

Finance firm grows rare network

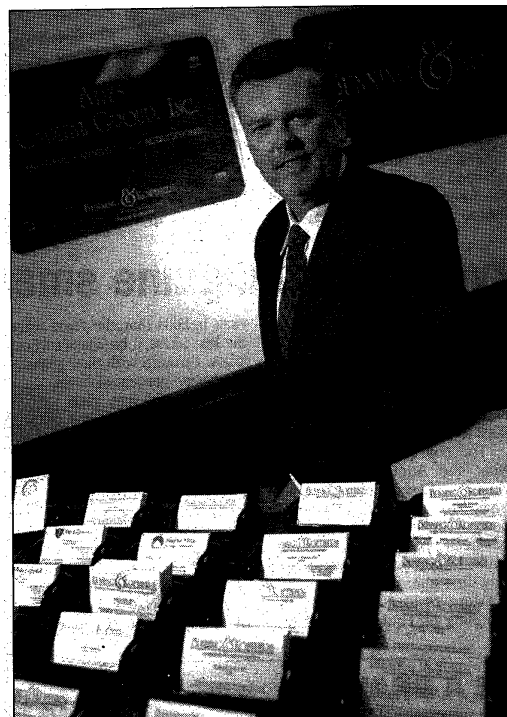
Mark Anderson Staff Writer/ Sacramento Business Journal/ September 19, 2003

A growing Citrus Heights financial company continues to add new firms to its expanding network of companies, creating a kind of union that's rarely seen because it's so complex.

Tax & Financial Professional Center Inc. is growing through mergers and affiliations to include tax, accounting, mortgage, real estate, appraisal, advisory, insurance, business brokerage and employee benefits administration services.

The goal is to offer clients handy access to different services in one place. The main clients are businesses.

The company, which soon will be home to Sunrise Vista Mortgage as part of the latest merger, is the work of tax preparer Bernard Bunning. The company also has small offices in Vacaville, Pleasanton and San Francisco; all operate under the name Tax and Financial Professional Center. The Citrus Heights center, 6939 Sunrise Blvd., will have about 60 people who work there after Sunrise Vista moves in.



Bunning has been trying to put the mixed operation together for 10 years. "The attraction is you can offer a single source solution that customers want," he said. "At the end of the day, the client can see what they got out of it.

"We started with slow growth and slow acceptance, but that has changed. We have accomplished more in the last year than we did in the last decade."

Legal since 2000: Regulations used to hamper unions like the Tax and Financial Professional Center, but a change in the law in 2000 opened the way for this kind of mixed business with cross-ownership.

One hurdle is that having so many specialties working together can create challenges and potential conflicts of interest.

Bunning started expanding by adding estate services for his tax clients, and now the center includes seven other disciplines. Each operation stands alone as a business, but can refer to others under the umbrella. The companies share cross-ownership to keep them linked.

There are two main organizations under the Tax and Financial Professional Center: Bunning and Koether LLP, a tax accounting firm; and Ares Group, which includes the mortgage lenders, financial advisers, insurance brokers and real estate brokers, among other services.

The disciplines each have different licensing and regulations, but at their root the companies are run by professionals who want to help their clients find the best fit, Bunning said.

Clients of any one of the financial disciplines can quickly find they need the services of another discipline. A client who comes in to plan his or her estate, for example, may need answers on matters of taxes, real estate or insurance, all in one visit.

The center puts all those services in the same place, said Chuck Hawking, chief of operations for the center. "When you need an answer, you don't want to wait for an appointment next week. You can get the answer in the next office," he said.

"The idea isn't to offer more services," Bunning said, "it is to offer a better solution."

Hawking operates a mergers and acquisitions firm, the Quiet Enterprise. He came under the umbrella of the organization in December. He'd been a tax client of Bunning's for a decade.

"The (business) model is sensitive to the needs of the client. There isn't any product or solution to sell, we're there to listen," Hawking said. "We see what the client needs, and we go out and find the solutions among all these disciplines."

Kind of like Citigroup: The approach differs from other attempts at one-stop financial services because the center offers services instead of mostly selling products. Citigroup Corp., for example, offers insurance, banking, mortgage and investment products under one roof, but its multiline approach is driven by a desire to sell products.

"This is the model of the future. This is not just a hit or miss on a transaction. It is becoming a trusted adviser for life," said John Arvinitis, president of Sunrise Vista Mortgage. The latest affiliate of the Professional Center, it has 30 employees.

"Our office space will be directly across the hall from Bunning and Koether, and during tax season they have 5,000 clients going through there," Arvinitis said. "We're not going to get every one, but we are there to answer questions, and we might get some business out of that."

More importantly, Arvinitis said, having the other disciplines nearby lets him offer more service to his existing clients. "I've got more ammunition to serve my clients and to offer them superior service."

Though such a blend of companies may be the model for the future, Hawking said it is complicated to put together and difficult to make work smoothly.

Why it's rare: Most accounting firms haven't rolled up all the services Bunning has. One reason is that many accounting firms do audits, said Ken Macias, managing partner of Macias, Gini & Co. in Sacramento. Auditing assures accurate accounting, so it could be seen as a conflict of interest for a certified public accounting firm to be so closely associated with the other operations.

Since Bunning and Koether is primarily a tax firm, the potential conflict is less of an issue. "Tax firms tend to do more consulting and advisory services," Macias said, so the extra services at the centers are a more natural fit.

All the various firms are specialized professions, Macias added, and keeping all the businesses aligned and focused could become a management burden. "You would have to find people you really respect and trust."