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Virtual First Selling—Here to Stay or Gone Tomorrow?

A special report from **tml Partners** and **BlackMoss Partners** summarizing a recent panel debate with B2B marketing leaders.

For special online coverage of the debate, visit:
blackmosspartners.com/virtual-first-selling-here-to-stay-or-gone-tomorrow



// VIRTUAL ROUND TABLE

Why Marketing is the Key to Success in a Virtual First Selling Environment

As 2020 drew to a close, the heads of marketing and sales of several leading asset management firms got together over Zoom to discuss the dramatic changes underway in the relationship between their two functions—and what a virtual and digital future might look like.

Executive marketing recruiters tml Patners and BlackMoss, a marketing consultancy focused on client engagement strategy, co-hosted the round table, bringing together leading practitioners around a topic that is top of mind for both sales and marketing professionals as we emerge from the pandemic crisis.

Event co-hosted by BlackMoss Partners & tml Partners.

“

There is immense potential for disruption within Asset Management Distribution teams, as field sales people need more than interpersonal skills to grow and nurture their client relationships. The spotlight continues to shine on Marketing and the enhanced role the function now plays in the buying process. For virtual connectivity to succeed, Sales and Marketing need to be better aligned.”

—**Emma Morrison**, tml Partners

“

With in-person selling on hold indefinitely, we are seeing buyers waiting later and later before contacting salespeople, making digital marketing all the more important as a way to reach clients earlier in the process, when their decisions can still be influenced. As selling has become more virtual, Marketing has become absolutely critical to firms' ability to sell.”

—**Larry Black**, BlackMoss Partners

Our Hosts, The Panelists

Larry Black, Co-Host
BlackMoss Partners



Craig Welch, Co-Host
BlackMoss Partners



Emma Morrison, Co-Host
tml Partners



Charlie Green
tml Partners
Partner



Nic Basson
Invesco EMEA, Marketing,
Planning & Strategy Lead



Colin Bennett
GAM Investments, Head
of Digital Distribution



David Bower
FE fundinfo, Head of
Global Institutional Sales



Pauline Bush, Mirabaud Asset
Management, Head of Marketing



David Creed, Tikehau Capital
Head of Investment Communications



Martin McGovern
CMO Consultant



Cristina Mendilicchio, Janus Henderson,
Head of Wholesale Marketing

Simon Mott, TrackInsight
Chief Marketing Officer

Paul Unsworth, Invesco EMEA,
Head of UK & Middle East Marketing

BlackMoss kicked off the discussion...

...detailing the impact of the suspension of in-person selling since the spring—and in particular how the shift to virtual and digital engagement has altered the traditional role of Sales within B2B asset management firms.

As relationships have moved online, **Larry Black** noted, many core Sales functions—communication with clients, knowledge of the customer, insight into their buying intentions—have been assumed by online client interaction and the digital data insights captured during this engagement.

Marketing has been developing the capacity to reach and understand clients this way for years—and has now become crucial to firms' ability to sell online. The round table discussion, chaired by **BlackMoss's Craig Welch**, centered on how the Sales and Marketing model is adapting to this new data-driven “virtual reality,” and how roles within both teams might instead be realigned around client segments.

In the following report, our panelists discuss what a virtual-first “Client Engagement” function would look like and how it might work—and what salespeople, and marketers, must do to prepare for their new responsibilities.

Key Discussion Points

1—

The crisis is changing the way asset management firms sell

2—

The suspension of in-person selling accelerated trends already in motion before the crisis

3—

Coming out of the crisis, the trend toward data-driven virtual selling appears only likely to accelerate

4—

2020 made the clear case for a new “Client Engagement” function combining Sales and Marketing

5—

Some forward-looking firms are already adopting components of this new model

Conclusion

Asset managers need to embrace data-driven virtual selling—or face disruption by innovators, both from inside and outside our industry.

