

Positioning Yourself Within Your Marketplace

By Richard C. Wilson

When designing your offering, a key part of the process that everyone skips is formulating your position within the marketplace. Typically, this is due in part that it takes upfront planning and commitment to an approach using imperfect information on what is going to work. Some of the components necessary to defining and setting your position include Focus, Identifying your Niche, Choosing a Sandbox and Reversing the Flow.

Focus

My mentor Brian Tracy always talks about how a \$5 disposable camera can take a better picture than a \$20,000 camera if the expensive camera doesn't do one thing: focus. The point? You can beat your competition with a smaller staff, with less financial resources, and less experience if you learn to focus.

Why Niche?

If you've already dominated a marketplace or rose \$100M+ a year; you wouldn't be reading this article. If you are not already dominating-then you need to gain traction, a foothold, or some momentum as a first step to build confidence in the capital raising process. It is much easier to compete for a niche segment of the market rather than trying to be the best option to everyone in the marketplace. Typically only the largest dominant players, long-time incumbent players, or very well-financed players can use a mass-market generic approach and make it profitable before running out of cash or patience on their path to profitability.

Cereal Aisle

Had you started a cereal business in 1920, you could get away with a generic approach, as the Kellogg Brothers did. At that time, the brothers who started Kellogg's cereals were really only competing with oatmeal and grits. Now if you walk down the cereal aisle at any major U.S. grocery store you will see over 100 options, and in the U.S. alone there are over 1,000 cereal options available. You can't just offer corn flakes; you have to offer gluten-free, organic, fair trade, locally grown, Olympian-endorsed super flakes to appeal to niche demographics while also standing out from the noise. It's a safe bet that if there is an opportunity in the market you're competing in, then it will soon get more crowded and competitive, if it isn't already. I have seen so many industries, be it the venture capital space, the hedge fund industry, or even the multifamily real estate segment, where a few players are dominating for years and then masses of competitors catch on. My advice is to anticipate the crowds if they haven't arrived already and find ways to specialize and guard your position. This will happen if it hasn't already in your niche. So you must do this to survive from day one.

If your space isn't that competitive yet, you can wait until the noise crowds around you or you can obtain valuable turf from the start while the picking of what entry point you use is easier. In other words, one more reason to niche is the ever more competitive nature of the marketplace in which you operate. Whether you are an investment banker, real estate developer, or operating business looking to raise capital, your marketplace is getting more competitive every year.

Picking a Sandbox

When visiting Rio, Brazil during their annual lively celebration Carnival, you will see literally hundreds of thousands of people on the beach partying and dancing all day and night. If you take a look at an image of the beach from a bird eye view it may be hard to pick out what is going on because there are so many people crowding the space. If

you ask someone who is the tallest person or who is the youngest, can they tell? Does anyone stand out from anyone else? No, they don't, as there is so much noise going on you can't distinguish one person from the next.

If you contrast this imagery with a small child playing in a sandbox with her two friends, you could guess with pretty good accuracy which of them may be tallest, oldest etc. You can tell them apart from each other.

The point here is to select a sandbox to compete in that is not crowded and to make sure that you carve out a niche that is well defined and valuable. This part is critical. The sandbox you decide to play in while closing deals, raising capital for your company, or closing real estate deals should be confined to a sub-segment that is clearly defined and where you can stand out. There needs to be enough investor interest that there is no doubt that there is enough capital to be raised from the approach, but at the same time, you want to define your sandbox such that you have only zero to at most five competitors vying for the investor's attention in the same way that you are.

The most important part of this process is that you know that sandbox is so valuable to dominate that you will do any amount of hard work, value-building, and implementation to get the attention of the investors you are positioning for that sandbox. If you don't settle on a sandbox that is so valuable as to make it inevitable that if you held a strong position in the sandbox you would raise a lot of capital, nothing else will matter. You will not be motivated to carry out any of the ideas put forth here if you do not have the absolute conviction that this is valuable turf to strategically hold over time, regardless of whether that takes 18 months or 4 years to accomplish. Is it more important to be one of a hundred exhibitors at your industry's annual trade show or to be seated at a private dinner with five of your key target prospects? The more thought you put into your sandbox, the more you can capture a small but valuable market share.

Be Fast-Acting Excedrin

If you walk into a Pharmacy with a migraine so bad that the light hurts your eyes and you can barely walk, the last thing you want is a generic red syrup cure-all medicine or a blue pill. What you really want is fast-acting gel cap extra-strength Excedrin Migraine medicine. You want the catered niche solution to your acute problem and with the internet now we have become accustomed to being able to get that, to receiving solutions curated for our issue rather than some generic solution or worse yet something that doesn't feel like a solution at all. This is how you need to think about what sandbox you operate in and how you want investors to find you; you must be the Excedrin pill to their migraine and not a "real estate fund" or something generic.

For example, most valuable single family office client sold his business to a large private equity fund. After the liquidity event, he looked around and realized he didn't want to keep more than 15% of his net worth with his private bank. He found my book on single family offices while conducting his research and 6 weeks after our first phone call, he hired me as the CEO of his single family office. If it wasn't for niche solutions and advice on how to start a single family office, then I never would have attracted him as my client. He didn't just want wealth management help, trust and estate assistance, private banking services, or access to fund managers; he wanted someone who only worked with single family offices and how to create one, as that was his current challenge to overcome. He didn't want to waste time with someone who sometimes dabbled in that area or knew a few things about it—he wanted someone who solved his specific problem.

Reverse the Flow

An important technique I learned early on from my sales and marketing mentors Jeffrey Gitomer, Brian Tracy and Eben Pagan was that you want to reverse the flow of how sales typically occur. You don't want to chase, target, or

hunt down customers; you want them to come to you and find you over and over again. Google says that the best way to find customers is to have them find you when they are looking to solve a problem by searching online for solutions. In other words, position yourself to solve a problem that is unique to the individual and your customer will find you, instead of having to hunt down your prospects

Grizzly Bear

Another way to see how this is different from old-school capital raising strategies of spray-and-pray cold-calling and slow-moving local networking through friends and family is imagining catching fish in one of two ways. In the equivalent of old-school capital raising, you get a spear, walk out to a lake, and stab into the water, hoping to impale a fish swimming by. With what I call “Inbound Capital Raising,” you act instead like a grizzly bear. The grizzly bear fishes by identifying when the fish are spawning, swimming up river, finding that shallow water, and positioning himself so the fish jump right up into his mouth. Positioning in this case allows you to position yourself on the valuable turf where your prospects are already “swimming” and let them come to you. This is the mindset which will help capital raising get easier.

By identifying an ideal sandbox to compete in, providing a niche solution to an investor headache, and positioning yourself in such a way that investors are attracted to you instead of you having to chase them are important angles to have to help you raise capital.

Richard C. Wilson is CEO & Founder of the Family Office Club, a community of well over 1,000 family offices managing over \$1 Trillion in AUM