

FROM OPPORTUNISTIC TO STRATEGIC SELLING

Pros and Cons of Fund Sales Strategies
Across Europe

Winfried Kilp

IIR FUND MARKETING & DISTRIBUTION 2006

LONDON MARCH 28/29, 2006

OVERVIEW

- What are successful drivers of growth?
- Develop your sales strategy for Europe
- How you can profit from mega changes
- Differentiate product from solution provider
- Success criteria for the B2B sales process
- Steering sales activities and sales results
- Integrate sales into your organisation
- Focus on financial growth

What are successful drivers of growth?

- **LEGAL**

- „No single market for investment management without new regulation“
- Six Issues (www.efama.org)

- **TAX**

- „Light at the end of the tunnel on tax barriers and cross-border funds“
- Details (www.pwc.com/investmentmanagement)

What are successful drivers of growth? (contd.)

- Search for preferences in specific markets, for new products, new types of funds
 - „Recent trends and growth perspectives...“ Fact Book (www.efama.org)
 - Inside Reports from Lipper (www.lipperweb.com)
 - Feri Fund Market Information (www.feri-fmi.com)
 - Other industry services: iir, 3pd, etc

What are successful drivers of growth? (contd.)

- **Your Business Model**

- understand the prime tasks and needs of your B2B or B2C customer
- What does your company / your products stand for:
- What makes you different from your competitors

Develop your Sales Strategy for Europe (contd.)

- **Determine your strategic mode (SWOT)**
 - Changes in the market
 - Assess changes for your company
 - Set targets for clients, products, volume/value
 - Assess targets individually: panic – euphoria
 - Develop your alternatives
 - What you can change

Develop your Sales Strategy for Europe (contd.)

- **Conclude and choose to**
 - Employ opportunistic skimming strategy:
„sell what sells“
 - Use systematic, planned approach:
„sell products“
 - Develop strategic success position:
„sell solutions“

Develop your Sales Strategy for Europe (contd.)

- **8 Success Factors for your Sales Plan**
 - Secure financing for your market entry or re-entry (3 years)
 - Ensure qualified approach
 - Get the people that count
 - Build and enhance acceptance
 - Generate money flows

(contd.)

- Focus on profitable advantages
 - Product
 - Captive distribution
 - Geography
- Employ convincing, integrated marketing with proximity to your target clients
- Manage and control

How you can profit from mega changes

- **Example. Institutional investors reveal distinct trends that drive their needs and behaviour:**
 - Investments in equity shift to alternative types of assets
 - Structured products become fashion with indexed based ETFs to double
 - Large institutions tend to have needs in common, irrespective of type or nationality

(contd.)

- In selecting managers, (relative) performance becomes most important criteria
- Institutions with complex and varied needs of their portfolios will tend more to beta products
- Specialized external managers will have more opportunities
- Managers with convincing stories around alphas, betas, indexed, absolute return, etc. will easier get ear-time with institutions

Survey 2005(blake_turvey@par.invesco.com)

Differentiate product from solution provider

- **Your structured, systematic approach to the Complex Sales Process:**
 - The Buyer
 - The Red Flag
 - The Client`s Situation
 - The win-win Outcome
 - The Ideal Client

Differentiate product from solution provider (contd.)

- **Consider also your strategic decisions to gain new clients**
 - Current non-users
 - Take from competition
 - Exploit weaknesses of competing products
 - Win back lost clients

Success criteria for the B2B Sales process

- **Understand how your client sees his situation**
 - Over-confident (!)
 - In good shape
 - In problems
 - In (growth) euphoria (!)

Success criteria for the B2B sales process (contd.)

- **Assess systematically the triangle of**
 - Client needs
 - Your core competencies
 - Your earning potential from your matching offer

Steering Sales Activities and Sales Results

- **Characteristics of institutional investment and purchasing decisions**
 - Longer „incubation“ period
 - A complex decision making process
 - Business political influence from different management and control levels
 - Likely involvement of external advisors
 - Long-term lifecycle of business relationship

Steering Sales Activities and Sales Results (contd.)

- **Your structured, disciplined process to acquire clients: 5 phases / milestones**
 - Identification of prospects
 - Qualification of prospects
 - Information about target persons, initial contact
 - Formulation of your offer: Client needs!
 - Client agreement and implementation

Integrate Sales into your organisation

- **Strategic orientation of the total company towards Sales**
 - What does your business model say about Sales?
 - Who – from Board to subsidiary – is linked to Sales?
 - Who cares about target setting, control, and next steps?

Integrate Sales into your organisation (contd.)

- How regularly do you have Market Meetings?
- How often do you have structured Sales Coaching?
- **Organize the Complex Sales Process by**
 - Sales Owner
 - Selling Team

Focus on financial growth

- **Every fund provider has to determine his own way to profitable growth**
 - After cost cutting, a positive market in 2005, providers again become euphoric about AuM growth
 - The majority of providers plans to grow more than the market average (?!)

(contd.)

- Market share will be gained through
 - Service quality and competencies meeting client needs
 - Innovative product ideas
 - Information-on-demand
 - Modular, simpler product tools („Lego“)
 - Integrated, value added solution packages

Sales as key driver of your value chain

Summary: What you should look at

- Develop a Sales-driven Business Model
 - Make your structures and processes transparent for your clients
 - Identify your position in the market (SWOT) and determine your strategic approach
 - Manage the 5-phase Complex Sales Process in a systematic and structured way
 - Organize Sales between Sales Owner and Sales Team

From fund product to client/needs orientation

Contact:

Mr. Winfried Kilp

FundStreet AG

Sihlstrasse 99

CH-8001 Zurich

Tel +41 44 210 42 07

winfried.kilp@fundstreet.com

www.fundstreet.com

