

FAME & FORTUNE
PÁDRAIG Ó CÉIDIGH TALKS TO LINDA DALY

Airline boss came down with a bump

The Aer Arann collapse taught the tycoon how to keep his feet firmly on the ground

HE WAS once worth €40m but Pádraig Ó Céidigh disappeared from The Sunday Times Rich List after Aer Arann, the air taxi business he transformed into a fast-growing regional airline, ended up in examinership in 2010.

A heart attack two years later was the catalyst for a change of lifestyle, including the decision to sell Aer Arann to British haulier Stobart, which rebranded the airline to Aer Lingus Regional operating routes to the UK under franchise. A native Irish speaker, Ó Céidigh retained ownerships of Aer Arann Islands, which flies from Connemara to the Aran Islands. He has also set up home care provider Casla.

He joined the board of RTE in January and is adjunct professor of entrepreneurship at NUI Galway. Ó Céidigh is heavily involved in charitable work, sponsoring the annual Aran Islands half marathon and helping to raise more than €1m for Temple Street children's hospital in Dublin.

Ó Céidigh, 57, lives in Galway with his wife Caitlin. They have four adult children.

How much money do you normally carry in your wallet?
€30 to €50.

Are you a saver or spender?
I'm more of a saver. It goes back to my childhood when we didn't have much money.

Do you buy shares?
During the boom I bought shares in Allied Irish Banks and Anglo Irish Bank. A lot of people lost out so there's nothing special about me. I still buy shares, but I buy differently now.

I make the biggest mistakes when I follow the crowd; I make the biggest gains when I go in the opposite direction.

Have you ever been hard up or broke?
Growing up we had no money. My father had to go to England to work for eight or nine months a year just to put food on the table. When I got involved in business I was on the headline for a number of years. I went a couple of years without taking a salary because I needed to pay the wages and there wasn't enough money to go around.

Do you own property?
I have a mixture of residential and commercial property.

What was your first job and how much were you paid?

We lived by the sea in Connemara and at about eight or nine we would pick periwinkles. We sold them to a company that exported them to France, where they were hugely popular.

At 13, I worked at weekends for Crolly Dolls, a local factory that made toys in Spiddal, Co Galway. My job was to put the legs, arms and heads onto the body of the doll before someone put the clothes on and someone else combed the hair. I was paid 5 or 6 shillings (30c-40c) a day.

What is the most lucrative work you have done?

A number of years ago I was asked to speak at a business conference and was paid €15,000 for a half-hour's talk — €500 a minute. I don't think Wayne Rooney's on that money.

What is the worst thing to have happened to you financially?

Putting Aer Arann into examinership. Ryanair had attacked us aggressively. We were too small and unable to compete with the scale and size of that airline. The recession meant fewer people were flying. Fuel costs multiplied three or fourfold and that affected us badly.

We were able to tight off these threats but what broke the camel's back was the Icelandic volcanic ash cloud. As the airports closed, it caused us serious problems.

Did examinership save the company?

Definitely. Not one person lost their job and the commitment of the staff during the process was unreal. The single biggest privilege through all of my years in business, including examinership, was the incredible support of the Irish people who flew with us.

Have you seen people spend money in a way that shocked you?

God yes, especially people spending money on helicopters. It was all ego-driven — rubbish stuff I couldn't fathom. It wouldn't have shocked me if there were sound economic reasons for buying



Ó Céidigh has his own philosophy for buying shares. 'I make the biggest mistakes when I follow the crowd; I make the biggest gains when I go in the opposite direction'

helicopters. It wasn't just high-flyers. People on modest incomes jumped on the bandwagon, buying apartments and houses in Spain and Portugal. Hindsight is 20/20 but it was a case of going with the crowd.

I did not go with the crowd on stuff like that. I did not invest in property in Ireland during the Celtic tiger because I couldn't see where it would end. That's what made the difference in relation to where I'm at now. I'm very comfortable, happy and in a good space. I don't owe money to banks; I'm not in Nama.

What was your best investment?

In some ways Aer Arann was my best and worst investment. The best was when I created the airline. I had no money and grew it from zero to €130m turnover in four years. The growth was phenomenal because I started from nothing. Despite the growth, I had to put the company into examinership in 2010. It reduced the value of the airline significantly.

What's the most extravagant thing you've bought?

I drive a 7 Series BMW but it is my office, so I don't see it as too extravagant. I'm genuinely not an extravagant person. My

family are always telling me to spend money on myself.

