

# Financially

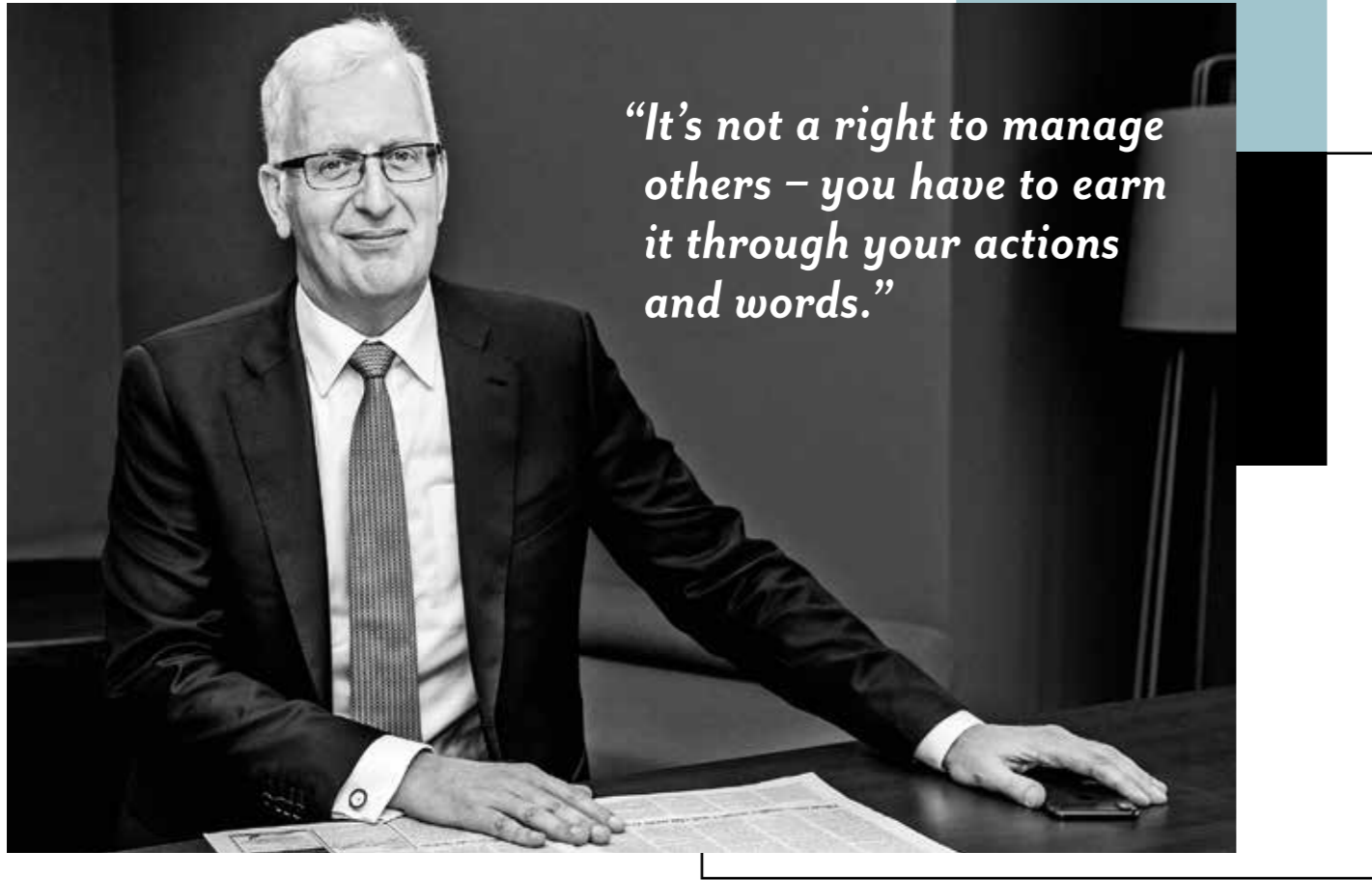
# FIT

WITH MORE THAN 30 YEARS IN THE FUNDS MANAGEMENT BUSINESS, PRESIDENT AND CEO OF THE A\$7 BILLION LA TROBE FINANCIAL, **GREG O'NEILL**, KNOWS A THING OR TWO. GREG SAT DOWN WITH *THE CEO MAGAZINE* TO SHARE HIS ADVICE FOR MAKING SMART INVESTMENTS AND REVEAL HIS APPROACH TO LEADERSHIP.

