By Anne Bahr Thompson

A strong brand helps garner assets

With past performance no longer predicting the future, investors are looking for asset managers that have an edge.

In the bull market every asset manager could make money. Today, however, mediocre managers can't hide behind market performance. Only the genuinely talented consistently make money. With past performance no longer predicting the future, investors and consultants are looking for asset managers with an edge.

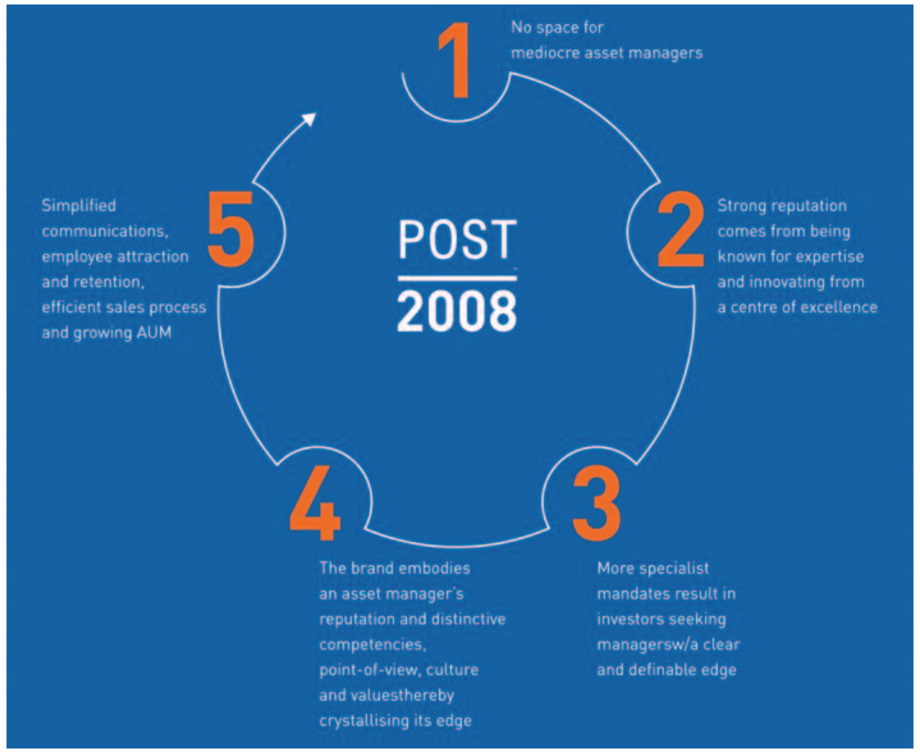
These managers don't just follow the group mentality, they define the classes in which they invest through distinctive investment philosophies and a corporate reputation that helps them secure investors.

Post the backlash that followed the 2008 crisis, investors are looking for teams of talented people, dedicated to servicing clients and sharing in the investment risk, not just product. They value asset class experts with the insights, focus and ability to deliver sustainable returns.

Anne Bahr Thompson

Investors and consultants are also seeking managers who are transparent and open about their governance, risk management and problem solving processes. They demand genuine relationships in return for loyalty through market cycles.

What's more, in this uncertain market, investors are using a greater number of asset managers for specialist mandates. A clear and easily identifiable reputation helps a manager get on a consultant's shortlist and garner more assets.



It takes deliberate action to build a reputation

A strong reputation comes from confidence in the inherent strengths, cultural values and individual personalities that characterise an asset management firm and letting these elements underpin everything. Leading asset managers leverage their reputation and crytallise their edge through effective branding.

Branding isn't just about whether to change a company's name or not. Nor is it just about designing a new logo or producing sexy marketing material, advertisements or a great sounding strap-line. Developed thoughtfully and strategically, branding helps an organisation achieve its business goals by embodying everything that builds a reputation, from the people to the products to the processes.

A brand is the ultimate shorthand and elevator conversation, encapsulating the essence of an organisation's point of view on itself, the marketplace and the world at large. Today, rational or functional characteristics are hygienic. Qualitative characteristics and the unique ways they blend to add value for investors distinguish one asset manager from another.

When defined and implemented effectively, a strong brand simplifies communications, supports strategic initiatives and strengthens business. It acts as a honey pot to attract and retain good people and effectively unifies the investment philosophies, asset classes and geographical boundaries that constitute the business. Ultimately, the brand helps the sales process and raises assets under management.

Brand structures signal strategy. Credibility comes from delivering client objectives

With governance at the forefront of corporate agendas, investors and consultants prefer that a firm's approach to naming authentically reflects its heritage and ownership structure.

Whether operating as a full-solution house, specialist firm, or a multi-asset boutique, manufacturer, distribution and product brands are most meaningful when they clarify business strategy, signal expertise and reflect organisational structures and relationships. Brand and naming architecture should leverage the source of credibility for each discipline of an asset management business.

Effective architecture structures also communicate what an asset manager is passionate about: the business of investing or investing in and of itself. Each of these positions can encompass broad or specialist product offerings, yet the character and nature of each type of organisation varies.

Those who are passionate about the business of investing tend to be asset gatherers focused on distribution and marketing. Those passionate about investing, have a deeper hunger for market insight, are centred on idea generation and have highly distinctive investment philosophies.

Many asset managers, especially those wholly or partially owned by large banks or insurance companies, see naming as a choice between polarised approaches: one main or master brand that incorporates multiple activities or multiple independent, niche brands.

It's always tempting for a parent company to leverage the power and marketing might of their corporate brand to help garner assets as some investors feel more assured by the security and stability a large corporation brings. Others, however, are sceptical that the priorities of third party clients come first and believe that managers with independent brands are more concerned with meeting their specific needs.

Consultants note that a six to18 months disruption from integration often happens when a large asset manager acquires a boutique firm and changes the name immediately. The name change signals that the boutique's administrative processes are being modified, something that indirectly impacts fund managers.

Often, hybrid branding structures most successfully meet multiple stakeholder needs and expectations. They are particularly effective for investment managers who own retail distribution channels as well as specialist manufacturers. The challenge is in creating clear brand guidelines and developing a trusting culture of collaborative brand management.

At the end of the day, it is all about the credibility of a brand structure relative to an asset manager's business goals, organisational strategy and operational processes. As one consultant told us, "Whichever approach an asset manager chooses, they need to deliver on the promise. Make the reasons for the choice clear and tangible, empower people to get it right, focus, focus, focus and don't take your eye off your day job. This is the only way to grow assets."

Anne Bahr Thompson is founding partner of Onesixtyfourth, a brand strategy and planning consultancy operating out of New York and London.