

SAILING UNCHARTERED WATERS

Finding new ways of revolutionising an old business



A new take on retirement planning helps three entrepreneurs grow a multi-million rand business that's at the forefront of a global retirement philosophy evolution. This is the story of how John Campbell, Barclay Hoar and Kim Potgieter are living the dream while helping retirees to do the same.

BY JULIET PITMAN • PHOTOS BY MIKE TURNER

You're great at what you do. So good in fact that you're able to earn a lot of money. You work for yourself, you have your independence and you're financially much better off than when you were employed. Life couldn't be better. Isn't entrepreneurship great?

Yes, except that you're not an entrepreneur. To paraphrase Michael Gerber in his best-selling book *The E-Myth: Why Most Small Businesses Don't Work and What to Do About It*, you're a self-employed technician. You don't actually run a business. Without you and your technical skills, the 'business' wouldn't exist at all. It's a position common to countless aspiring entrepreneurs: how do I turn something that I'm technically good at into a business?

It's a question to which John Campbell and Barclay Hoar, independent financial planners, found an innovative answer that led to the creation of a multi-million rand company. But the story of specialist retirement planning company, Chartered Wealth Solutions, is about more than how two 'technicians' managed to move beyond self-employment to entrepreneurship. It's also a story about refusing to accept the industry status quo, about securing a leadership position through benchmarking against the latest international trends, and ultimately finding a new way of doing what is an old business.

CHANGING THE CONVERSATION

Chartered Wealth prides itself on offering financial life planning, as Hoar explains: "Most financial planners start off by looking at a client's risk profile, which then informs the kind of retirement product they choose, which in turn will determine the return they get and ultimately their lifestyle. Financial life planning turns that on its head - it

starts off by asking what kind of lifestyle a person wants to live after retirement. This is the critical point of departure and determines the return they require and the product they should invest in, before looking at whether the individual has the appetite for the associated risk."

According to Campbell, Hoar and Kim Potgieter (who joined as Chartered Wealth's third partner later on in the business), the problem with retirement planning is twofold. On the one hand, people have no clear picture of what they would like their retirement to look like. On the other hand, the conversations that retirement planners have with them are focused solely on money.

"They talk about investment returns, what the markets are doing and whether you are putting away enough to 'have enough money when you retire'. Obviously this is important stuff, but it's only one side of the equation. Money is only a means to an end, it's an enabler that allows you to live a certain lifestyle. But if you don't know what your ideal retirement lifestyle looks like - in detail - how do you know if you're putting away enough money for it? And how can I as a retirement planner possibly assure you that your investment is sufficient or appropriate?" says Campbell.

Financial life planning changes the conversation, focusing on helping clients write a 'life plan' to clarify the return they want to get on their retirement investment. "Of course, good retirement planners will probably be incorporating elements of life planning into their conversations with their clients, but ultimately what they really focus on is the financial side of things - the calculators, graphs and tables and the assumption that if you have X amount of money in the bank upon retirement you will be okay," says Potgieter.

It would be naïve, adds Hoar, to say that the money is not important in your retirement. After all, you can have as clear a picture of your ideal retirement as you like, but



Does this sound like you?

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RETIRE RICH

A BALANCED LIFE

Retiring rich isn't only about having money in the bank - it's about how you spend that money and whether you lead a fulfilling life.

LIFE PLANNING

Financial life planning isn't just about products: it starts by asking what kind of lifestyle you want to live after retirement, and then finds the right products.

IT'S NOT ABOUT THE MONEY

Yes, investments are based on money, but this is not the be-all and end-all. How can you know what you should be putting away if you aren't clear why you are putting the money away?

50/50 RULE

50% of your investment strategy should focus on the maths, and 50% should look at life planning - ie. what the math gets you.

YOUR RELATIONSHIP WITH CASH

How you save for your retirement - and ultimately live your life - has a lot to do with your relationship with money. How do you feel about money? That's the first question to ask.

EMOTIONAL DECISIONS

Retirement is not only a financial event. It's a life stage that can either be incredibly fulfilling - or very challenging. Deciding which starts now.



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BARCLAY HOAR

if you haven't made the right financial investments and decisions, you're still no nearer to living that ideal life. "You need both. So 50% of our meetings with clients focus on 'the maths' while the other 50% look at life planning," he explains.