// 1. The crisis is changing the way asset management firms sell

With their Sales teams grounded last March, asset managers had to pivot virtually overnight to a new way of interacting with clients. Selling moved online—to email, the telephone and websites, yes, but also to other digital and virtual channels that many Sales teams had long neglected. In the first quarter of 2020 alone, virtual meetings with clients tripled. But overall digital engagement rose much more, growing as much as 10-fold as some firms.

With the relationship between a firm and its clients essentially reduced to a screen on a home PC, “virtual selling” became the norm in 2020. As revenue from in-person selling was cut in half, sales via videoconference soared, rising almost 70%. But it wasn’t just sales conversations and event-based selling that moved online; it was all client and prospect interaction with the firm, from critical messaging to clients around the crisis to identifying cross-sell opportunities to promoting topical product offerings.

In the process, Sales became increasingly dependent on Marketing—both on the digital channels that marketers have developed over the past decade to reach and engage clients, and on the sophisticated client data captured during these interactions, which allow firms to understand client needs and track their responses. With client interaction happening online, our panelists said, Marketing could better influence these conversations, playing a direct role in the buying process.

During the crisis, salespeople reached out to Marketing not only for tactical help with email messaging and webinars but to help the firm reach unresponsive customers and move stalled client conversations along the path to closure. Some Sales teams, as we will discuss later in the report, are finally actively participating in demand generation and account-based marketing campaigns—strategies championed by Marketing for years that are proving particularly effective in the “new normal.” The sad reality is that leadership at many firms had either ignored these programs in past, or outright resisted them.

All of this represents a significant shift in the way asset managers sell, the panelists agreed—and in internal perceptions of the importance of Marketing, whose strategic role hasn’t always been fully understood within our industry, let alone appreciated.

How did Sales and Marketing adapt to the crisis?



Source: Oliver Wyman analysis, Digital Engagement for Select Leading Wealth Managers in Q1 2020

“COVID has forced the people who buy corporately to rely more on digital channels—because perhaps their sales contact wasn’t available or wasn’t as easy to reach. So it has fundamentally changed behavior...You can see in aggregate that they are relying less on the traditional sales process.”

—David Bower
Head of Global Institutional Sales

“Sales openly approach Marketing looking for client insight. They appreciate that in the changing climate, Marketing can influence the client journey—especially as it is happening virtually and not in a face to face environment.”

—Pauline Bush
Head of Marketing

“The Sales guys haven’t been able to interact in the same way. There’s been a total reliance on Marketing to help tee those conversations up and bring them in at the right point in the process.”

—Simon Mott
Chief Marketing Officer

// 2. The suspension of in-person selling has accelerated trends already in motion before the crisis

Changes have been underway for some time in the way Sales operates, and the pandemic crisis has in many ways only served to clarify, and accelerate, these trends, the round table agreed.

What was already clear before COVID was that B2B buyers have been waiting later and later before contacting a salesperson. The rise of digital and social media has meant they increasingly do their own research on products and solutions (including engaging with asset manager marketing content), avoiding their relationship managers until they are almost ready to buy. Before the crisis, clients weren't reaching out to a salesperson until they were two-thirds of the way through the process, according to Forrester Research; now, they may not reach out until they are in final discussions with their buying committees.

With in-person selling suspended, reaching clients and prospects earlier in the process—via digital marketing—became all the more important in 2020. What it also made apparent is that the customer insights obtained from digital and virtual interaction are in many cases more critical to modern selling than actual Sales contact with clients, or even the interpersonal skills of individual salespeople.