WORDS SHARON MASIGE • IMAGES SCOTT EHLER

If Greg O'Neill had not decided to join the wealth management business, La Trobe Financial, he says he would have become a teacher. The subject? Finance. "It is because of the 12th wonder of the world – compound interest," Greg, the company's President and CEO, explains. "The day I turned 14, I realised that if you invested A\$100, at the end of the year it would turn into A\$104 at four per cent, and the following year to A\$112. The money worked for you – I was fascinated."





**“It’s not a right to manage others – you have to earn it through your actions and words.”**

La Trobe Financial was founded by Greg’s father Ray in Victoria in 1952 to provide credit and funds management services. Headquartered in Melbourne, the company takes its name from the first Lieutenant-Governor of Victoria Charles Joseph La Trobe. Prior to his Governor status, Charles called for Port Philip to become a separate colony from New South Wales with its own finances and government and, once appointed, he reserved land around Melbourne for parks, a university and a public library.

We are seated in La Trobe Financial’s Sydney office on the 25th floor of the iconic Chifley Tower, overlooking the myriad skyscrapers dotting the CBD. It has been two years since Greg last spoke with *The CEO Magazine*, during which the company has grown to 308 staff across Australia and Asia-Pacific and has A\$7 billion worth of assets under management (AUM). On top of that, 80 per cent of the business was acquired by New York-based Blackstone LLP in December 2017, marking a major boost for its operations. Blackstone is the world’s largest alternative asset manager with US\$472 billion AUM.

“There was incredible alignment when I met Blackstone in New York,” Greg says. “What has

changed for the business is simply one thing: the share register has changed from a sole owner-operator business to having a very deep share register with a large, international player backing the business. In all other respects, they’ve provided no capital, they’re on our board and they’re very pleased with the investment thus far.”

#### **THE SMART INVESTOR**

While asking for advice doesn’t come easily to most people, Greg says it is one of the most important steps you must take to become smarter with your investments. “It’s highly valuable but highly threatening for most people,” he says. “To ask that question requires you to admit that you don’t understand. If you don’t understand anything, ask. It’s that simple. If you can’t explain a proposed investment to someone else then you don’t understand it. And if you don’t understand it, either ask more questions until you do, or just don’t do it.”

To take this concept one step further, Greg suggests asking not one, but three people for advice: your parents, a professional adviser and a 12th grader. “Twelfth graders will tell you truths that most people won’t because they don’t filter; they don’t try to sell

Outside work, Greg, at 6’4”, has had a longstanding involvement with basketball. He was former Chairman of the Melbourne Tigers National Basketball Club and currently serves as Chairman of the Australian Basketball Players Association (ABPA). “Sport teaches us about winning, losing and the importance of teams,” he says. “Even in specialist, individualised sport, each athlete has a support team of physios, dietitians, strength coaches, and so on.” Further, in a world first, the ABPA signed a collective bargaining agreement (CBA) with Basketball Australia on standardised employment conditions for all players. “At the International Athletic Alliance in Paris, the Federation of International Basketball Association (FIBA) asked us to share our agreement with them because we’re the first in the world to have a CBA for national teams, where we’ve negotiated pregnancy leave, minimum wages, minimum flight standards and hotel standards,” Greg says. “This is what leadership is about – doing what others aren’t prepared to do.”

you something,” he explains. “I’ve always worked on a principle that if you really want to understand a product you should be able to teach it to a 12th grader. If you can’t, you don’t get it.”

