

## Two of a kind

Take one planner – a former receptionist who bought the company – and add another savvy industry veteran. Together they've formed StrategyOne, merging their practices and skills, Ruth Liew reports.

**T**wo financial planning veterans opted to merge their practices ahead of the upcoming Future of Financial Advice (FoFA) reforms but they soon learned that the path to implementing a merger was strewn with roadblocks.

Sydney-based StrategyOne Advice Network, which is licensed by Lonsdale Financial Group, was established following the merger of two former Godfrey Pembroke planning businesses, run by Virginia Heyer and Venn O'Neill.

Heyer's journey in financial planning began in 1985 when she started work at the reception desk of a Bain & Company office in Parramatta, in Sydney's west.

She worked her way up in the company, training as a financial planner, and was still there two decades later when the directors of the business – which by then had migrated to Chatswood, on Sydney's north shore – decided to sell.

Heyer stayed. She put her hand up to buy the company, and didn't look back.

"I was the girl who started in reception, and ended up owning the company," she says.

O'Neill has a legal background and was a chartered accountant for 14 years. He started advising clients in 1994 and specialised in tax and superannuation. Like Heyer, he had previously worked at Bain & Co.

By coincidence, both had started operating their businesses under the Godfrey Pembroke banner in March 2001, Heyer based in Chatswood and O'Neill working in Sydney's CBD. The pair has known each other since 1991.

Last year, Heyer and O'Neill both started to look for ways to expand their practices in challenging economic and regulatory environments but when they each began testing the waters for business partners, neither had thought of merging their two businesses together.

"We were approached separately [by various firms] looking to purchase part or all of our businesses," Heyer says.

But the search for the right partner proved futile for both Heyer and O'Neill. For six months, each party plugged away, spending resources and time carefully assessing potential candidates. Heyer and O'Neill started comparing notes on the processes they had been going through.

"What we found was that we were using up a lot of our own time to look at what people were offering us," Heyer says.

"We'd find later that it wasn't a fit. It might have taken us months to reach that point."

O'Neill pointed out that they were increasingly taking their "eye off the ball" for both businesses. Out of sheer frustration, they each

decided to hire consultants to help them, in June last year.

Anthony Hunt and former head of Asgard Wealth Solutions, Wayne Wilson, from Hunts' Group Consulting, were brought in to evaluate both businesses and ask some tough questions.

Hunt and Wilson spent two days laying bare the practices' structure, revenue and cost drivers.

There was to be no smoke and mirrors or talking up of the businesses – just honest answers and transparent finance figures.

After the consultation, Hunt and Wilson's advice to the planners was clear. "You should merge, they said," Heyer recalls.

The pair started to ask each other some honest questions. After some discussion, they came to an agreement to bring their businesses together. "In the end we shook hands on it," O'Neill says.

A critical point in the discussions

was the "job description talk", where both Heyer and O'Neill sat down and went through, line by line, what their jobs would entail.

O'Neill is a director of the business and works as an adviser. Heyer is the practice's managing director.

"We clearly understood what we were going to pay each other – there was no confusion about money," Heyer says. "We had also planned how we would 'divorce' just in case it happened, and we spent time with lawyers mapping out all the 'what-ifs'."

Once StrategyOne was ready to go to market, the search began for the right equity partner. More than 30 businesses approached the newly merged firm before DKN and its subsidiary Lonsdale Financial Group, was selected after a long due diligence process.

In June, DKN moved in to purchase a 25 per cent stake in the business.

O'Neill says the switch from Godfrey Pembroke to DKN was hard, but important. The cultural fit was right, the services met the merged practice's needs, and the dealer group offered a platform solution that fit their bill.

Today, O'Neill and Heyer channel their day-to-day efforts into running and improving their business.

The respect is mutual – each professional understands where their strengths and weaknesses lie.

StrategyOne now has around \$500 million in funds under advice and a book of about 900 active clients.



**Virginia Heyer and Venn O'Neill, StrategyOne: Each had been looking long and hard for a business partner. A consultancy firm suggested they merge, so they 'shook hands on it'.**

LOUIE DOUVIS

The firm provides advice on areas such as retirement preparation and planning, self-managed superannuation and tax-effective strategies.

One of the greatest challenges facing the business – and as both directors would argue, the financial planning industry as a whole – is basic technology services.

O'Neill and Heyer struggled with finding the right technology partners to provide them with the tools to efficiently track and record basic client and business information.

"As an industry there's a lot of things we don't do very well – technology is one," Heyer says.

"You have to go out and buy bits of technology from different places. From back offices to ... work-flow tracking and tracking revenue."

Platform technology was another area for improvement, O'Neill adds.

"Dealing with the consultants, we realised a couple of things – we needed better systems and

platforms," he says. "We wanted to be able to deliver our clients more efficient platforms at a good price."

Technology is a hurdle that StrategyOne says it is overcoming after implementing Iress Market Technology's Xplan software now that they have merged.

But with the FoFA reforms deadline looming, Heyer and O'Neill believe that the firm and the industry have a long way to go before they have the technology backbone of planners' businesses down pat.

"I've been a bit frustrated having been in the industry since 1985, that we seem to have not come very far when it came to some of those things," Heyer says.

Communication was key throughout the merger process, and clients were kept up-to-date about where the businesses were heading. Few active clients were lost during and following the consolidation.

Most of the two practices' inactive or "B-grade" clients books were sold to Godfrey Pembroke

prior to the merger. StrategyOne now has around \$500 million in funds under advice and a book of about 900 active clients.

With the merger and the transition from the Godfrey Pembroke brand to Lonsdale now complete, Heyer and O'Neill are buckling down and focusing more on client service and growing the practice.

Expansion plans are already under way. There are three planners at the practice: O'Neill, Duncan Derrington and John Kosmidis and the business is actively looking for a fourth planner. In August, it formed a joint venture with mortgage specialist Natalie Copeland and is also seeking to hire an adviser specialising in insurance.

Heyer says the business did not want its advisers to do everything. It prefers to employ specialists.

In addition to its internal staff, StrategyOne has several joint ventures, both official and unofficial, that have been put in place with accounting firms.

The business is still working through its fee strategy. The practice operates both an asset-based charge and flat-fee model.

"We are all moving towards fee-for-service so we're in different parts of transition," O'Neill says.

Heyer adds that in the future the business would like to be able to offer its clients options as to how they would like to pay for the advice they receive.

The duo believes that for many planners, now is a crucial time to decide how practice owners should position their businesses.

"If you're not doing something proactive, you'll potentially fall to the bottom," O'Neill says.

There is no time for hesitation, for those looking to finalise their business models as the FoFA reforms deadline draws near.

"So unless you're positioning yourself now to be ready for the changes, and making the business as strong as it can be, you're not going to be able to end up growing your business," Heyer says. ☒