

September 13, 2009

Open for Business » Johnson Capital Management, LLC

Owner: Jesse L. Johnson

Type of business: Financial Advisory and Investment Management

Location: Saint Paul, MN

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Tell us what your business does?

Johnson Capital Management, LLC is an independent financial advisory and investment management firm. Services include financial planning/advisory, investment management, retirement plans, and anything related to a client's financial picture.

Why are you launching it now?

Individual investors have lost tremendous amounts of money over the past year. No one wants to lose his or her savings. But the biggest frustration I've heard was the lack of communication from advisors. Where were the advisors when they were needed most?

Where did you get the idea for your business?

Since college it was always my plan to open an investment management practice; I just didn't know how. After working in the industry for awhile under the commission-based compensation structure, I knew I didn't want to operate that way. In that type of compensation structure, your clients' goals and your own are never quite aligned. Even if your clients' interests were in your heart of hearts, they might wonder if your advice is based on your commission or their best interests. Therefore, I set up the practice so that clients and Johnson Capital Management were "on the same side of the table"; when they are feeling success, so is Johnson Capital, and vice-versa. The services offered are not that different from most, but how they are offered is – it's essentially a pay-for-performance structure.

How did you develop your business plan?

I set out to eliminate the commission-structure conflict of interest. Unsurprisingly, when I set out to talk to individual investors about their concerns, this was far and away the biggest concern that they held. Secondly, lack of communication was of great concern for investors. When the market is rising and you talk to clients about how well that are doing, I suspect they are thinking, "Good, that's what I pay you for." But in times like these, it is much more important to have open communication, explain the situation and work together to ensure that everything possible is being done to stay on track with their goals.

How do you see current economic conditions affecting your business?

Give the structure of Johnson Capital Management, this economy has been excellent. Investors are unhappy. They are not receiving the attention they expect from their advisor, and they are realizing the importance of working with someone whose interests are the same as theirs.

What makes your business unique?

Not the services that are offered, but the way in which they are offered. I write a monthly newsletter to all clients that recaps the prior month: what happened in the market, important economic news, what's coming in the months ahead and some insight as to what I'm watching and expecting in the coming months. Not to be a broken record, but also the way in which clients pay for service – it is unique in the fact that it is commonly offered only to high-net-worth investor; I'm making it available to all.

What was the biggest obstacle you had to overcome to get this business going?

Letting investors, beginning and experienced alike, know that Johnson Capital Management, LLC even existed.

How did you overcome that obstacle?

I spoke with everyone and anyone who would listen. For a new firm, expensive marketing is not an option. I've attended chamber of commerce meetings, small business networking organizations, learned about Internet marketing, was invited to join the investment committee of a local nonprofit organization and also voluntarily submitted both my personal and firm profile to an exclusive advisor-rating organization. All of it has helped, but it is still a work in progress.

What will tell you when your business is successful?

Every time a new client joins Johnson Capital. After a month or two, I always ask them for their feedback. It is very rewarding when investors realize the “old way” is not the only way.