

'We were looking for a miracle', CHF 2.5bn WM CEO on founding firm aged 23

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'We were looking for a miracle,' says Timo Dainese, CEO of Zugerberg Finanz.

Dainese (pictured) started the company on his own, aged 23. It is the firm's 20th anniversary this year.

'I was young and had nothing to lose. Looking backwards it looks like a great thing. But never had I thought that I would get to this point,' he says.

He attributes the firm's success to two things: spotting a gap in the market and working hard to expand its client base.

He says: 'Zugerberg provided a more personalised service to clients who were not being given this level of attention elsewhere, because their net worth was not seen as being high enough.'

'We really offered the people the possibility to participate in a way that they had not been able to at many other financial institutions.

'The middle class really liked the idea, but when I found out how difficult it was to convince even one person to invest CHF 20,000 I realised that we were going to need a lot of the small clients to be profitable.'

Zugerberg adapted to this by acquiring huge numbers of clients. With 11,000, it has the highest number of any of the wealth management firms in Citywire's Switzerland Top 50.

'It is great if you have a masterplan. But it will probably not work out that way. You need to be able to change. Not the vision, but the way you are going. If you are not flexible, you might fail,' he says.

It took hard work to expand the client base.

Dainese says: 'We made thousands of calls and thousands of contacts and we never gave up.

'I know a lot of people that are trying to generate leads who are happy they have a lot of other things to do in the day and finally say "I did not have the time to create links, to call some people." The hardest part of our business has always been this. And this is where most fail.'

While the fundamental requirements of running a wealth management company, investing money wisely and acquiring clients, have remained the same, the industry has undergone significant changes in the last two decades.

He says: 'Frankly, I am quite happy I started 20 years ago. Lots of things were easier back then (regulation, documentation, paperwork, organizational themes). When you start today, you either have to have the infrastructure (organisation, people, IT, etc.), or the clients.

'I was able to convince clients without any track record or anything like that. When I started, I had nothing. I think this has probably significantly changed in the last 20 years.'

However, Dainese still believes that determined, innovative firms can carve out a niche within the wealth management industry.

'I still think that it is possible. I think that's the great thing about Switzerland. Today, if you really want to do something, you can, but you probably have to work very hard for it.

'You can see that in the digital space. There are some companies winning clients. We will see in the end if it will work out as they have very low fees,' he says.

The rise of digital companies highlights one mistake which Dainese made.

'It is also important to see changes coming, because if you stick to something for too long, it might cost you a lot afterwards, both in terms of time and money. One example is that I did not correctly anticipate when digitalisation would become really important,' he says.

This leads to another piece in the jigsaw of putting together a successful business; understanding that you will make mistakes, and learning from them.

'Most important is to never give up, even when it looks almost impossible. You need to stand up everytime you fall, I fell a lot. It helps a lot if you do not overestimate yourself and you can critique your decisions,' he says.

Dainese found that making better decisions and keeping up his own morale was easier once he was able to hire another member of staff after eight months of running the company alone.

He says: 'You get 1000 'no's every week and you need to have someone around you that you can cry together with. The first employee is usually not just an employee. We became best friends during the build-up of the company.'

Like the founder, early employees may have to accept low pay initially.

'We paid up 2000 Swiss francs in the first month, so you have to find someone who is working for that salary,' Dainese says.

As a company grows, so does the mentality of the founder: 'The first years were definitely the hardest. I really feared that I would never get to the point where it would work out.

'The pressure that we are now facing is a different pressure. Now you are always a bit afraid that you lose what you have achieved.

'It's an interesting experience. Whichever phase you are in, the things you are afraid of, change.'