

BRIERLEY

The Man Behind The Corporate Legend

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1. Little Old Tom

By the age of six, Ron Brierley had developed his own technique for adding to his coin collection. Whenever any adults would come to visit his parents or grandfather, he would quietly materialize with his coins and sit unobtrusively polishing coins. Invariably, the adults would ask what he was doing, and most times this led to a search through their pockets for any interesting coins. Soon he had a large, growing coin collection.

In fact, for Ron Brierley, life revolved around cricket, stamps and money. His mother said, *"If he had a shilling it was a prisoner straight away."* Ron was born on 2 August 1937. During his early childhood, New Zealanders were still living in awe of the hard times brought on by the Great Depression of the 1930s, and there was little to cheer about.

While physical strength was never one of his assets, Ron Brierley's education displayed a remarkable ability to easily memorize any fact he was told. He didn't get very good grades at school, as he considered that his schooling was getting in the way of obtaining an education. He did, however, excel at book-keeping and went on to win the school's book-keeping prize.

While at school, he acquired a dealer's certificate from the New Zealand Stamp Dealers Association and promptly posted notices around the school that stamps could be bought and sold in Room 4 during interval. He had, however, neglected to tell the Headmaster who was suitably miffed when he found a secret business operation was going on without his approval. This turned out to be only a temporary setback, and Ron Brierley established himself as the Kiwi Stamp Company.

His approach to stamp collecting was a forerunner of his later multi-million dollar business operation. Instead of hoarding rare stamps, he preferred to buy a grab-bag of stamps and sort through them with hopes of finding an

unexpected rare stamp. He could then either elect to sell the rare stamp immediately, or hold it to sell at a more opportune time or keep it for himself. This same analysis and identification of value would later become his trademark business procedure.

Meanwhile, Ron Brierley spent as much of his youth as possible being involved with cricket. He either played or worked the scoreboard on weekends for the Wellington Cricket Association. He was a keen sportsman who insisted on taking each game very seriously and kept careful records of his sporting progress.

2. Think and Grow Rich

In early 1955, Ron Brierley started work at the Sun Insurance Co. Ltd. (now known as Sun Alliance Insurance). At that time, there were only 68 unemployed people in New Zealand. The country was emerging from the post-war events into an economic climate of comfort and prosperity for all. Ron Brierley was also studying accountancy part-time at the university, where he hoped to graduate with a Bachelor of Commerce degree. He gave up the university studies after two years, deciding they actually had little they could teach him about book-keeping.

At Sun Insurance, Ron Brierley discovered something that quickly became a passion - the sharemarket. In the 1950s, the N.Z. sharemarket was rather small by comparison to other countries, and was dominated by historic companies such as New Zealand Breweries. In general, business was very low-key, and often the business news section of newspapers would consist of half a page, somewhere near the sports section. Nevertheless, Ron Brierley was captivated by the sharemarket and he set out to learn everything he could about it.

He did a little research, and went to see a stock-broking firm in the same building as Sun Insurance. The broker took a liking to the young man and allowed him to start trading shares on margin with his firm. (Margin trading

means you only pay a percentage of the value of your share purchase, and the balance is lent to you secured by the shares purchased). His first shares ever purchased were in the Auckland Gas Company. The shares were 7s 6d when he bought, and before long they were trading at 10 shillings. Ron Brierley was hooked, and he had soon converted all his friends.

Before long, Brierley and his friends were meeting at a local cafe to compare notes and swap snippets of information they had gleaned. The group were dubbed the Brierley Boys, and included regulars like Alan Perry, Bill Hallam-Eames and Trevor Beyer. Eventually this group was to produce a number of directors of Brierley Investments Ltd., and the meetings were later converted into regular Sunday night dinners that continued for the next twenty years.

A phenomena of the time were investment clubs, where people pooled their resources with the object of making more money. Ron Brierley and Trevor Beyer joined one started by their friend Bill Hallam-Eames which was notable more for its sociability than financial success. This led to Brierley and Beyer forming a company called Investment Funds New Zealand Ltd. in 1959. The purpose of their company was to invest in other companies and the factoring of debt. At first they lost money, but eventually they began to make progress.