Opinions are divided as to whether these trends will reverse once the pandemic passes. But this seems unlikely. For one thing, the digital/data operating model is cheaper

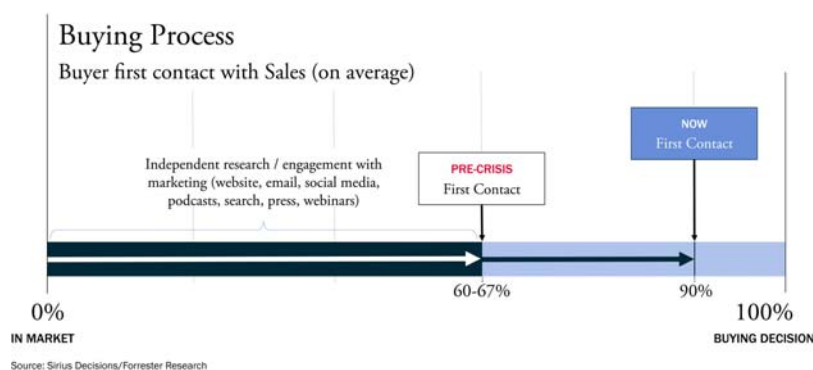
for asset managers than the old “analog” one. For another it seems to be working: As one participant noted, the persistence of revenue last year despite the grounding of Sales teams is at the very least raising questions about the value of the traditional model. But most important, clients actually seem to prefer this way of doing business.

Both existing customers and prospects say remote selling is at least as effective as in-person—and these numbers have kept rising throughout the crisis. Two-thirds of B2B decision-makers surveyed in late 2020 by McKinsey, for example, said the crisis model is equally or more effective than what went before. And they like this model better, with three-quarters expressing a preference for remote human or digital self-service over in-person selling.

With COVID has come “the realization that not all clients are the same and don’t all want to receive information and go through the sales process in the same way. The role of Sales as a carrier of information has been under threat for a long time and has taken another step to being consigned to history as digital channels facilitate a better mechanism to transfer information. They are more willing to self-serve, and marketeers are getting better at delivering information in intuitive formats that people want to consume.”

—David Bower
Head, Asset Manager Sales

Before the crisis, B2B buyers were already delaying contact with Sales

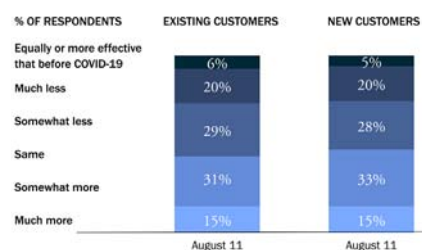


“The Sales role has to become more value-add, which requires a greater level of competence and a more consultative sales approach.”

—David Bower
Head, Asset Manager Sales

Clients are happy with no in-person engagement

Remote engagement successfully supports both selling & prospecting



B2B decision makers prefer remote human interactions & digital self service



Source: McKinsey, These Eight Charts Show How COVID-19 Has Changed B2B Sales Forever, October 14, 2020

“It goes beyond the pandemic. We had already been working on how Marketing can help Sales to focus their attention on the highest potential clients or prospects... Even more important to Marketing, the pandemic has accelerated the use of data and AI. It had already started and has now become inevitable.”

—Cristina Mendilicchio
Head of Wholesale Marketing
EMEA & Latin America

// 3. Coming out of the crisis, the trend toward data-driven selling appears only likely to accelerate

Asset managers were able to continue to sell digitally and virtually in 2020, essentially by replicating traditional sales tactics online via virtual meetings, webinars and events. But this pivot to virtual selling has had a profound impact on the role of Sales teams, dramatically shifting their core function within organizations.

Salespeople have in many senses stopped being the firm's main point of contact with the client. They're no longer the best way to get information to clients, or the best source of intelligence about them. And increasingly they are not the best way to find out what a client intends to buy next. At many leading investment managers, client communication and client knowledge are now better understood primarily not as Sales functions, but as integral elements of their digital marketing model.

Some sales leaders remain in denial about this, assuming that these trends will reverse once the pandemic passes and they can get "back out on the road." But most of our panelists thought this unlikely. Instead, the trend toward data-driven selling is only likely to accelerate—with the crisis presenting asset managers with the opportunity to reconsider their Sales and Marketing models and reframe their engagement with clients.

Asset management has the opportunity to join other industries in leveraging interaction data and new analytical/AI tools to modernize its relationship and service model, employing them to deliver clients the solutions, support and information they need, when they need them.

