

# React News

## Avison Young/GVA six months on – what happens next?

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**The company is now looking to make a move on the London investment market**



Gerry Hughes, Jason Sibthorpe and Mark Rose

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- **What** The new look Avison Young business is closing in on bringing all aspects of the business together post its GVA merger
  - **Why** The transactional and consultancy teams are working together to win new mandates they would not previously been able to win
  - **What next** Avison Young is looking to beef up its London transactions business

It has been almost six months since Avison Young metamorphosed its UK presence by buying GVA. The acquisition took the Canadian firm's meaty 100 strong team, formed predominantly through the agglomeration of niche business, to 1,600 overnight.

Since then, the company has had a lot of bedding in to do, both the boring stuff like IT and systems, as well as finding the synergies to secure valuable mandates that they would not have been able to compete for previously.

*React News* sat down with principal and UK president, Jason Sibthorpe, to discuss the company's future acquisition plans, the cultural differences between the businesses that came together and how the UK business's strengths may be exported internationally.



Jason Sibthorpe now oversees a 1,600-strong UK business

### **What has most surprised you since the merger?**

I don't think there's been any shocks from a negative perspective. We've been pleasantly surprised by the revenue that has been created through synergies that teams have immediately identified themselves without us actually having to put any particular infrastructure in place.

You try and forensically review and interrogate what clients you have but in such a way that don't you don't annoy anyone and you join people up in the right manner but it is great when it just happens naturally.

The more and more face-to-face time that is spent between people makes a huge difference as it creates a very valuable emotional attachment as well an understanding of the business and changing the dynamic. We've been pleasantly surprised by how much success we have had in terms of people buying in on that front.

### **How does the performance of the business compare to your financial projections?**

Given where we are with the political landscape and the economic impact that is having and given the facts we have just the done biggest deal in AY history we are on budget. We are now five months into the year. There are pockets that are tough and there is not a lot of product out there on the transactions side but perhaps we are a bit more protected because of our competencies on the consultancy side. We are very comfortable that the business is robust.

### **What have you still got to do?**

When you do these mergers you are always looking for ways to create as much additional value as possible but you also have to be comfortable that it does take time. You have got 5,000 people and 1,600 in the UK that don't know the others and it is important to create intelligent communication.

Certain things have to get done and quickly as possible in a merger. Core operational issues, be that HR, IT, research etc there are certainly still things to be done. I think what was achieved behind the scenes by PR, finance and IT was incredible to make things look pretty seamless on day one. You always get teething problems though and we still need to invest in upscaling our IT. We have got to migrate our systems over to the US systems. But you have to get comfortable that you can't crack it all in one go. You have to take a bit of time to evaluate sometimes and make sure are making the best decisions.

### **Where have the greatest synergies been?**

The easiest wins were where we were amalgamating strength from the start. The Avison Young UK legacy business had a very strong logistics capability with North Rae Sanders and obviously GVA was built on the history of Grimley & Sons and its industrial reputation.

In retail we were able to bring together the former Wilkinson Williams team that we bought that are predominantly out of town investment and the GVA team specialised more in town and focused on occupiers so that is a nice combination.

Some of it has been around individual project opportunities. We are hoping to close a hotel development in the Docklands area where the Avison Young legacy part of the business is advising on the buy side where we couldn't really have carried on afterwards adding value without a hotel consultancy capability and the GVA business has a very strong piece there and joining them together secured a mandate for us worth £600,000. We may have kept a little of that but really much would have gone elsewhere and we wouldn't be able to provide that best value to the client. Now we can.

**How is the new look UK operation working with the international business?**



Gerry Hughes is now heading up Avison Young's European operation

It has been working with capital but also looking at core leasing work. One of our European affiliates is working on 400 acres of farmland in Texas as a result for a UK client somewhere certainly some consultancy. It has been a real mixture.

One of the biggest challenges and opportunities is taking the consultancy piece we do really well, where we have a sophisticated and different offer, not just to North America but also to Europe. Can we export that properly into something relevant on an international scale? Gerry [Hughes, former

GVA chief executive and now principal and president for Europe] is very passionate about that and is leading on that.

