



## **The Solution Is Great Performing Funds**

By HEIN KRUGER

INVESTORS want a solution to their non-performing financial assets. That is my perception of the conclusion that Tienie van der Mescht came to more or less at the time when Sanlam Unit Trusts became Sanlam Collective Investments (SCI).

And now it seems that not even the sky is the limit for SCI's Managing Director as more and more of the arrows in Van der Mescht's quiver seems to have sharpened its points and is becoming a solution to his problems of yesteryear. That is thanks to the efforts and successes of the team and systems that Johan van der Merwe, CEO of Sanlam Investment Management (SIM) has put together since his appointment to the hot seat of an investment tanker that seemed to take more water aboard than what is regarded healthy in the shipping world.

It has become apparent in the past year that SIM has turned the ship around with more and more of its funds clawing its way out of the deep water with the appropriately named Sanlam Select, Sanlam Income and Sanlam Sanlam Gilt Funds leading the way in its respective categories.

For Van der Mescht this is good news as his team at SCI is responsible to find investors for the funds created by SIM. But Van der Mescht is not a man to sit on his laurels and in the meantime he has realised after researching the needs of investors and the trends in the marketing world that customers don't so much care about products as about the solution to their problems.

He realised that companies across the globe were rushing to board the solutions bandwagon. In a climate where profit margins are shrinking and customers want more, often for less, many business-to-business companies are working hard to pump up service revenues by selling "solutions" rather than just products, he says.

Solutions sound more appealing than products. But behind every solution value proposition is a company that has had to transform, sometimes at great cost. Designing a solutions business model necessarily begins with major changes to the sales force. This is not easy. Although many companies experience success on the design, marketing and accounting side, but trying to change veteran product-oriented sales representatives into solutions-oriented problem solvers is difficult.

To an extent this problem is solved for Sanlam by legislation in the form of FAIS forcing the traditional financial services sales force to change tactics and offering solutions to customers rather than products might just be the answer. The customers problems has to be identified. And then the solution to their problems has to be offered. Non-performing funds cannot be the solution. But performing funds can change non-performing portfolios into performers and solution solvers. This service can now be packaged by SCI for its sales force and advisors, says Van der Mescht.

With the resources and now excellent systems, research and fund management team of SIM behind it, SCI does not have the normal and costly capital problems that most companies encounter when changing from product centric to offering solution says Van der Mescht. But offering solutions rather than products has to be "our culture"

One doesn't sell a performing fund but one sells the solution that a performing fund can offer. One does not sell a fund that is better than others but ones sells what it feels like to be invested in a fund that performs. One does not sell the brand but one sells the solution that is offered by the brand.

The brand has to become the solution. Loyalty to the company is loyalty to the solutions. That brand, that company is SCI and SIM, believes Van der Mescht. Solutions make a lot of sense to me, he says, but it only makes sense if the original product is great, not good but great and that seems to be what SCI and SIM is offering now.

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SCI offers now not the products but the problem solving toolbox with the resources of capital and expertise to advisors who have to identify the needs of their customers and come and find the ongoing ever changing solution from Van der Mescht's and Van der Merwe's teams.

In the previous edition we have referred to Benjamin Graham's theory to go back to basics. This is what the SCI & SIM teams have done. The root lies in the solution not the problem.