But to truly bring science to our client relationships will require more than better collaboration or alignment across Sales and Marketing. It will mean realigning roles and de-siloing our deep knowledge of our clients—and merging and reorganizing Sales and Marketing teams around this new data-driven, client-centric, virtual-first approach.

For customers, the benefits of this new “Client Engagement” function and the underlying approach are clear: a manager that knows them better with each engagement, providing on-point solutions to relevant needs and a well-informed customer experience across the entire relationship.

Sales is no longer a firm’s main point of contact with clients. Salespeople are no longer:

- the most effective way to convey key messages to clients
- the best repository of knowledge about clients
- the only, or not even the best source of intelligence about what clients intend to buy

“A lot of people have seen asset growth over the course of COVID and everybody’s been making money, even without the face-to-face sales process in place. That highlights to management that the way business used to run has to change and raises a question mark—if not eyebrows—about these costs and the ultimate value associated with that kind of old school sales model.”

—**Simon Mott**
Chief Marketing Officer

“What we’ve been doing as a marketing team during COVID is of real value, but my experience has been the sales team is still the dominant force and still taking a lot of the glory... I feel I have to fight harder than a salesperson to get the recognition, to make sure that you’re directly linked to fundraising. That’s just a natural way that it has worked in asset management.”

—**David Creed**
Head of Investment
Communications

// 4. 2020 has made the clear case for a new “Client Engagement” function combining Sales and Marketing

The crisis hasn't made salespeople any less important: everyone acknowledges that deals still need to be closed and that clients continue to need knowledgeable dedicated account managers. But in a data-critical world, firms can no longer afford to have one person “own” a relationship, hoarding knowledge about buying centers at key accounts—a reality that persists despite the migration of contact information to CRM systems. Current sales practices and incentives stand in the way of a truly data-driven digital approach—as the many false starts with Account-Based Marketing (ABM) have demonstrated.

What the crisis does suggest is that Sales probably no longer makes sense as a stand-alone function. The round table spent some time talking through what a merged, client-centered operating model might look like in practice. ABM strategies provided a good starting point for the discussion, with the cross-functional coordination they require to properly penetrate key accounts. But a “Client Engagement” approach would go beyond traditional Sales and Marketing alignment, reorganizing the legacy teams around each client segment.

This new structure is not about bringing discrete Sales, Marketing and Client Service teams together under joint leadership, which just replicates the current organizational chart of many firms. Instead, this structure will entail fully integrated teams dedicated to each key segment, supported by a centralized Operations hub, all reporting into a new Chief Client Officer.

Engagement with each client type is planned and coordinated, driven by data tracked by a unified insight platform. By the time a dedicated segment specialist talks one-on-one to a buyer—virtually for now, and eventually in-person at their office or an event—that client will already have engaged (and been engaged) digitally with content and product messaging tailored to their needs.

Critical to the success of this approach, the panelists agreed, is alignment across the merged teams on goals and key performance indicators (KPIs). Just as responsibility for meeting revenue targets will be shared across segment teams, incentives and compensation will need to be aligned to reward client-centrism.

“The idea of aligning teams around client groups is not alien to much of the world. The demarcation between Sales and Marketing is probably more acute in asset management than it is in other endeavors.”

—**Martin McGovern**
CMO Consultant

“Clearly there are benefits to moving towards shared ownership of client relationships. I think the challenge comes in with who has oversight of the different touch points, who is aggregating that and who therefore has the firm-wide view that a salesperson maybe feels they own at the moment—that they are the conduit through which conversations happen and decisions are made.”

—**Paul Unsworth**
Head of UK & Middle East Marketing

“At the top end of the market, in large corporate relationships, those personal (Sales) relationships remain much more powerful. It’s about building trust and consultancy rather than messaging and product. But you build the firm’s relationship with client, rather than through a single relationship manager or salesperson.”

—**Martin McGovern**
CMO Consultant

Client Engagement function—the future?



