Emerging Manager monthly

Emerging Manager Monthly, July 2008

StreetSavvy Marketersm
Wednesday, July 2, 2008

How to Stay Up in a Down Market

Could the headlines be more grim? "*Stocks off $2.1 trillion this year: Biggest June loss since Depression*," USA Today reported on July 1st. Other publications followed suit, with reports of soaring oil prices, inflationary threats, weak earnings, and an economy sliding inexorably into recession. All this on the heels of print and broadcast stories several days earlier focusing on the arrest of two hedge fund managers on criminal charges.

Talk about a downer. But what you may have missed when you threw the remote across the room was something a little more upbeat: market opportunity. Forward-thinking companies use a downturn or a competitor's bad press as a reason to look at current clients and reevaluate how those relationships can be expanded.

It's also a great time to increase your brand imprint, which builds trust in a company. And it could well be time to refine your marketing message – emphasizing how you do things right and well.

Consider this example from two global brands in toy manufacturing. Last fall, Mattel ran afoul of the Consumer Product Safety Commission, forcing a huge recall after lead paint was found in toys manufactured in China. What did Mattel do? The company pointed a finger at the Chinese and failed to take immediate responsibility. It was a public relations mess, and still is.

Disney, meanwhile, announced that it too manufactures toys abroad. While the company never mentioned Mattel by name, it went on to delineate all the steps it has taken to keep its toys safe. Who do you think sold more toys during the Christmas holiday season?

One brand troubled, the other platinum.

This isn't about exploiting a competitor – far from it. It's about being an industry leader, not a follower. Everybody always does the right thing after someone else is caught doing the wrong thing. My hat's off to Disney for being strategic and forward-thinking and showing customers that its management team cares about what they do and how they do it.

How can you build equity in your brand? By being a little bit more vocal and a little bit more visible. Are there things that might resonate more today because of the current market environment?

If you have something to say, people will listen and that's how they will judge you. Everybody talks about thought leadership, but few do it well. If you have something to say that is insightful and gives pause, people will take notice.

Also, focus on your target clients. Never lose sight of them. The starting point in any business is trust. How do you build and communicate trust? People do business with firms they trust – first, last and always. As you refine your marketing message, think in terms of benefits to the client, not features. The core of any marketing program is what's in it for the client. What are they getting from you that they can't get some place else?

Here's something else you might want to consider: a client satisfaction survey. My firm is called in frequently to conduct client surveys and if there's one thing that comes up again and again, it's this – performance or attribution reports aren't as content-rich or as timely as clients want them to be. Now, that's a big heads up. Here's where you can provide value-add.

If you're experiencing a slowdown in business or simply find you have more time, circle back to the things you keep putting off. Pull out your priority list and move some items up. Every company, for example, has a business interruption plan, but few actually have a crisis communications program.

There's no better time to create one than right now. There's also opportunity here to audit your own practices. We all like to believe we're a best-practices company, but are we really? Examine your firm's strengths and weaknesses. How are you serving your clients and how can you do it better? How can you use the downturn, not only to bring in new business, but build a better mousetrap?

Several years ago, we had a hedge fund client that was experiencing an extraordinary rush of new assets. When, in one month the firm took in $1 billion in assets, management put on the brakes. Their thinking: There's too much money chasing performance. We can't handle it all.

As a result, they did a hard close on several funds. Then they looked at their systems, technology, business and investment models. Some they tweaked, others they overhauled. Several months later, when they reopened the doors, they were better positioned and doing an even better job by their clients. They never lost sight of the fact that they had built their reputation on doing things right and well. And neither should you.

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