Greg believes the biggest mistake you can make when undertaking a new investment is trying to beat the market – “to try and knock the ball out of the park” – with one giant bet. “First, don’t put all your eggs in one basket; in one investment or one

company. And don’t be greedy,” he says. “If the rate of return looks too good to be true, then it probably is. High returns will carry a very high downside risk.”

He highlights that diversification always was and always will be the best way to defeat downside risk. “Remember, it’s better to be a Bradman – to just get to the crease and hit singles – than a Bradbury – getting the gold only when catastrophe happens and others fall over.”

#### **LEADERSHIP AS A PRIVILEGE**

Having worked at La Trobe Financial for more than 30 years, Greg takes a very humble approach to leadership. “Managing people is a very difficult but privileged position,” he says. “It’s not a right to manage others – you have to earn it through your actions and words.”

Among the many effective leadership skills one must have as a manager, Greg specifically mentions the ability to handle confrontation. “Some leaders shy away from anything that resembles an altercation in the mistaken impression that it will make them more likeable,” he says. “Or they delegate it and let someone else do the ‘dirty work’. Both styles are wrong.”

Greg explains that if you aim to be a leader just to be popular, you’re not prepared to “grab the hard ball”. “The day you do that, it becomes what they call in psychology, a ‘blink moment’,” he says. “Your staff will never tell you that you let them down, that you blinked. When you need to take them to that position on the hill, when you’re fighting those deep battles, or when there’s a lot of stress in the business, they won’t follow. “You have to be willing to confront both the external world to protect your staff and, occasionally, confront one or two of your staff, who, for whatever reasons, may have fallen off the bus for a while. Everybody is capable of corrective behaviour, sometimes its self-correction and sometimes you have to explain to them where you need them to be. It’s their choice and if they choose not to be part of the vision of the organisation, then it’s your role to confront that and to make sure that everybody is still aligned.”

#### **THE KEY TO FINANCIAL INDEPENDENCE**

At the heart of La Trobe Financial is the belief that home ownership is the foundation of financial independence. But for Australian millennials nowadays,

## “We recognise that when you get the people bit right, the rest follows.”

that notion seems to be difficult to grasp; an opinion Greg says is driven largely by the media. “When you read the Australian press, certainly it appears to be getting harder [for millennials to own a home],” he says. “When you take some hard metrics on that, such as the average house price to the average wage in Australia in the past decade, it’s moved in an unfavourable direction away from young home owners.”

Despite the numbers, Greg believes it should not rule millennials out of buying a property. “If you listen to the press, it’s all negative,” he says. However, we know one thing, that Australia’s economy has been robust over the past 27 years without recession because of a number of factors. One of those factors is a great diversity of companies that employ people. There are about 4.3 million self-employed people in the country. They all run small businesses and those small businesses are supported by a mortgage on their home.

“We think home ownership still anchors not only financial independence but the start of many successful private businesses in this country. I would hate to think that a whole generation of young people read the press and make a very short-term decision and say, ‘I can’t buy now, therefore, I’ll never buy’. It’s important to see this asset class in the longer horizon. It’s a function of timing; realising that this moment is not necessarily a good time to buy. But not to give up on that dream because it’s very important for your financial independence.”

### A PROUD LEGACY

Greg considers his greatest success in life to be his marriage to wife, Katie, and his five children. “I have to say that for good political reasons,” he laughs. Following on from that is the continuation of his father’s legacy, especially with the company’s long-held principle of ‘others before self’. “The thing that I’m really proud of is that all the staff believe in what we’re doing,” he says. “That the ‘others before self’ principle is alive and well at La Trobe Financial and we share it with our customers every day. You can remove three of the senior executives, including



myself, and that culture is embedded in the next group down, and the next group down. This is a business that now has sustainability for the next 40 to 50 years and we’re very proud of that.”