// 5. Some forward-looking firms are already adopting components of this new model

Not every asset manager is ready to adopt this approach, and moving to this model won't happen overnight. But since the onset of the crisis, successful firms have come to recognize Marketing as a strategic function and empowered it within their organizations. Early in the crisis, some managers even flipped “sales enablement” on its head, pressing under-used Sales bandwidth and knowledge into service in Inbound Marketing programs. Salespeople have been pulled into content and message development, and recruited to enrich account profiles, target personas and segmentation.

For firms embracing this trend and considering how to shift their approach, the round table discussed how the operating model might work in practice, building on a segment-based approach to ABM that was developed by Sirius Decisions. Their model helps Sales and Marketing teams get on the same page, but with a “Client Engagement” structure, this alignment is obviously no longer a challenge—it's organic to the new function.

The Sirius approach aligns sales and marketing segmentation models—Unnamed Accounts, Verticals. Named Key Accounts and Strategic Accounts—then synchronizes the respective engagement strategies of the two teams along three dimensions.

- **Cadence of Engagement** by the aligned Sales & Marketing teams, from shared annual planning for prospecting to unknown accounts, through weekly or even real-time engagement with Strategic Accounts.
- **Level of Message Customization.** Strategic Accounts merit bespoke messaging and content for each account and even for each buyer role—potentially in real-time. Messages are tailored to Key Accounts but generic within Verticals. For Unnamed prospects, these can be repurposed from existing content.
- **Level of Client Insight** required to effectively engage each segment, ranging from general firmographic-based “pain points” for broad demand marketing through to detailed Account Plan specifics for Strategic Accounts.

Asset managers adopting components of this approach are finding varying degrees of readiness—and acceptance—within their sales force. But they are also discovering that many marketers are no more ready for this new approach than their Sales colleagues. Marketers will need to embrace new responsibilities, the participants agreed—upskilling their talent

“We’re thinking of forming our own sales unit within marketing to provide qualified leads and potentially more from new digital channels because we’re finding we’re actually more successful online than some of the sales guys who are used to being out in the field...”

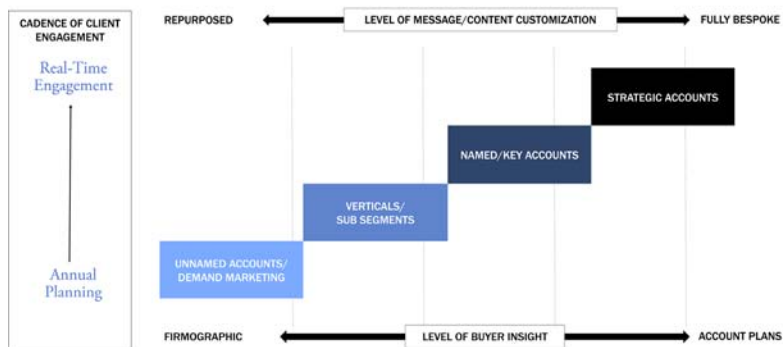
—Colin Bennett
Head of Digital Distribution

“We’re also seeing an attitude and generational difference. Sales guys that have a propensity to actually sell in this way, virtually, using the channels, using social media. They’re very happy to iterate or be agile; they don’t have to be right first time. They’re used to this type of thing to deliver the right experiences online. Those guys are flying, whereas the guys who used to go out to the golf course, the dinners, conferences, et cetera are really finding it difficult at the moment.”

—Colin Bennett
Head of Digital Distribution

and becoming significantly more “commercial” if Sales & Marketing are going to fully partner in Client Engagement.

Client Engagement function—the future?



Source: Sirius Decisions, Matching Sales Needs with Marketing Strategy (with DemandBase), September 2020

“The mirror of (the issues on the Sales side) is that this is a challenge for a lot of Marketing people who have grown up in an asset management environment where they tended to follow rather than lead. There’s a greater emphasis on taking the lead position. If you haven’t got that experience, if you haven’t had that challenge previously,” it will be a significant change.”

—**Martin McGovern**
CMO Consultant

“And you need to incentivize accordingly. Sales might be up, but Marketing may not be, so you don’t have the right sticks and carrots.”