Do you manage your own financial affairs?
I do because my background is in accountancy so I understand finances.

Are you better off than your parents?
Financially I'm way better off but from a stress point of view it was a lot simpler in my parents' time.

What aspect of the tax system would you change if you could?
A lot of things. I'd increase the income

level at which people have to pay tax. I'd have a much wider tax band of middle income earners because they carried the brunt of austerity. I'd strongly encourage business and creative people to take risks. I'd reduce capital gains tax to about 15% [from 33% currently] so people who want to sell their company would have an incentive to do so.

I would also like to see much stronger compliance in relation to social welfare. I strongly support people who, for reasons outside their control, don't have the resources for a fundamental basic standard of living. Unfortunately, there

are people who are screwing the system. I'd get harsh with that.

What is the most important lesson you have learnt about money?

You need to have a certain amount of money to get through life at a reasonable standard but, above that, it won't make you happy. I know a lot of people who made a lot of money and are very sad people. Money can and does change most people and not necessarily for the better.

What's your financial priority?
My family.

Employing a top-notch financial adviser is money well spent

YOU can't put a price on the comfort of knowing you have "enough" to live the life you want without fear of running out of money. Ascertaining your future financial position requires a personal financial plan. Engaging a professional financial planner to help you devise your plan is one of the smartest things anyone could do.

Choosing a financial adviser is as important as choosing a doctor. Both involve personal relationships with the capacity to have a significant impact on your health — financially, medically or both. A recent study by American fund manager Vanguard estimated that working with a competent financial planner adds about 3% a year to your investment returns.

In Ireland, financial planning took a big step forward in 2009 with the introduction of the certified financial planner (CFP) accreditation. This requires Irish holders to obtain, at a minimum, a graduate diploma in financial planning from University College Dublin's business school before applying for accreditation and passing a further financial planning examination.

The CFP accreditation is recognised as a global standard of excellence in financial planning. Currently there are 316 CFPs in Ireland and 158,000 in more than 26 countries around the world.

Two years ago, the Society of Financial Planners Ireland (SFPI) was set up to provide a professional platform for cli-

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ent-facing financial planners specialising in personal and corporate finance, investments, trusts, estate planning and pensions. It provides education, training and networking for its members, who include some of the country's most experienced financial planners. This week the SFPI launches a national register of qualified financial practitioners, listing their contact details, qualifications, type of financial planner and remuneration basis — see sfpi.ie.

As choosing a financial planner will affect your financial future, it is important to ensure you find the most competent, trustworthy and qualified professional with whom you can work over the long term. To assist readers in this task, the following questions might be useful:

1 What are your qualifications?
The myriad professional qualifications that exist for financial advisers and planners can make this analysis quite complex. Financial planning is a detailed, comprehensive process and requires an individual who has proven experience and skill in the financial planning process.

Make sure you have a good understanding of the planner's qualifications, confirming that they are, in fact, a qualified planner. Check to see if they hold advanced professional credentials, such as the CFP accreditation.

2 What experience do you have?
Do not hesitate to ask how long the planner has been in practice, how long they have actually practised as a financial planner, the firms with which they have been associated and how this experience relates to their current practice.

3 What services do you offer?
These will vary depending on financial planners' credentials, areas of expertise and the firms for which they work. Some prefer to develop detailed financial plans encompassing all of a client's financial goals. Others choose to concentrate on specific areas — taxation, estate planning, insurance and investments. Ask whether the individual deals only with clients whose net worth and income are above a certain level, and whether the planner will help you implement the plan they develop, or refer you to others who will do so.

4 How will I pay for your services and how much do you typically charge?

There is no such thing as free financial advice. Your planner should disclose the cost of their services in writing before starting to work with you, clarifying how they will charge for the services they will provide.

5 How are you regulated?
Financial planning professionals are regulated by the Central Bank of Ireland and must abide by the code of ethics and be members of their relevant professional educational bodies.

You should ask whether the advice they give when recommending financial products is independent or restricted.

6 How often do you review my situation?

Although many do so more frequently, good financial planners will undertake a thorough review of your plan once a year to ensure it stays up to date and suitable for your changing circumstances. An annual review is usually sufficient once the initial financial planning review has taken place.

7 Can I have it in writing?
Be sure to ask the planner to provide you with a written agreement detailing the services that will be provided, including charges for both the initial financial plan and any subsequent product implementation that might be necessary.

Eamon Porter is the chairman of the Society of Financial Planners Ireland

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