

TRADITIONAL INDUSTRY, FRESH INSIGHTS

As an independent financial services provider, Fedgroup can focus on customer-service, innovation and staying agile. **John Field** unpacks why this is so critical in today's business landscape. **BY NADINE TODD**



The Genesis of Fedgroup

When Fedbond launched in 1990, its founder, John Field, held a 35% shareholding, and Fedsure the remaining 65%. When Fedsure went under, John had the pre-emptive rights to buy the remaining part of Fedbond, which was the healthy part of the business.

Once he held 100% ownership of Fedbond, John took the business, which he had already grown into South Africa's largest provider of participation bonds, servicing over 10 000 investors, and secured multiple other financial services licenses from the Financial Services Board, including Trust and Life licences, and formed the larger holding company, Fedgroup as a comprehensive FSP offering.

Today, Fedgroup's offering includes pension and provident funds, a life company, trusts, commercial property finance, asset management as well as other investment products.

PLAYER:

John Field

COMPANY:

Fedgroup

WHAT THEY DO:

A family-owned financial services business

LAUNCHED:

1990

VISIT:

www.fedgroup.co.za

says John. "And it shouldn't be innovation simply for the sake of innovation – it must service the business's road map and underlying principles."

For example, once Grant had developed the IT platform, he started thinking about how to effectively measure daily KPIs and performance, and the solution was gamification – a trendy business term that companies love to throw around, but, if done properly, can be enormously successful.

"Because we weren't just trying to implement something for the sake of ticking a strategy box, but were instead looking for very clear deliverables, we were able to achieve some remarkable improvements in the business," says John.

In fact, in key lines of the business, daily inbound communications have been reduced from 500 at inception to less than 200, the dropped call rate has been slashed from 20% to less than 1%, beating industry norms and Fedgroup's own stricter deadlines and Service Level Agreements. The time for completing Group Risk Benefit quotes has also reduced from seven days to under four hours. "We had a clear purpose when we implemented gamification in the business, which was essential to the overall impact the project has achieved," says John.

FRESH PERSPECTIVES

But there's a larger lesson at play here. Even though Fedgroup was John's start-up, vision and dream, in 2015 he stepped down as CEO, became Fedgroup's chairman, and handed the reigns to Grant.

"All businesses can benefit from a fresh perspective," says John. "I'm proud of the

business I've built – I've given everything I have to it – but Grant came in and was frustrated by the fact that he had gone from being embedded in individual teams to now having a top-down bird's-eye-view of the business and no clear insights into what was happening on a moment-by-moment, day-to-day basis. It was that frustration that led to this project."

John isn't advocating that all founders step aside – what he does suggest however is that business leaders regularly invite different perspectives into the business. "We become comfortable with how things have always been run – and that's where we miss great opportunities."

Almost 30 years since he first launched his business, John is still always on the lookout for new opportunities, which is why Fedgroup recently launched its Impact Farming investments platform together with an app. "Impact farming supports local initiatives, farmers and manufacturers, while giving investors access to the platform for as little as R300," he explains. "We invest in blueberry farms, beehives and solar panels – and so investors can own a beehive, a blueberry bush or a solar panel and receive income from the sale of actual, tangible products."

SERVICE FIRST

Over the years, Fedgroup has evolved from a financial services business into a company that puts its employees and customers first, and nowhere is this more apparent than John's accessibility to clients.

"We knew that the one thing we could provide that's very, very rare in business, is service," he says "Everyone talks about service, but it's much harder to deliver on that promise than to make it. My cellphone number is on my business card. My receptionist will give it out to anyone who asks for it. Why? Because if there's something wrong I need to know about it. If someone calls me or emails me to complain, I always say thank you very much, I didn't know about it, now I do and we are already fixing it. That's another difference between a family company and a listed company."

It's also a great way to ensure a client-first culture permeates the entire business, as culture starts at the top of an organisation. "When you put people first, service naturally follows," he says.

"Fedgroup is a family business; we treat everyone like family, encourage internal growth, and treat anyone who calls us, walks through our doors, invests in us or emails us as family too." **EM**

Fedgroup might have over R10 billion in assets under management, but it's still a family business run on family values – which has been a key differentiator for the award-winning company.

"We are not listed, nor do we have any plans to list. We see this as a key differentiator for our long-term growth, as well as short-term agility," says John Field, Fedgroup founder and Chairman.

"Retaining our independence means that we can define each business decision we make purely on the basis of what is best for the business, our clients and our future growth. We can also make fast decisions. We're flexible and agile, instead of mired in bureaucratic systems and processes."

Critically, it also means that Fedgroup is not subject to any external expectations of short-term shareholder rewards. "We've

seen corporate entities make decisions that protect dividends at the expense of customer value," says John. "While this is of course not always the case, we've chosen to remain independent because this allows us to take the long view. Independence allows our shareholders to withhold paying themselves dividends and rather plough that money back into growing the business."

Choosing to invest its profits back into the organisation has directly impacted many facets of the business. "We have developed some of the best, bespoke technology in our industry," says John, adding that Fedgroup even runs the administration for some of South Africa's biggest financial service providers.

OVERVIEWING SUCCESS

"My son Grant, who is now the CEO of the business, joined us in 2002 as head of operations. All four of my sons have always

been involved in the business – they are now all part of the team – and because we discussed the company around the dinner table and it was such an integral part of all of our lives, Grant had identified areas where we could improve our operations, particularly through our technology."

It wasn't long before Grant was spending 16-hour days evaluating every facet of the business, eventually overhauling the company's entire IT infrastructure, which was largely outsourced.

It wasn't a cheap exercise, but there are two key lessons that all business owners can learn from Fedgroup's investment into its own operational infrastructure. First, even though IT platforms can be costly, the return on investment of a well-run organisation is much higher than the initial outlay – particularly if your goal is growth.

Second, it's important for organisations to not function exclusively in silos. Because

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