THE PSYCHOLOGY OF MONEY

Where Chartered Wealth has really set itself apart is in the use of formal and sophisticated tools for life planning. "There is a range of sophisticated financial tools for retirement planning, and we felt that the same degree of rigour needed to be applied to the life planning part of retirement," says Campbell.

These tools ask questions that uncover clients' attitudes towards and beliefs about money, and help them to build a clear visual picture of what they would like to get out of their retirement from a lifestyle point of view.

Potgieter, who has a psychology degree and is fascinated by the interplay of psychology and financial decisions, explains why this is important: "Each and every person has a different, personal relationship with their money and it is this unconscious, qualitative relationship that often dictates our financial behaviour. By examining your personal history with money you can identify which money issues from your past are shaping your financial attitudes and behaviours today," she says.

She illustrates her point with an example: "Some of my clients are part of the 'silent generation'. They grew up in a post-WWII world, where 'waste not want not' was a way of life and frugality was a necessity. These same clients now may have several million rands saved for their retirement, yet they conduct their lives as if they are one pay-cheque away from the street."

She sees her job as a financial life planner to help these clients make whatever money they have work to create the best life for them in retirement. Hoar concurs, "I believe that financial planning is a lot more than just the critical role of managing a client's money wisely. It

also requires an insight into the client's life, and what money really means to them. Managing a client's money and helping them make the most of it is what financial planning is really all about."

As such, Chartered Wealth's retirement planning philosophy also involves helping clients to understand and handle the personal challenges that come with retirement. "The goal of our business is to help people lead a happy life in retirement, and the key to this is not only being prepared financially but also ready emotionally. Retirement is not a financial event; it's a life-stage and it can be challenging on many different fronts. You therefore need to prepare for it in a variety of different ways," says Campbell.

TURNING IT INTO A BUSINESS

The Chartered Wealth team are quick to point out that they can't take credit for having birthed the life planning philosophy.

In 2000, Hoar and Campbell, who had been operating as independent brokers, joined forces. Like many in their profession, they were able to command a good commission-based income. "But we were really nothing more than salesmen - we sold anything and everything, from retirement annuities to life insurance policies, and we did it well. But we wanted something more. The philosophy behind lifestyle financial planning gave us a clear idea of what 'more' might look like," says Hoar.

Andrew Bradley, CEO of financial services group, acsis introduced Chartered Wealth to the concept of lifestyle financial planning in 2002 and this gave them the purpose and direction they'd been looking for. Hoar explains that instead of building an investment portfolio around a client's tolerance for risk, lifestyle financial planning identifies what return a client needs from their investment portfolio in order to live the lifestyle they want, and then ensures they can stomach the risk.

In 2008, Chartered Wealth Solutions decided to take



This has defined our success. **And finally, do the best thing for your clients or customers and the rest will follow.**

difference to people's lives. If we'd only wanted to make money, we would never have moved away from commission-based earnings. If we hadn't wanted to make a difference to people's lives we would never have listened to the financial life planning philosophy.

2. BECOME A SPECIALIST
Aim to be truly great at one thing. Accept that you can never do everything brilliantly, so specialise in one chosen area.

3. IDENTIFY WHY YOU'RE IN BUSINESS We wanted to build a business and make a

HERE ARE THE LESSONS THEY HAVE LEARNT:

1. FOLLOW YOUR PASSION
Ours was two-fold: to build a business that went beyond broking and to help change the financial planning industry for the better.

SHARING THE LESSONS

The founders of Chartered Wealth have shifted their own mind sets, moving away from merely being 'technicians' of the trade, and becoming the owners of a business that will have a lasting legacy.



PLANNING IN ACTION

LIVING THE RIGHT RETIREMENT

Kim Potgieter likes case studies. She believes they are the only true test of whether Chartered Wealth is achieving its goal of helping people to use their money to live a better life in retirement. She shares the following case to demonstrate how financial security is not the only factor that determines retirement success.

"A 62-year-old man came to see me. He had R36 million invested but was not happy. He longed to start a meaningful hobby but had been roped in to act as his grandchildren's au pair in the afternoon because his daughter was working full-time in a job she hated. He also wanted to take his family to China for a holiday but did not think he could afford to do so.

