IT WAS NEVER
ABOUT
THE
MONEY

A Financial Journey

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1. Body and Soul

"I found in myself……an instinct toward a higher or…. spiritual life….and another toward a primitive….one and I reverence them both."

Walden, Henry David Thoreau

Just after one o'clock on a rainy – some would say miserable - day in November 1988 I was standing in line in a sandwich shop in the centre of Birmingham, England.

A couple of weeks earlier I had surrendered the keys of my company car and, with them, all prospects of climbing the corporate ladder any further. I had chosen, instead, to graze in the allegedly greener pastures of self-employment although as RDW, one of my former bosses, had been wont to say, "the grass is seldom greener on the other side of the fence, it's just cut differently."

Now, among other projects, I was learning to become a financial adviser instead of a financial director – a gamekeeper turned poacher, so to speak - and was working from an office in the heart of Birmingham's commercial district, an array of shoddily constructed glass and steel transplanted into streets of faded Victorian glory.

In this context you might easily imagine that, as I stood in line, I was using the time to contemplate the more intricate aspects of tax planning and pension provision or, maybe, the pros and cons of term assurance vis a vis whole life assurance but this was not the case.

As I waited for my turn to order lunch on that late autumn day the debate which raged inside me was centred on whether I could afford a smoked salmon sandwich rather than a cheese sandwich.

As I recall, the financial difference was considerable – a cheese sandwich (complete with tomato and lettuce) could be purchased

for 80 pence whereas the smoked salmon sandwich (with lemon juice and black pepper) commanded a premium of more than 50% running in at an eyewatering £1.25.

This silent internal disputation continued for several minutes as my place in the queue moved inexorably forwards and I knew that, at some point, I would be faced with having to make a commitment to one course of action or the other.

A verse in the eighteenth chapter of the first book of Kings in the Bible sprang to mind – "how long will you go on halting between two opinions" – although, to be fair, I rather think Elijah's overthrow of the prophets of Ba'al might have had slightly wider implications than my deliberations over the contents of a lunchtime sandwich.

It was not, as I subsequently realised, the 45 pence which was giving me grief so much as the space which smoked salmon occupied in my psyche.

I grew up in a financially unpretentious family in the nineteen-sixties when the last vestiges of war time rationing had disappeared less than ten years earlier. I don't know whether smoked salmon had been rationed during the war but it hardly matters because the aura attached to it was due, probably, more to its price than its taste and its place upon the tea tables of my mother's more well-to-do aunts.

When, according to my mother, my grandmother's meagre purse was able, somehow, to procure the delicacy and serve it to visitors it would inevitably provoke *sotto voce* messages of FHB (family hold back) – whereupon family members would be expected to desist from taking further smoked salmon and leave it for the visitors.

Special occasions such as a royal wedding or an England World Cup victory were usually required before my family's financial resources would be released for a treat not considered to be deserved or affordable in the normal course of events.

In November 1988 I felt my financial situation echoed that of my childhood in some ways. The strict discipline which I had

learned then stood me in good stead as I adjusted from the regular salary cheque and all expenses paid job into the white knuckle ride which is, commonly, the hallmark of the early days of self-employment.

It was not the most rational time to quit a salaried position which afforded what I had seen as relative security (at least until my biggest fear might be realised – that I would be found to be incompetent and summarily dismissed) as, in addition to an uncertain level of income, I was newly separated and under significant domestic financial pressure.

But these were my own choices and I knew I could not complain with any justification either to a sympathetic friend or to myself. A turning point had been reached where I had felt an unquenchable desire to see if I could earn my own living rather than be the servant of a corporation.

How could I, therefore, in the context of my financial situation and my childhood conditioning that smoked salmon was the ultimate luxury food possibly justify buying anything more expensive than a cheese sandwich (even including lettuce and tomato).

I had spent three years learning my first profession – that of chartered accountancy – and in that period had been called upon to help audit the accounts of many companies. At the end of an audit - which might typically last for two or three weeks - we would add up all the errors we had discovered the company accountants had made and list them on the front page of the file – a proud display of our prowess for the partner of the firm to see when he came to review the case. More often than not the total of all these errors would cancel each other out and the effect on the accounts on which the audit opinion was to be expressed would be dismissed as "not material."

As the lunch counter loomed ever nearer I noticed that the assistant stood, eyebrow arched, holding two buttered slices of bread, silently enquiring as to my choice of filling. Like the errors I had found in the accounts ten years earlier I realised that the

effect on my overall financial position of choosing a smoked salmon sandwich (with lemon and black pepper) over a cheese sandwich (with lettuce and tomato) would be "not material".

After that particular penny had dropped it was easy to order the smoked salmon sandwich.

On further reflection I realised that this was one of the occasions I recognised the two very different internal voices which I possessed.

Just as I had agonised endlessly over a trivial sandwich I could also spend disproportionate amounts of time pricing the different brands of washing powder in the supermarket.

On the other hand, I had been known to buy cars or houses within minutes of seeing them possibly at a significant financial disadvantage because I did not care to negotiate and knew instinctively when I had found something important which I needed and which was far more important than washing powder.

These two voices may not have quite corresponded with Thoreau's spiritual and primitive instincts but I was certainly aware that there were distinctly varied aspects which comprised my composite personality.

Conventional wisdom was as unhelpful as ever in trying to understand this riddle. To those who accused me of gross irresponsibility and of being "penny wise, pound foolish" I would retort "look after the pennies and the pounds will look after themselves."

