mean in the investment world? Today, virtually every large global investment firm has a thought leadership section on its website (whether it is called “thought leadership” or something else). There one will find abundant market commentary, articles promoting contrarian views, papers on the need for change in investment policy guidelines, discussion of new risk measures, studies on current institutional investor concerns and research on the shortcomings of certain market benchmarks — to note only a few examples.

Why does everyone want it?

A well-run thought leadership program provides vital support to sales, marketing and public relations, serving to build new relationships and strengthen existing ones. A savvy sales force systematically stays in front of prospects this way, using fresh ideas to inspire dialogue. Client service professionals can engage in better conversations by presenting the thinking of the firm’s leaders. And public relations experts find in thought leadership the wherewithal to drive the content of major news stories — as opposed to commenting from the sidelines.

Do we really need a thought leadership program?

Multibillion dollar investment firms operate in a hyper-competitive, publish-or-perish environment. The smartest, most successful firms understand this and are in effect running small publishing companies with vast archives of content. For mid- to small-size firms, an effective thought leadership program can become a powerful differentiator — or a grandiose distraction that wastes precious time and results in mediocre output. Depending upon your firm’s resources, you may be better served by publishing a thoughtful monthly newsletter than embarking on a full-fledged thought leadership program.



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So much thought leadership, so little time ... Thought leadership has become intensely competitive precisely because it can be so effective.

What makes a program successful?

Visit the websites of prominent investment companies and you will find plenty of examples of what to avoid and what to emulate. You will find a tired look and feel as well as thin, often outdated content. You also will find thought leadership that is abundant, lively, current, characterized by diverse media and clearly marked by sustained

effort. In most cases such content also is front and center, easily accessible and a large, immediate part of defining a firm's identity. It is obvious which programs have genuine support from the firm's senior leaders and which are merely going through the motions. I recently called the director of thought leadership for a firm where I know there is strong senior support, to ask her take on the elements that contribute to success. "In developing our content," she told me, "we believe it is very important to be true to who we really are and provide transparency into what we are thinking and doing from an investment standpoint. We do not want to develop something that may not reflect our views or capabilities just because it is the topic du jour in the marketplace. That's not how we want to build credibility."

How do we walk the fine line between educating and selling?

The best thing about thought leadership is that it has largely supplanted brochures and other less effective, more heavy-handed forms of sales literature. Still, the question often arises, "Can content be more sales-oriented without being overly promotional?" I believe the answer lies less in the content itself than in how firms use the content. For example: you send an invitation to a webinar focused on global equity investment themes followed by a very brief mention of your firm's capabilities in global equity. Certain purists would not sanction such a mention, but I believe your audience understands that, while your methods are lofty, you still want them to buy some global equities.

At the beginning of this article, I asked if there is still a meaningful role for thought leadership given how ubiquitous it has become. The answer is, "Done correctly, YES." Thought leadership works because it says "Here are some ideas you may find interesting" — as opposed to "Here is something we would like you to buy." An inspired thought leadership program compels intellectual rigor and elevates everyone associated with it. By writing or speaking regularly about your ideas and your approach to investing, you and your firm become more credible — to clients, prospective clients, consultants, other influential outsiders and, most of all, to yourselves.

Halt! Who Goes There?

Should you make thought leadership readily accessible or should you require thought followers to register and obtain a user name and password? I firmly believe you should make it readily accessible. Imagine that you are a professional investor searching for information about a market or an asset class. Now imagine that you need to provide information to your boss by a certain deadline. Most of the investment company sites you visit make their thought leadership readily accessible: one click and you're in. But some still require you to register and create a user name and password: "Halt and identify yourself and only then can you access the precious gems of our intellect." Are you really going to spend your time filling out registration forms?

Prospective clients should not have to identify themselves. They are browsing; they want to get a feel for who you really are. They should not have to register just as they should not have to register to walk into their local supermarket. But if you don't ask content users to register, then how do you generate leads? Through content so powerful that they call you.

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What a coincidence! I'm a thought leader too!

A Lamentable Trend

In researching this article, I was dismayed to learn that people have started calling themselves “thought leaders” in their professional biographies: “Jack is a coach and thought leader” and “Jill is a passionate thought leader.” This lamentable trend underscores the necessity of developing original content and a fresh approach. If you have had a thought leadership program in place for years, then bravo to you and your firm for getting started early — and by all means do not change the recognized name of your program. But if you are starting one now, keep in mind that “thought leadership,” while once a new and engaging phrase, today has joined the ranks of “value proposition” and “core competency.”