"Using a basic calculation I was able to clearly show him that he had more than enough money to live on. I suggested that he assist his daughter financially in her dream to start a nursery school from home. This would mean she could give up her full-time job, replacing it with a new part-time job that she would really enjoy.

"This would not only be more personally satisfying for her but it would mean she would be able to take over looking after her

children in the afternoon, freeing my client up to start pursuing all the things that he'd wanted to do in life.

"I also suggested that he take R150 000 out of his investment to take his family to China to see the Great Wall of China. The real eye-opener for him was that even when we factored in these withdrawals, his portfolio value hardly changed. **Yet, by making these changes, his life and that of his family would be made immeasurably richer.**

If I'd only assessed his financial situation I would have sent him away to live an unhappily retired life, telling him he was in an enviably perfect position for a dream retirement. But because our process looks at what people want from their life in retirement I was able to uncover all his dreams, fears and disappointments, and how they were linked to his financial perceptions. And most importantly, I was able to help him make a change for the better."

this concept to a whole new level when they realised that many of their clients did not have a clear vision of their lifestyle in retirement. As they believed this to be the fundamental step in designing a retirement plan, they partnered with Mitch Anthony, a pioneer of life planning in the US, to include this in their offering.

They may not be the authors of the life planning methodology, but they can take credit for having turned it into a thriving business. "It gave us a focus and a differentiator. But we also took some extremely important steps - many of them risks - to try and create a business that was more than just two commission-earning brokers sharing office space together," says Campbell. Here's what they did:

1 We put ourselves onto salaries. We realised that we'd need to invest money in building the business. Brokers usually draw all their commission-earned income but we knew that we'd never grow if we did that. It was a difficult step and for six months we sacrificed personal income, but it was critical to the growth of the business.

2 We dedicated 20% of our time to working on the business. Every Friday was set aside to focus on the business, its strategy, direction and growth. We recognised the importance of this and were influenced in our decision after reading Jim Collins' *Good to Great*.

3 We moved from a commission-based system to a fee-based system. This gave the business an ongoing annuity income and meant we weren't starting at zero every month. It also meant that existing clients were as important to us as new clients, which we believed was important in an industry so often criticised for its hit-and-run sales tactics. A fee-based system made more sense to our business. Because life, finances and goals change over time, a client's financial life plan has to be revisited, reviewed and adapted every year. This requires an ongoing relationship with our clients that isn't usually found in the commission-based sale of single products.

4 We specialised in the niche retirement industry. When we first started out we did anything and everything, from short-term insurance to medical aid. Specialising gave us real focus and helped to define a clear target market of people 55 and older who want to have conversations not just about return on investment, but what they can get out of life beyond retirement.

5 We focused on the client's experience. This industry is not known for delivering a good customer experience and we wanted to change that. We invested in creating a space that was welcoming and professional. This also allowed us to ask clients to come and see us, which is rare in the industry, and in turn cut down drastically on the time we had to spend on the road.

ASSESS YOUR SITUATION

TAKE THE TEST

Visit www.retiresuccessfully.co.za/wheel-of-balance and evaluate whether you are leading a balanced life - and how to restore balance if you aren't.



It goes back to working 'on' the business and not just 'in' the business. We tell our clients that you need to allocate time, thought and money to being able to live a dream. It's the same with business, and we try not to forget that.

JOHN CAMPBELL

6 We closed the skills gaps that existed in the company. We have grown from six people to 37 but we found that in many instances people were often performing tasks that weren't well aligned to their skills set. To address this, we matched every employee's role to their particular skills set so they were doing what they were best suited to do, and where necessary we hired people to take care of the other tasks.

Of all these changes, the toughest was converting from a commission to a fee-based structure, but it was this move that had the most profound impact on the business and its future. "When you're earning commission, you start at zero every year and have to work harder and longer to earn more. When we were earning commission, the business's turnover was R2,2 million. Eight years after moving to a fee-based structure it's R24 million and, most importantly, our income is stable and we have a business to show for our efforts," says Hoar.

Campbell points out that Chartered Wealth is run like a listed company. "Everyone is on a salary, we distribute the profit via dividends and plough the rest back into the business," he says.