—**Colin Bennett**
Head of Digital Distribution

“Alignment really does come down to the KPIs. The key enabler in engagement with the head of Sales is a common language that helps you prioritize your activity and your clients... It gives a very clear single focus for your activity and guides the FTE you allocate as well as any out-of-pocket budget. It makes it a much simpler, more mechanical process.”

—**Nic Basson**
Marketing Planning &
Strategy Lead

“There are quite entrenched roles in asset management and this is taking it into client business development. I think we talk about learning to walk before you run, and that’s going to be account-based marketing because that brings everyone together on a client level. ‘What are we going to sell to who?’ That would be the way that you would start to bleed into the concept, and get some cross-pollination.”

—**Pauline Bush**
Head of Marketing

// 5. Conclusion

The round table wrapped up with a discussion about what the future holds—both for post-crisis engagement models and more broadly for asset managers at a time of unprecedented change. Some panelists expect divergence in the way firms sell once the pandemic passes, with some reverting to a focus on in-person entertainment while others double down on digital.

What all agreed was that 2020 was a watershed year in the evolution of the relationship between Marketing and Sales—one which compressed years of progress into a few very challenging months.

Marketing had the opportunity to shine in this environment and managers generally seem to be emerging surprisingly well from the crisis. But the consensus is that no one in asset management can afford to rest on their laurels. Sales and Marketing teams need to be preparing for the next stage of change, and individual team members looking to upgrade their digital and data skills. (And firms need to be recruiting for this in both Marketing and Sales. tml Partners reports that the trend in 2020 was encouraging, with many clients investing in digitally native marketing leaders to help drive growth.)

At the corporate level, asset managers are lagging other financial firms on digital transformation, as many firms hamstrung last spring by non-existent or outdated digital marketing technology (or the absence of a strategy to deploy it) painfully discovered. More worrisome, for a business built on data and analytics, asset management is also increasingly threatened by potential competitors from outside the industry who are using client data to gain competitive advantage.

It's only a matter of time before digitally enabled disruption—from a Fintech startup, if not from Google, Amazon or Microsoft—comes to investment management. The industry has an opportunity to get there first itself, but only if ambitious firms take advantage of the crisis to evolve away from their analog models.

So asset management businesses first need to take a hard look at their operating models. “Asset managers should be considering moving to a new structure led by a Chief Client Officer, bringing together Sales and Marketing under one client engagement function,” says Charlie Green of tml Partners. And then they need to invest—in digital engagement platforms, yes, but more importantly in the intellectual capital, strategy resources and skill sets required to make this transition quickly and effectively.

“The right way to set up our firms for success would be to formalize a commitment to Client Engagement in the asset management C-suite,” says BlackMoss’s Larry Black. “As long as our industry settles for an outdated sales-centric operating model, firms will struggle to realize the full promise of digital transformation and remain vulnerable to competitors, inside and outside the industry.”

How can Marketing prepare for change?

// Create one shared view of KPIs and ROIs

// Capitalize on the longer sales cycle

// Show Sales the way

// Implement now



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Finding the right marketing talent is far from obvious and ineffective hiring is high risk. tml Partners mitigate this risk with a truly dynamic perspective on hiring the best marketing talent. We're trusted and connected networkers in the senior marketing community and spend a lot of time understanding the motivations and building meaningful relationships with the best, hard to find, passive talent.

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BlackMoss Partners designs client engagement for the new reality.

We help financial firms that are embracing change—firms looking to reposition themselves for the next normal, start-ups creating a platform that can scale with growth or management teams rethinking the way they engage clients.

BlackMoss Partners is a marketing consultancy that works with leading global financial services firms to redesign how they engage with clients as well as market their products and services in the current crisis and beyond. With staff in New York City and London we plan, develop and ensure excellent delivery of a firm's marketing strategy, campaigns, and events resulting in strong brand awareness and growth. Our purpose is to help firms achieve their commercial objectives with effective client engagement centered around branding, marketing, design and digital transformation.

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