

HOUSTON BUSINESS JOURNAL

Vol. 40 No. 39 Week of February 5-11, 2010

houston.bizjournals.com

Bullish on broadcasting

Radio show marketing tunes in growth for investment firm

BY TANYA RUTLEDGE
SPECIAL TO HOUSTON BUSINESS JOURNAL

Instead of buckling down as the economy started faltering, Streettalk Advisors owners Lance Roberts and Michael Smith decided to hire up.

It's a counter-cyclical strategy that the two have employed since starting their independent financial consulting firm nearly six years ago. And it continues to pay off.

Streettalk Advisors now has 10 employees, four of which were brought on in 2008 and 2009 during the economic downturn. The firm also recently hired a chief investment officer and moved into a new 4,500-square-foot office in the high-end CityCentre mixed-use project in West Houston — all at a time when much of the financial services industry was cutting back.

Smith says the company — which is fee-based and is not a broker/dealer — tries to "hire ahead of growth" by bringing on talented people during down cycles and having them trained and ready when things pick up.

And during a year when many companies cut salaries and bonuses, Streettalk Advisors paid out 10 percent of its revenue in employee bonuses, offered employees elite health club memberships to the nearby Lifetime Athletic fitness facility and helped fund its employees' Health Savings Accounts, or HSAs.

Thanks to a hike in revenue last year, Streettalk is in a good position to be generous. The firm had \$2.5 million in revenue in 2009, compared to \$2 million in 2008 and \$1.2 million in 2007.

Roberts and Smith attribute most of that growth to bringing in a host of new clients last year, as well as growing the assets of existing clients, even during tough times.

The two credit the bulk of their expanding client base to their high-profile marketing strategy, which is built around a two-hour call-in financial radio show that airs Monday through Friday on KSEV 700 AM. The partners, who incorporated Streettalk in 2004 but have actually been working as a "group" independently since 2001, have been doing the show for nine years and say although it requires a big commitment on their part, the exposure is invaluable.

They answer all kinds of personal finan-



Michael Smith, left, and Lance Roberts: Company tries to 'hire ahead' of growth by bringing on more staff during down cycles in anticipation of eventual rebound.

CRAIG HARTLEY/HBJ

cial questions, mostly for small investors who can't typically get access to professional financial advice. The shows usually result in dozens of e-mails from consumers hungry for the partners' feedback.

When the tech bubble burst in 2000, it even resulted in nonclients waiting at their doorstep seeking help with their plummeting retirement accounts.

"It was like an ER room for portfolios," Smith says. "People were just showing up in our office looking for answers."

Smith and Roberts didn't turn away any of those questions, even though they basically gave away the advice for free.

Roberts, who has a banking background, says he and Smith, who came up on the investment side, collectively spend between two and three hours each day answering e-mails that are generated by the radio show. Although many of the callers and e-mailers don't have enough investment money to warrant signing on as a client, the partners say they don't mind the extra work.

"Yes, we are providing help to these people for free when they don't have a lot of money to invest, but one day those people might grow their money and become a big customer for us," Smith says. "A lot of the larger firms lose sight of that."

Roberts says Streettalk's average investment account is about \$1 million, but the firm does not have a minimum account size.

"What we do is bring the high-net-worth structure to the smaller-account playing field," Roberts says. "We provide the white-glove services that are normally reserved for the uber-wealthy to these smaller accounts. We are not going to make the mistake of going after large customers and throwing ourselves in the pool with the big sharks."

Instead, Roberts says the firm takes the "Wal-Mart" approach to business development by "starting with the small towns and building a solid base and moving up the ladder with those clients."

WEB-BASED MARKETING

That "start-small" approach has prompted the firm to take a progressive approach to marketing using mostly Web-based tools, with the exception of the traditional radio show. That includes a Facebook page, a free weekly e-mail newsletter that is sent to 33,000 subscribers, a monthly research report that is e-mailed to clients, and, soon, a daily blog.

"We're really making an effort to bridge the gap between the baby boomers and

the young generation of investors," Smith says.

But Roberts says the firm's aggressive marketing approach has not been foolproof. Although Streettalk has found a groove on the radio and on the Web, he says the firm's attempts to bring on some outside marketing and public relations firms and advertise to the masses in glossy magazines did not work out.

"We just found out through that process that we could do it better ourselves," Roberts says. "But we also learned that when times are tough, marketing is not something we want to cut back on. That's when all your competitors cut back, and that's when you can really take market share."

Another situation that unexpectedly proved to be a marketer's dream for Streettalk arrived after Hurricane Ike hit Houston in 2008, in the midst of the financial market meltdown.

Instead of leaving clients in the dark, Roberts made his way into the office and sent out a detailed e-mail alert to clients mapping out historical charts and investing trends and letting them know what steps the firm was taking to protect their investments in an effort to calm rising fears.

"Our clients really appreciated that, during all that chaos, they got an e-mail from Streettalk and really felt like they knew what was going on," Smith says.

David Zugheri, chief marketing officer for Envoy Mortgage, says Roberts and Smith are essentially providing a "public service" through their radio show and in their approach to small investors.

"A lot of investors are sort of made to feel like they don't have enough money to 'join the club,'" says Zugheri, who also has a radio show on KSEV and who works with some Streettalk clients on the mortgage side. "But they do a good job of looking across the table and seeing that some of these people have promise and helping them get to where they need to be."

Zugheri believes that the work that Roberts and Smith do in helping to educate the investing public will show up in the firm's bottom line.

Says Zugheri, "They have the talent and framework to be much bigger and greater than what they are today." ■

TANYA RUTLEDGE is a Houston-based freelance writer.