

COST-EFFECTIVE
UPDATES FOR
INVESTMENT
BANKERS

THE CHALLENGE FOR INVESTMENT BANKERS

The investment banking industry has its own unique challenges, out of which one is dealing with regulatory oversight. However, several of the most difficult problems faced by investment bankers share striking similarities to common challenges faced by companies outside of banking circles. For both investment banks and other competitive businesses in today's frantic economy, there are two universal and ongoing challenges: getting new customers and keeping the existing clients.

The twin business goals of new business development and customer retention involve diligent attention to marketing and innovation. Effective marketing strategies routinely encompass ways and means of how to acquire new business customers and how to avoid losing the existing ones. The role of innovation in marketing is often overlooked, but today's investment banking customers regularly expect and demand new and better investment banking services.

Such high expectations are not new. Peter Drucker is often referred to as the "man who invented management" — here is how he described the

dual importance of innovation and marketing: "Because the purpose of business is to create a customer, the business enterprise has two – and only two – basic functions: marketing and innovation. Marketing and innovation produce results; all the rest are costs. Marketing is the distinguishing, unique function of the business."

Investment bankers routinely deal with large amounts of data. How they integrate the constantly-changing statistics into their marketing activities can quickly impact the bottom line. As with any competitive business sector, cost-effectiveness matters: the need to keep expenses under control means that new, better and cheaper solutions deserve to be considered. In doing so, there are two pertinent questions to ask:

- Are there innovative and cost-effective methods to manage data updates for investment banking needs?
- What do investment banking clients expect their bankers to do about regular updates of various kinds?

SUPPORTING EVIDENCE

How successful is the investment banking industry and the other business sectors when it comes to innovation and marketing? Despite Peter Drucker's observation that marketing and innovation are of paramount importance to any business, there are tangible indications that many companies fall short in this area. Here is how Jack Trout described the situation: "Today, when top management is surveyed, their priorities in order are: finance,

sales, production, management, legal and people. Missing from the list are: marketing and innovation."
(Source)

Even if some bankers have occasionally dropped the marketing and innovation ball, there is ample supporting evidence that doing a better job of using research data can produce a winning

outcome. A survey sponsored by the Chief Marketing Officer Council showed that 52 percent of the B2B firms acquired new business and critical information by using research analytics. (Source) In a survey (by Bloomberg Businessweek Research Services) that measured bank efforts to improve customer centricity (more on that below), 70 percent of banking executives said that client-centric relationships are important to them. By a large margin, bankers want to “build better relationships and deliver exactly what customers want.”

(Source)

The concept of “customer centric marketing”

- Identify their best clients
- Concentrate on services and products for their best clients
- Use client data to gain better understanding and segmentation of their client base

means that investment bankers should focus on the following activities:

When Dr. Peter Faber of the Wharton School used customer centricity to assess clients for individual companies, he often discovered that as few as 10 percent of customers could be considered “great” while another 20 percent could be described as “good.” His advice is for companies to “throw conventional marketing wisdom out the window” and adopt customer-centric strategies: “use data to your advantage and build your business around the best customers.”

(Source)

ADDITIONAL CHALLENGES

Because investment banking involves complex services and products, effective communication with both prospective customers and existing clients plays an important role. Getting new clients can be particularly challenging. Investment bankers rarely expect one or two interactions to lead to a business relationship. A combination of phone calls, personal appointments, letters, emails, press releases and casual meetings are all part of the prospecting process for an investment banker. Because investment bankers operate in a highly-competitive environment, keeping clients also requires relentless attention to ongoing communication and marketing efforts.

One strategy for addressing the need for regular communication with both prospects and clients is referred to as “drip marketing.” This approach

recognizes the importance of “touching base with prospects and clients” on a systematic basis. Each contact is called a “drip” and can consist of emails, phone calls and any other form of communication. While the results will vary according to specific individuals and circumstances, 10 or more “drips” are often necessary for an investment banker to convert a prospect into a client. This leads to marketing and data analytics questions such as these:

- Can data updates be customized for individual investment bankers and specific clients or prospects as part of a “drip marketing campaign?”
- How often should “drips” occur for maximum impact and cost-effectiveness?

(Source)

THE SOLUTION

The most successful investment bankers are masters at anticipating change and formulating an action plan. New challenges and problems require new solutions. With the frantic pace of change that most banking organizations and businesses are experiencing, what worked 10 years ago is not necessarily a viable solution today. The best practices approach is to prevent and avoid problems whenever possible. To expand upon observations made about the importance of innovation, investment bankers should place a premium on innovative solutions. Here are four expert opinions about the special value of doing things differently rather than in the “same old way” — the wisdom applies to investment banking and other circumstances in which preventing or solving problems is of critical importance:

- If you want something new, you have to stop doing something old.” (Peter Drucker)
- We cannot become what we need to be by remaining what we are.” (Max de Pree)
- “Intellectuals solve problems. Geniuses prevent them.” (Albert Einstein)
- Innovation distinguishes between a leader and a follower.” (Steve Jobs)

The most innovative solution to the challenges described above is one which can be adapted to individual parameters. A “one size fits all” solution should be rejected. Each investment banker has unique data requirements just as the clients does. Additionally, the updates needed today are likely to be different from the updates needed in a month or a year. The ability to respond to the changing expectations of everyone concerned will be difficult but nevertheless necessary. In a word, “flexibility” is mandatory.

Another strategic goal in arriving at a prudent solution is the ability to address the challenges described above in a cost-effective manner. While an individualized solution sounds appealing, do

the expenses of such an approach add enough to the bottom line to justify it?

Finally, the concepts of drip marketing and customer centric marketing should ideally be incorporated into an innovative approach to the challenges described. A new service involving updates should start by providing services to the best customers (customer centricity) in a “drip fashion” (drip marketing) such as scheduled emails or perhaps unscheduled phone calls and meetings.

What is “The Solution”?

Placing all of these diverse needs and challenges together, it should be recognized that “The Solution” is likely to need modification and perfecting after initial implementation. While there can no doubt be more than one viable solution, the most practical and cost-effective solution involves an email subscription to a paid newsletter that can be customized according to individual data requirements. As a testament to flexibility, the frequency of this publication should be whatever you want — daily, weekly or bi-monthly are just three possibilities.

To summarize, here is a cost-effective and innovative solution for investment bankers everywhere:

- Customized and individualized “Trends and Updates” newsletter.
- Provide data updates desired by investment bankers and/or their clients and prospects.
- The reader of the newsletter is in complete control of regular data content.
- Frequency — how often would you like more data updates?

HOW RESEARCH OPTIMUS CAN HELP INVESTMENT BANKERS

The short list of data research organizations that can provide a cost-effective version of the proposed investment banking solution starts and ends with Research Optimus. Even though more companies are realizing the critical importance of data analytics every day, perhaps half (or more) of all business leaders and managers are still doing "what they always did." When this happens, Albert Einstein's timeless wisdom should be recalled: "If you always do what you always did, you will always get what you always got."

Research Optimus is at the forefront of innovation in data analysis and research services. Is your company an industry leader in using business analytics to develop new business opportunities? Research Optimus can show you how to become a leader instead of a follower.

Research Optimus is poised to provide its many research products on an international basis to companies of all sizes. Research Optimus is also comfortable working with a wide variety of challenges. What problem would you like to prevent or solve? Research Optimus is ready to help.

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