The company also took a decision to outsource the management of investments to external specialists. "We recognise that financial planning is separate from investment management and believe that each should be handled by an expert best qualified and experienced to do so," Hoar comments.

INTERNATIONAL BENCHMARKING

Part of Chartered Wealth's success lies in the fact that it looked to international best practice in defining its own direction. The financial services industry is changing and the company aims to be at the forefront of its evolution.

In 2008 Campbell was named Financial Planner of the Year and as part of his award won a trip to the Financial Planning Association Conference in the United States. A book there caught his eye. "It was called *Financial*

Planning - The Next Step by Roy Diliberto. That title really resonated with me because it spoke to the kinds of questions we were asking about where to take financial planning," says Campbell, who brought the book home for Hoar and Potgieter to read.

Many entrepreneurs read books and some even follow the advice they offer, but few of them phone up the authors, convince them to meet with them and fly halfway around the world to do so, which is what Campbell, Hoar and Potgieter did.

"We met with Roy who was incredibly generous about sharing his ideas with us, and we then went on to meet with Mitch Anthony, of the Financial Life Planning Institute in the US, who developed the financial life planning tools that we use in our business today," says Campbell.

The meeting with Anthony also resulted in Potgieter, one of only two registered financial life planners in South Africa, setting up the affiliated South African Financial Life Planning Institute, further cementing Chartered Wealth's position as a thought-leader in the financial life planning industry.

ADDING VALUE

One of Potgieter's driving passions is changing the financial planning industry. "I hated financial planners. My experience of them was that they'd sell me a product and then I'd never hear from them again. Even though I had no financial background, the retirement industry really resonated with me and I knew I wanted to be involved in it somehow. I also knew I wanted to see it changed," she says.

Driven by this passion and firm belief in the value of financial life planning, Chartered Wealth Solutions established www.retiresuccessfully.co.za, an online resource for retired South Africans.

"If we are truly all about helping people to live a great life in retirement, then we can't just pay lip service to it. We need to give them the tools to do so, beyond the financial life plan that they pay us for," says Potgieter,

who realised that there was no local online resource for retirees. "People now live 20 or 30 years past retirement age. That's a long time to spend sipping gin and tonics or playing golf, and the whole thing can be daunting. I wanted to create something that would help people enjoy their life and the money they'd saved," she continues.

A key feature of the website is a Balance Test measuring eight areas of life that need to be balanced for a happy retirement. "These are money, health, relationships, play, purpose, work, giving back and learning. Once visitors have completed the online Balance Test they can see which areas of their life are lacking, and can use the information on the website from various retirement mentors, to inspire and improve those areas of their life," Potgieter explains.

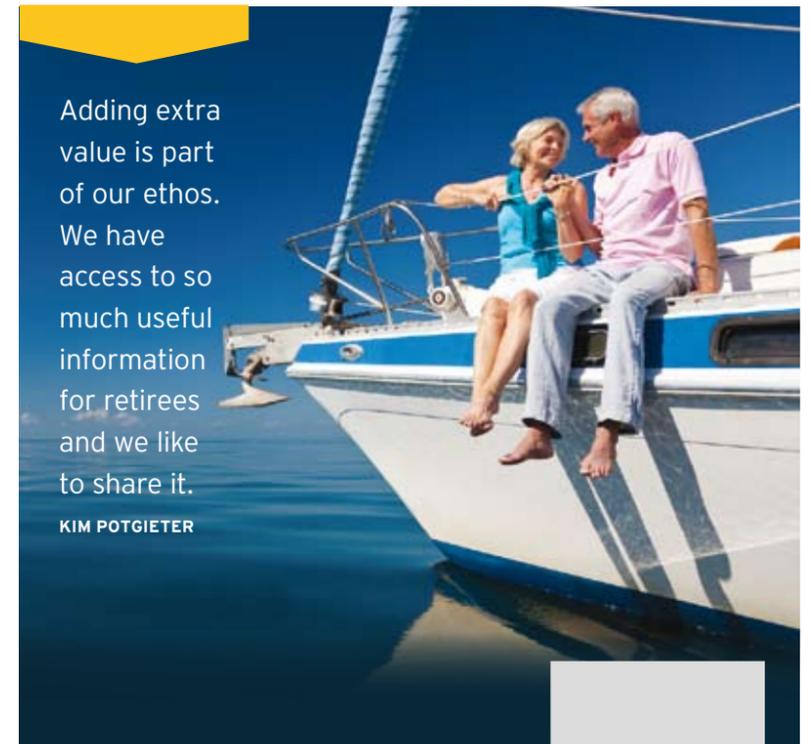
Although an online retirement-readiness calculator gives visitors the option of requesting an assessment, which in turn leads them to contact Chartered Wealth Solutions, the website is not a hard-sell. For the most part it is deliberately separate from the Chartered Wealth brand and is intentionally open to all retirees, whether they are Chartered Wealth clients or not. However with Potgieter's involvement, it serves to strengthen the company's position as a retirement leader, and delivers an important value-add to their clients.