Ron Brierley also joined the *Napoleon Hill Club*, and he became an avid and frequent reader of *Think and Grow Rich*. He also pored through the success stories of people he admired, looking for vital clues and insights. He supplemented these studies by avid reading of every newspaper he could lay his hands on. Looking back, he later commented that these efforts clarified a basic philosophy of self-confidence, determination and the importance of setting goals. He also considered that he was probably the only one that ever got anything out of the *Napoleon Hill Club* in terms of doing something rather than just thinking about getting into action.

Around this time, Brierley left Sun to work for Mac McCurdy, the owner of a book importer and magazine distribution company. However, as the company was importing books at a loss, within a year the company was in receivership. Brierley later declared this experience taught him everything he needed to know about how not to run a business. One idea caught his eye while there however. McCurdy published a racing tipsheet called *Turf Newsletter*. This amazed Brierley as he knew McCurdy did not know one end of a horse from the other. Brierley realized that if McCurdy could do this for horse racing, perhaps he could write a financial tip-sheet. He would follow McCurdy's recipe - mix well-known facts with a little original research and gossip.

He tested the market by placing a small advertisement in his local newspaper. He was delighted when five cheques came in the mail for 30 shillings each. He had already covered the cost of producing the first month's issue. Ron Brierley decided on a title, *New Zealand Stocks and Shares*, and his first issue was published in November 1956. There was nothing else like it on the market, although it was not very sophisticated at first. Brierley gave the illusion a substantial, highly skilled staff produced the

newsletter where in reality he was writing the newsletter, folding the product and licking the envelopes himself. He was 19 years old.

Ron Brierley had a novel way of promoting his newsletter. With a subscriber base of six, he printed one thousand copies and sent one to every listed company in the country. After six months, he would then send an account, hoping they would have become so used to the newsletter that they would pay. It turned out that about one in four actually paid up. Those that didn't pay received another letter, expressing regret that they were no longer subscribers asking them to pay for the issues they had received. If that bought no response, they received a third letter stating that their company would become the feature of an article currently being prepared for publication in the newsletter. Very few companies were capable of withstanding the barrage of demands.

By 1962, the newsletter had progressed to a well-known 10-page monthly newsletter. Brierley examined capital reserves companies did not want disclosed, analyzed returns to shareholders and the market prospects for listed companies. Unofficially, the newsletter came to be known as *New Zealand Shocks and Stares*. While some of his early recommendations were disastrous, Brierley's skills of analysis were becoming more finely tuned.

Brierley had also started his own company in 1961, for the purpose of investing on the Stock Exchange. Most of his friends felt that he would either go broke, go to jail or narrowly avoid both and become a millionaire. (His friends were also amazed by his ability to fall into a deep sleep at 10 pm, regardless of whether he was at a party or anywhere else. They often used to arrange his limbs to look like a rag doll, or put a flower in his mouth. The contrast between his shy personal nature and the bold, brazen business moves he made were a constant source of amusement to those who knew him well).

Brierley later admitted his object with his newsletter was to be noticed, to be different and to be annoying. He never worried about defamation, and later commented, "*I was conscious of the fact that if one wrote offensive untruths it would be possible to be sued for large sums of money, so one tried to write offensive truths.*" However, his research led to the conclusion that there were a large number of New Zealand companies (invariably with elderly board members) who preferred sitting on under-performing assets while they tucked away profits into reserves earning little for shareholders. He could also see a number of companies whose existence had outlived their function. As far as Brierley was concerned, this situation was likely to continue as many of New Zealand's young and energetic businessmen had been killed in the 2nd World War.

3. Real Adventure

R.A. Brierley Investments Ltd. was incorporated on 30 March 1961. Brierley promptly inserted a number of advertisements for his prospectus, offering tempting ideas such as "*Want to Get the Most Action into Your Investment Program?*", "*Now You can Have Real Adventure on the Stock Market, Even if You've Never Owned a Share in Your Life.*" The newspapers were suspicious, and some refused to run his advertisements. The Stock Exchange was alarmed, as blatant promotion of this kind was unheard of

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