

Third-Party Marketing Org Expands Ambitions

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By Scott Johnson

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The trade association for third-party sales and marketing shops has launched an ambitious growth effort, hiring an outside firm to handle its day-to-day operations, marketing and public relations. The **Third Party Marketers Association**¹ (3PM) hopes to boost membership in the U.S. and internationally while expanding its educational and networking services.

The effort is well-timed. The proliferation of emerging managers in recent years, particularly in the alternatives space, has fueled growth in demand for third-party marketers, drawing a host of new firms into the industry.

Over the next three years, 3PM plans to more than double its 60-strong membership, introduce new compliance and regulatory initiatives, improve benefits, redesign its Web site and increase its sponsorship and advertising opportunities. Beyond deepening its financial resources, the effort could help the association play a leadership role in the fast-growing third-party marketing space.

3PM has turned to marketing firm **CMA Association Management**² to bulwark what has to date been almost entirely a volunteer effort.

"I think CMA is going to help us realize a lot of the initiatives that we have planned – that we haven't been able to implement on our own – because they're going to be a dedicated resource," says 3PM president **Donna DiMaria**, who is also CEO and principal of **Tessera Capital Partners**³. "And they're going to be really important for us in terms of understanding the intricacies of running an [association], which none of us have any experience in doing."

A team of designers, financial professionals and public relations experts will focus on growing 3PM, says CMA manager **Barbara Swanda**. CMA will spend October analyzing 3PM's existing capabilities before drafting a plan of action. And with nine other association clients, ranging in size from 50 to 600 members, the firm brings strong experience to the deal, she says.

CMA earned industry cachet with its management of the **Professional Association for Investment Communications Resources**⁴ (PAICR), which sponsors several conferences a year. Indeed, a strong recommendation from a PAICR board member helped win CMA the deal, says DiMaria.

3PM aims to "cultivate relationships and business opportunities" among members and "to provide information and education" about the third-party marketing industry, according to the association's Web site. That entails hosting regular member conferences, promoting best practice and professional standards, and educating members about new developments in compliance.

As 3PM evolves, DiMaria says the number of events held nationwide will increase. The association intends to open an annual conference to investment professionals outside of its membership base, much like PAICR. And 3PM would like to expand its overseas presence. While members include firms in Australia, Luxembourg, the U.K. and France, the vast majority hail from the Northeastern U.S.

"The reason to do that now is that we've started getting a lot of inquiries from overseas about people looking for similar associations outside the US," DiMaria says. "Our goal is at this point to try to get a lot of international members to join the association and over time – I'm talking a three-year plan – to eventually develop international chapters."

The association, founded in 1998, has relied on a relatively small staff that includes DiMaria; former

president and current secretary **Steve Rubenstein**, of **Arrow Partners**⁵; treasurer **Robert King**, of **King Associates**⁶; and paid part-time executive administrator **Mamie McNeal**. "With everyone trying to run their own businesses, it got hard for everybody to spend time working with a lot of these initiatives," says DiMaria.

That hasn't prevented growth in the membership base. 3PM counted 32 member firms in an interview with *FUNDfire* in 2004. The association lists 55 members on its Web site today.

The growth of emerging managers has given third-party marketers a boost in recent years. Most offer a combination of sales and marketing services, much like an internal sales force.

DiMaria estimates that 3PM represents just 30% of third-party marketing firms. She can count 85 firms "without even trying" that could become part of a stronger organization. "Especially in the past few years, we've seen a number of firms pop up in terms of traditional mandates, but we've seen so many more come up in terms of hedge funds and private equity," says DiMaria.

3PM member **Jack Hidary**, chairman of **Gemstone Capital Advisors**⁷, says the timing of 3PM's evolution is perfect. "The alternative asset management industry is one that is really just coming into its own at this point," he says. "It's 30-years old, but it's truly coming into its own in terms of regulatory process, standards and increased scrutiny."

Hidary believes a strong trade organization is a "critical element" to educating pensions and endowments about alternative asset classes through seminars and conferences.