"Adding extra value is part of our ethos. We have access to so much useful information for retirees and we like to share it. In addition to the website, we give small value-adds to clients such as our *Show Me The Ropes* booklet, which is a guide to navigating the Internet. It tells them how to use things like Facebook and Skype," Potgieter explains.

FORGING AHEAD

Chartered Wealth has received a number of awards. In the same year that Campbell won the Financial Planner of the Year award, the company was listed as a finalist in the Best Practice of the Year, going on the following year to win the title.

But the company has never actively engaged in



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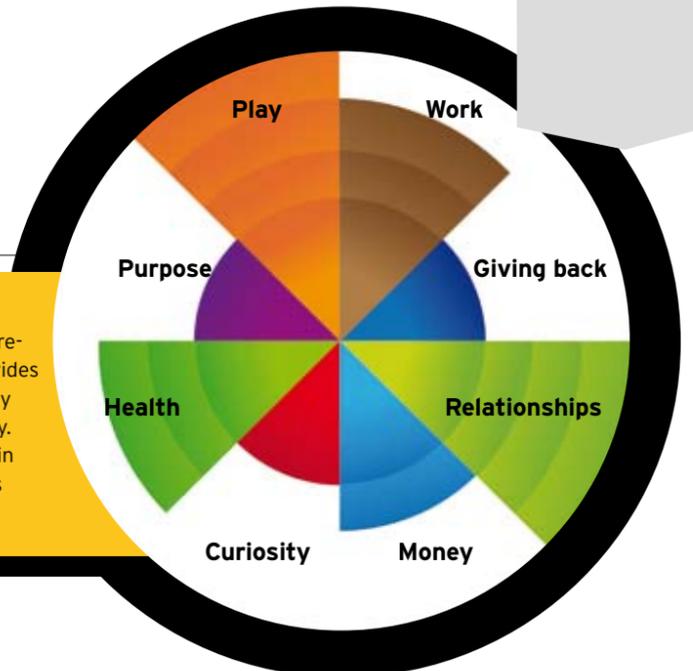
KIM POTGIETER

formal marketing or advertising, relying instead on word of mouth referrals. However as the industry changes someone is bound to try and 'own' the financial life planning space and Campbell, Hoar and Potgieter are aware of the importance of being recognised as a leader.

"It goes back to working 'on' the business and not just 'in' the business. We tell our clients that you need to allocate time, thought and money to being able to live a dream. It's the same with business, and we try not to forget that," Campbell concludes. □

WHEEL OF BALANCE

The Retire Successfully website's wheel-of-balance test evaluates eight areas of life and offers solutions to plug the gaps.



"But whatever you choose to give has to be relevant and should fill a real need. Chartered Wealth's www.retiresuccessfully.co.za

website meets these criteria perfectly. It provides retirees with a mix of useful practical information, access to retirement experts and motivation and inspiration to lead a more fulfilling and richer life. It also

recognises their need to remain connected and provides them with the opportunity to be part of a community. Importantly, it fills a gap in the online space that was previously unfilled.

ADDING REAL VALUE

GIVING YOUR CLIENTS WHAT THEY NEED

Chartered Wealth Solutions' Retire Successfully website is an excellent example of how to maintain positive client relationships at very little additional cost to the business, and one from which other entrepreneurs can learn.

Delivering value isn't only about delivering what you promised – it can also be about giving your customers something extra that will enhance their life and improve their experience of dealing with you.