While it may be easy to point to an influential person or world leader as a source of inspiration, Greg is instead inspired by the 308 people who work at La Trobe Financial. “When I come in, they are so passionate, so committed and actually believe in the journey,” he says. “We had our annual Awards night recently, where all 308 of us got together in a room and I read out a borrower’s letter. This person wrote, ‘To whom it may concern, I don’t know if anybody will read this letter; however, I just want to let you know that this home that you mortgaged for us has

given us a lifetime of memories... My wife has now passed on, our children have taken their place in the world, and it was because of what your firm did, when no other organisation would lend to us, that we have had this wonderful journey. Thank you.’ It’s coming to work and listening to those stories that inspires the whole team and still inspires me after 33 years of work.”

Greg considers his secret weapon for business success to be the understanding that at the heart of any great company are great people. “As some wise person once said, we all live in the shade of trees planted by others,” he says. “I’ve lived in the shade of trees planted by those before me and hopefully the staff will also return that in kind in decades ahead.”

He goes on to add: “Our business like all others is made up of three things: people, processes and platforms. We recognise that when you get the people bit right, the rest follows and this requires putting customers and staff first. Your competitors can replicate your cost structure, distribution, and even your products, but they can’t replicate your customer satisfaction with your staff and how your staff deliver your products and services. To activate that secret weapon in your company you must encourage staff to see that they are all leaders to varying degrees; in their families, communities, churches and peer groups. And to give the good ones plenty of space and autonomy to lead.”

Greg adds that the members of his executive team are all self-starters and employed for their passion, vision, and the energy that they bring to work every day. “Our Executives lead a truly remarkably group of people and they don’t need any further inspiration. We are all connected by one cause – that is to help ‘others before self’. This simple value binds us to our core mission of helping clients obtain financial independence. We hold a strong conviction about

home ownership being the foundation of financial independence for individuals. In doing our jobs we all truly believe we are assisting in the creation of safer communities, creating direct and indirect employment, adding to the stock of wealth for our fellow countrymen, and assisting people such as newly arrived migrants and many other under-served customers obtain access to finance. We are driven by this cause.”

### A THRIVING ECONOMY

While the world of financial investment is vast, Greg emphasises that La Trobe Financial will never be all things to all people. “We focus on the things we do well for our customers,” he says. “In our mind, to be a leader in one or two areas is better than being 25th in a whole range of things. That’s our underlying strategy.”

Because of this ideology, the company only has four investment options and removes risks associated with foreign exchange. “We don’t allow people to invest overseas,” Greg adds. “We keep our products capitals stable so it’s not volatile like share markets every single day. That’s the underlying componentry of keeping the business simple and focused. We’ve learned from watching the banking royal commission that large organisations appear to lose their character and forget who they’re meant to be serving. They try to be all things to all people and they end up not being particularly good at anything.”

As CEO, Greg has a clear plan for the future of La Trobe Financial. “We are clear on who we want to serve and how to serve,” he says. “We currently have A\$7 billion of AUM and are targeting A\$15 billion but it’s all about controlled growth and not getting ahead of ourselves.”

He is also optimistic about the company’s bright future thanks to its geography. “The population is sound in Australia; it’s growing. We’ve got an ageing population, so wealth creation in Australia is continuing. According to Credit Suisse we’re one of the richest countries in the world per capita.

“When we look at all the facets of the Australian economy, we see that unemployment is low, interest rates are low, GDP is very strong and business is booming. We’ve got fresh air, clean soil and a lot of space in this country. We live in the fastest, most exciting region of the world and we’ve got to embrace it. Our future is only limited by our imagination and commitment to focus on servicing customers better each day.” ■

GREG O’NEILL’S PHILOSOPHY  
ON INCREASING PRODUCTIVITY  
IN THE BUSINESS:  
“Come to work fired with  
enthusiasm or you surely  
will be.”