This philosophy of contradictions had been reinforced by my accountancy training. One day, when I had been airily holding forth on large scale financial and economic matters of which I had only a tenuous grip and declaring that a "broad brush" approach was needed the partner of the firm with whom I was training had wandered into the room, nodded and reminded everyone that the broad brush always needed to have some pretty stiff bristles.

Trying to obtain a balance between getting the details right without losing sight of the big picture has been a continuous challenge ever since.

As time went by, however, I noticed that the way I made my financial decisions seemed to reflect the way the world worked in a more general sense.

In my work as a financial adviser there was an overall requirement to "know your client" – that is to say, understand their financial position, preferences, attitude to risk and so on.

Ask me what course of action a client should take and I could often give you a more or less instant response but regulatory authorities in the financial world prescribe exactly what information is needed, how it must be recorded and the process which must be seen to have been followed before offering such advice to the client.

I learned that the wider the perspective that is taken, the fewer the rules which are needed and also that part of any project is getting the details right. To take one approach at the expense of the other is highly likely to ensure the failure of the project – both are important.

For example, WRP, the managing director for whom I worked immediately before becoming self-employed had noted that when he was offered the position he received no detailed job description but was simply told by the chairman to "turn the existing loss into a profit." That is very different from the detailed instructions which the machinists had to follow in the foundry and tube mill over which he had responsibility but without following those instructions correctly the switch from loss to profit would not be achieved.

Two thousand years ago Rabbi Hillel was told by the Romans that he would be tortured unless he could recite the whole of the Torah (Jewish religious teaching) while standing on one leg. Legend has it that he stood on one leg and said, "Do not do to another person that which is hateful to yourself – the rest is commentary."

It was analogous to the difference between body and soul. The body requires the correct levels of exercise and food for the many

nerves, muscles and organs while the soul knows exactly what must be done for the long term good without discussion or doubt.

Without a correctly working body we are unable to experience physical life fully yet the degree to which we look after our body – what food we put into it, what creams and lotions we apply to it, the amount we decorate it or disfigure it. This varies enormously according not only to our individual taste but also to the patterns of our generation, the society in which we live and the money we have available to us.

For one friend of mine, luxury soap is a basic requirement, literally the bread of life. Even if she were living on social security benefits in a ramshackle attic apartment she would still buy Jo Malone soap before she bought food. Another friend is so passionate about his art that he will use every last penny to pay for brushes, paints and tuition to the point where he bears more than a passing resemblance to Robinson Crusoe after being cast away for ten years on a desert island, so wild is his appearance due to his lack of concern over this physical aspect of his life.

A position somewhere between these two extreme examples might well be the ideal but neither of these friends can be judged for the greater or lesser attention they pay to their bodies – we are all on a path to somewhere even if each person's path looks quite different from any other.

One of the most basic financial decisions with which we are confronted is how to preserve and maintain the particular physical vehicle we inhabit. This sort of decision faces us every day. Do we go for the smoked salmon or the cheese?

In my case the struggle was to be able to buy the smoked salmon yet for someone brought up in a smokery they might have had enough smoked salmon as a child to last a lifetime. As the Duke of Dunstable says in Gilbert and Sullivan's opera, *Patience*:

"Toffee in moderation is a capital thing. But to *live* on toffee – toffee for breakfast, toffee for dinner, toffee for tea – to have it supposed that you care for nothing *but* toffee, and that you would

consider yourself insulted if anything but toffee were offered to you – how would you like *that*?"

To which Colonel Calverley replies:

*"*I can quite believe that, under those circumstances, even toffee would become monotonous.*"*

Once, when my father was home on leave from serving in the Second World War my grandmother waited at the butcher's shop for more than two hours in order to buy some liver which was in short supply and which she thought would be a special treat for my father.

Eventually she managed to get some of the liver – at considerable cost - which she proudly and lovingly served to my father (so the story goes) who, without wanting to upset my grandmother, didn't eat it with quite the enthusiasm she was expecting. The reason that liver was in short supply in the UK was that it had all been sent to the men serving in the armed forces to give them additional strength and my father had seen enough liver to last a lifetime…

At lunch, during my last months as an employee I noticed my boss, WRP, would always pour a large pile of salt onto the edge of his plate. At that time I was annoyingly evangelical about reduction in salt intake but, fortunately, never commented on (what seemed to me) this excessive portion. One day, *a propos* of nothing, WRP, mentioned that his doctor had told him that he must increase his salt intake in order to counteract an under-active thyroid gland.

How glad I was that I had not expressed an opinion on the subject - what is right for one person's physical vehicle is not necessarily right for another.

I once stayed with a family in St. Petersburg and took the family out for dinner at the best restaurant in the city to thank them for their hospitality. The cost for four of us was £5 – a fairly

insignificant amount to a British tourist even in 1991 - yet my hostess was almost inconsolable at the thought that she could have fed an entire family for a month on the roubles that our sterling would have bought.

What has become clear to me over the years since the story of the smoked salmon sandwich is that the financial decisions we make usually have very little to do with the absolute amount of money involved.

We may buy for comfort or security as much as for sustenance - taking an inventory of what is thrown out of the refrigerator at the end of the week can be a salutary experience.

While public health may be better now than at any time in the past the imposition of "sell by dates" means it is easier to simply surrender our own power in order to make a decision. A good sniff of the milk will tell you whether it is fit to drink regardless of what the label says!

Making conscious financial decisions about our physical welfare is just the first step in establishing a healthy relationship with money wherever we encounter it in our lives.