In North America we are the other way around – 80% transactional and 20% consultancy – and can we find a way to be relevant across the broader life cycle of a project.

### **Who is next in the cross-hairs on the acquisition front?**



Finding top London investment professionals to beef up the team is top of Sibthorpe's agenda

Nothing has changed in terms of our commitment to growth. Some people think we have done a big deal so we must look inwards and digest but what we are saying is the opposite. We need to keep moving forward to keep building the brand and be aggressive.

We are likely to be looking at more specialist firms though – doing another deal the size of GVA in the UK now might be a bit bold.

We are an incredibly strong business and it is public knowledge that we are consultancy led and crudely 80% of our revenue is consultancy and 20% is transactions and we would like to even that up a bit and growing our London markets business is our number one priority.

Avison Young's core growth came post the collapse of 2008 in times of economic uncertainty and we know that the turmoil that there is in the market creates opportunity as well. Of course, you need to be very confident you are investing in something relevant to the future but we look at Brexit as a short-term challenge that provides a long-term opportunity if we act now.

### **What were the cultural differences between Avison Young and GVA?**

GVA had the Bilfinger years and then the EQT situation where there had not been the ability for the business to define what it really wanted to do as it was being directed by EQT which only really had one ambition in mind and that creates certain requirements as to how the business needs to operate. Not the business has done a complete 180 and we have changed the mindset.

The good thing is that a lot of the leadership was here when GVA was a partnership and they know how to think and act like partners and we have some newly recruited leaders who have held senior positions in our competitors too. It is not necessarily a difficult journey, it's just reassuring people that there is now certainty and they can think about the next five to 10 years, not just the next three months where things could change dramatically.

It is very much our ethos that the most important title any of us have is principal, never mind the American title that accounts for my role in the UK business. The partnership piece is genuine and we have created 120-odd new partners within this business as well. It is not just lip service. We are not just doing this for the sake of being warm and flurry, by having a flat hierarchy we are giving people responsibility and empowering people. If you are good at what you do you are ambitious you want that responsibility and accountability.

### **Was there resistance to dropping the GVA name?**



Few shed a tear over the disappearance of the GVA name

When I joined at the end of 2016 it was ‘Avison Who?’ not Avison Young and it was very important that we very quickly established a market leading brand through smaller acquisitions that shaped out intent in the UK.

When the opportunity came up for GVA we were expecting a longer conversation and more deliberation and consideration around the branding. Do you change immediately or not change it or have a dual brand for a while?

When Mark [Rose, chief executive] and I started to come into some of the GVA offices pretty much everyone had already made that journey inside about they felt about it. There can be a lot of emotion around brand but the reality was that the GVA brand had only really been around six or seven years as was and to many people it was still Grimley’s, not GVA and then Bilfinger had come on the scene in terms of the name and then you had Apleona and all the questions of how that fitted in. There was a general consensus that the brand had been pulled around and diluted at best and damaged at worst. Now was the time to embrace a new direction and acknowledge that GVA was to become part of an international business and there really was pretty much no resistance at all.

### **What would your advice be for someone trying to undertake a similar-sized M&A deal in the advisory world as you have with GVA?**

Culture drives revenue and profits. My key piece of advice is to get to know the people the other side of the table. The financial side is just black and white, you have a view on price on either side and hopefully you meet somewhere in the middle. But you have to spend time understanding the

investment you are making across every part of the business. How is the operational side of the business looked after? How are graduates looked after? What level of communication is being made across a business? You have to DD every area, not just the leadership. We are fortunate in many ways because of structure of who we are that whenever we do M&A there are no cash only deals. BY taking equity and creating partners we create a financial and emotional attachment too, which helps.

You have to keep communicating as you go and just make sure that whether it is a PA in Edinburgh or a graduate in Leeds or an MD in Bristol that they are all being spoken to and given a voice. It's not rocket science but the reality is it doesn't always happen.