

## In search of a few good entrepreneurs

### Wayne financial planner builds network of advice

By CAROL FLETCHER  
STAFF WRITER

Mark Charnet, founder of Wayne-based Diversified Financial Services Group and its franchise version, American Prosperity Group, doesn't give up easily.

The 28-year insurance sales and retirement planning veteran sued manufacturing giant DuPont over contaminated groundwater at his former home in Pompton Lakes and then appealed the decision twice before losing.

He also pulled himself and his wife, Terry Larsson Charnet, out of bankruptcy brought on by a 70 percent cut to his salary from a former employer that left them on the street with a newborn baby.

But when he discovered that sales representatives he had trained at Diversified Financial were leaving to open competing businesses using his sales techniques, Charnet turned to the franchise concept to protect his methods.

"I came to the proverbial fork in the road," said Charnet. "My decision was to not train another person – or find a way I can realize my passion by training and teaching [others] in this industry in a way that they can't hurt me."

His impetus for launching Diversified Financial was his first experience selling life insurance. Charnet found his managers trained him to sell to family and close friends who wanted him to succeed. But once they bought the policies, the training ended, and he found the issue was an industrywide oversight.

"They never teach people to build a clientele, how to prospect, how to market," said Charnet, "and as a result the industry has a fortune of people that don't make it."

He taught himself, instead, by reading books and listening to books on tape about sales principles and strategies and retirement and investment planning. He became a student of the late motivational author Napoleon Hill.

But after 10 years in the industry seeing untrained entry-level salespeople quickly defeated, Charnet decided to start Diversified Financial in 1991 to sell insurance and individual retirement accounts, mutu-



CHRIS PEDOTA/STAFF PHOTOGRAPHER

Mark Charnet, CEO and founder of American Prosperity Group, and his wife, Terry, train retirement and estate planners in the ornate Italian Renaissance-inspired conference center of their Wayne home.

al funds and annuities, and teach others how to sell them.

"The public perception of life insurance sales is not very good," said Charnet. "It's 'Run for cover! Hold your wallet!' and it shouldn't be that way."

However, former trainees whom he had hired began to leave and use his principles to compete with him, forming the impetus to franchise Diversified Financial as American Prosperity Group in 2003.

Charnet believed the franchise model, in which franchisees sometimes have to

sign non-competition agreements, was the way to go, also figuring those willing to pay a franchise fee meant they would be committed to the business.

But the venture cost time and money because a franchise advising retirement and estate planning is unique, said Charnet. He spent about \$1 million in legal fees to set up the business model and company with a franchise disclosure document that protected him against competition from his trainees. It also took time to get licenses in various states to operate and

advertise as a franchise, and to sell life insurance and retirement investments.

"That's why no one has done this before," he said. He estimated a \$5 million loss in revenue while starting the new company. "Sometimes you have to take a giant step back to take a huge leap forward."

After three years, Charnet was licensed in 40 states, which matched his target demographics of a dense, somewhat affluent population and specifically clients 65 to 70 years old. He has gained three more states

since then. American Prosperity Group now has 11 units including those in Closter, Englewood and three other New Jersey towns, with three more in the works.

Charnet advertised for franchisees through friends and family, with advertisements in *Entrepreneur* and *Inc.* magazines and ads in military magazines aimed at people in the armed forces and *The Wall Street Journal*. He initially exhibited at the International Franchise Association's annual trade show and now lists American Prosperity Group on the IFA Web site.

He also gives a percentage of the franchise fee and sometimes a monthly fee to businesses that act as matchmakers between potential franchisees and franchisors, such as *The Entrepreneur's Source* and *FranNet*, said Charnet.

These matchmakers have become the biggest source of candidates interested in buying a franchise, he said, and recently about half the people who attended the introductory workshops from these companies became franchisees.

Starting up an American Prosperity franchise costs about \$85,000 but can range to \$120,000, said Charnet. The amount includes the \$50,000 franchise fee, office furnishings, security deposits for utilities and rent, travel and licensing fees, he said.

He generally requires that candidates have \$100,000 in capital, such as home equity loans or existing 401(k) plans. Candidates are usually men in their 40s, disenchanted with the corporate world who want their own business.

"The subject of money has to be of interest to them, because that's what we do all day," said Charnet, and they should have an ability to work with numbers. They also should be good public speakers, coachable and be able to work with his target clients who are senior citizens. Charnet insists that his franchise candidates have no experience selling or investment planning.

"I don't need to deprogram, debrief and reprogram," he said. "I'd just rather program and educate once."

Charnet said his goal is to open 1,000 franchises nationally in 12 years and hopes his success in training people will set a precedent in the insurance industry.

"The rest of the industry – the insurance industry – is going to emulate this when we become big and noticeable," he said.

### American Prosperity Group, Wayne

Founded: 2003

Owner: Mark Charnet

Employees: Six, including an intern, Charnet's wife and himself

Revenue: \$1 million to \$5 million

Web site: [1apg.com/section1.cfm](http://1apg.com/section1.cfm)

**Advice:** Charnet says potential business owners should never open a business without enough capital. Equally important is to offer a unique product, market it in a unique way and be unique yourself. That personal style, he says, should be "different and attractive to others and something that captures their attention, to help you expand upon your unique product. And how they're going to find you is your uniqueness in your marketing."