

# MoneyVoices: Why Funds Can't Miss the RIA Train

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It's no secret why just about every single purveyor of investment products, technology or small business services is looking to go after the independent registered investment advisor (RIA) marketplace. The numbers simply don't lie.

RIAs have consistently been the fastest-growing segment of the financial services industry for the past couple of decades running, easily outgaining the combined asset gathering of traditional channels. Their independent, objective, conflict-free and fee-based model is the most appealing to investors today. And with the recent colossal meltdown on Wall Street, that growth is only going to accelerate.

For mutual fund companies and other investment product vendors, the mandate is clear: They must move rapidly into the RIA channel with a strong value proposition in order to harness that growth. Not doing so means risking marginalization in the marketplace. Existing distribution into traditional channels such as the wirehouses is quickly becoming a dead-end with bankruptcies, consolidation and an ever shrinking brokerage force in both numbers of advisors and potential assets under management.

Today's distribution strategy calls for a new approach. Targeting the independent channels is now primary, yet for many investment product vendors, the old way of doing business does not apply. They must readjust their sales and marketing thinking.

Most important to consider is the fact that independent RIAs are compensated by a fee paid by the client, rather than by a commission from the product, to construct financial and investment plans as well as manage assets. Because of this, investment product suppliers need to adopt a different way of communicating with RIAs.

To get the attention of RIAs, firms cannot rely on the commission route to incentivize the advisor to promote their fund. Instead, they need to craft a value-added message for how their particular investment fits in with the RIAs' investment process. Ideally, it's key to showcase how the particular investment works in a disciplined asset allocation approach, along with highlighting the experience of the fund manager, track record and integrity of the parent company.

Remember that RIAs are required to do due diligence on any investment they select for client portfolios. Therefore, investment firms need to make it easy to learn this information and build a strong bond of trust so the advisor feels comfortable placing their products with his or her clients. Investment suppliers can do this by providing direct access to portfolio managers and firm executives through regular webinars, industry events and content-driven road shows.

On the sales and marketing front, rather than trotting out the slick, smiling wholesaler with golf balls and offers of drinks and dinner, investment firms need to retrain their sales force and provide educational materials. These resources need to help RIAs see how the particular investment solves a financial planning issue, along with industry content, business management ideas

and other value-added approaches.

Educational marketing assets such as white papers, articles, case studies and continuing education (CE) credits are the new call to action for savvy RIAs. The bottom line is that any way the investment suppliers can contribute to the success of the advisor's clients and his or her business will go a long way toward building a long relationship of trust and mutual benefit.

While this value-added marketing and sales approach does take additional time and effort, it more than pays off for itself through the steady and ever increasing asset flows as RIAs continue their inevitable march to the top of the investment product distribution mountaintop.