



## Are YOU Ready To Raise Assets?

*The 5 key indicators to determine if you will SUCCEED raising assets*

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Let's be honest: There is no activity more important for a start-up, emerging manager or smaller hedge fund than raising assets. In the past, before the credit crisis and Madoff, most hedge funds promoted returns or pedigree to raise assets. Those approaches don't work anymore. Raising assets is now about "**Intelligent Marketing**": Having a clear, focused documented process is not only basic but crucial. However:

- **61%** of funds with less than \$100 million AUM have "**no marketing**" in place.
- **80%** of all hedge funds have "**no documented marketing process**".
- **76.4%** "tap out" their investor network within **ONE** year.
- **89%** of all funds "**fail**" to reach \$100 million in AUM, the minimum institutional level.

"**Intelligent Marketing**" is not only just plain common sense but now it makes business sense. Unfortunately, it's clearly not common practice. "**Intelligent Marketing**" is proactive, not passive. Passive is posting performance to popular databases and waiting for allocations to arrive, which doesn't produce much growth in AUM. Moreover, if you have been having difficulty raising assets or not raising assets as planned, the reasons are probably inappropriate, inadequate, ineffective and inconsistent marketing. Simply, you haven't been willing to invest in consistent proactive repetition of the **RIGHT** marketing process. Candidly, the vast majority of smaller funds are not ready to raise assets.

**WARNING: If you aren't ready to commit your time, resources and sustained effort, do NOT try to raise assets – it is a big commitment that only pays off if you are fully invested. No investment performance, no amount of time or money will bring you assets if you are not fully committed to marketing.**

Consider these **5** indicators to determine if you're SERIOUS about raising assets but most importantly, READY.

**1.) Are you willing to invest in marketing and understand it is now a business necessity?** Marketing and raising assets requires time, money and effort on your part. Furthermore, also understand that only after you put in place "**intelligent marketing processes**", will you be optimally prepared and positioned to raise assets.

**2.) Are you ready to get your hands dirty?** Marketing and raising assets only produces results if you're willing to put in the work to get the results. Marketing and raising assets are activities based in action. If you're seeking 3rd party marketing (TPM) as a solution to raise assets and avoid the cost or expense of marketing and raising assets, think again. **Research reveals only 1 out of every 275 sub \$250 million AUM hedge funds achieves TPM relationship. Moreover, TPM**

*is not a realistic option for a fund until it reaches minimum institutional level AUM along with solid operational infrastructure.* Also, if you're expecting help from prime broker cap intro, you may be setting yourself up for disappointment. Smaller funds, those less than \$150 million AUM, receive limited attention from prime broker cap intro. Marketing and raising assets are **always** the responsibility of the fund and when you're ready to roll up your sleeves and to get to work with the **RIGHT** marketing processes, you will get results raising assets.

**3.) Are you equipped for high-level execution?** Stop making excuses and get accountable. Excuses only waste your own time and money. Consistent, proactive high-level execution requires appropriate infrastructure and metrics.

**4.) Are you organized to stay the course?** If you think raising assets will be quick and easy, it's not. It's a triathlon not a sprint. Marketing is a continual mission critical business activity that involves structure, focus and discipline. Usually it takes a minimum of 6 months of dedicated target marketing for a smaller fund to achieve the necessary level of visibility and awareness to form the **RIGHT** relationships to generate consistent allocations within its most suitable and appropriate target investor and intermediary segments.

**5.) Are you prepared to make a commitment and take risks?** Marketing requires conviction to step out of the comfort zone of familiarity or better stated "get from behind trading screens and bloomberg terminals" to consistently, quantitatively and qualitatively, get face-to-face with the **RIGHT** investors. Initially you will feel uncomfortable marketing. That's natural. You haven't put in your 10,000 hours. Simply stated, you're **not** an expert marketer; you're an expert in trading or investing. The marketing skills set is not as easy or simple as some believe.

*In sum, if you're not ready to make significant changes and a commitment to "Intelligent Marketing" in order to engage in consistent proactive outreach, you are not ready to raise assets.*

**About Johnson & Company and The Author:** Johnson & Company is an Austin,Tx-based consultancy, which provides marketing and fundraising advisory services to alternative asset managers and alternative investment consulting services to investors (institutional and private wealth) as well as consultants, advisors and other key intermediaries.

Bryan K. Johnson is Founder and managing partner and has 20+ years experience within alternative investments. Previous to launching Johnson & Company, he served as Global Head of Marketing and Business Development for the Alternative Investment Group at Moody's Investors Service (MIS), responsible for the deployment of Operational Quality (OQ) Ratings For Hedge Funds. Prior to his tenure with Moody's, he served as chief expert witness for The Attorney General of Texas and The State of Texas in the evaluation of hedge funds and private equity firms as acquirors of the assets of Texas Genco in the multi-billion dollar true-up of Centerpoint Energy (CNP:NYSE)

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