

Lance Neale

By Glen Korstrom

Brand X

Lance Neale, the publisher of more than a dozen titles, including *Vancouver* magazine, has turned his hand to his own enterprise: an innovative new ad agency

Three investors who merged the assets of Marqui Software and longtime Vancouver ad agency TBWA Vancouver have created a business that offers what they believe are services clients couldn't buy all in one place until now.

"Ad agency services is part of what we do, but I wouldn't define the company as an ad agency anymore," said 44-year-old Lance Neale.

Along with Terry Holland and Paul Cosulich, Neale spent millions of dollars to buy the lion's share of TBWA Vancouver's assets and create Station X. The transaction is an example of media convergence that Neale witnessed firsthand in 2000, when he was a Transcontinental Inc. vice-president.

He's now president of Station X, which helps clients:

- develop brands and strategies;
- create websites and gain high placement on search engines; and
- develop software to attract new customers.

Clients of TBWA Vancouver and Marqui say they are excited about the merger.

"Marqui has always been good with the technology," said Ballard Power Systems Inc. chief commercial officer Michael Goldstein, who has contracted Marqui for several years and TBWA Vancouver since early 2010. "We'd hire them to do a website or some social media work. What they didn't have was the strategy, the brand thinking or communications philosophy – the techniques for how to drive messaging." (For more on Ballard see page 10.)

He doesn't expect to pay less now that the two companies have merged. But he believes the quality of work will be better because the two teams will be integrated.

TBWA Vancouver rebranded itself *Trees and Rocks* in early April, but the name drew more guffaws than traction. (See "Unrest rising in ad industry" – issue 119; April 5-11.)

"We wanted to come up with a brand that reflected the magic and the story that we're moving ahead with,"

Neale said. "Trees and Rocks didn't quite cut it."

Former TBWA Vancouver principal Andrea Southcott told *Business in Vancouver* May 16 that trustee KPMG Inc. and creditors had found buyers for her company's assets for more than the \$3.8 million that, according to court filings, had been the estimated value of those assets.

That's good news for creditors, such as Global BC (\$1.15 million), CTV Television Inc. (\$825,395) and Rogers Media Inc. (\$478,469), which are owed a combined \$5.4 million. Southcott said they should start to see some of that money by June.

Southcott will act as an adviser at Station X and has yet to commit to work full time. Jim Southcott, her husband and fellow principal, has agreed to be Station X's full-time chief strategic officer.

Station X will have about 40 employees, including nearly 25 staff who have been working at Marqui Software.

"With an asset deal, we extend invitations to people to join the company – employment offers," Neale said. "By the time we got involved in buying [TBWA Vancouver], it had been in creditor protection for a month. So, some staff had already made decisions to pursue other opportunities."

Neale is well versed in corporate acquisition.

At Transcontinental, he watched his employer pay US\$102 million to buy Telemedia Communications Inc., which had a publishing division that generated about US\$120 million in annual revenue.

Even though Neale was in charge of its sports publications, such as the *Hockey News*, as well as business-to-business publications, Transcontinental's reputation before the transaction was largely as a commercial printer.

As someone who has played hockey all his life, being in charge of the *Hockey News* was a particular thrill for Neale.

Transcontinental's Telemedia ac-



quisition, however, paved the way for Neale to leave Toronto for Vancouver and be publisher of a different set of publications: *Vancouver* magazine, *Western Living* and even the *Moose Jaw Times Herald*.

"Transcontinental, like other companies in communications, wanted to take advantage of convergence," Neale said. "Transcontinental's model of convergence was to own the publications as well as to do the printing."

During Neale's seven-year stint at Transcontinental, he helped the company become Canada's largest consumer magazine company and the country's fourth-largest publisher.

By 2005, however, he realized that he spent more time on airplanes and in hotel rooms than he did with his young family.

He and wife Krishna had six-month-old Grayson when they moved to Vancouver in 2001. Their second son, Sam, was born in 2002.

"I decided that [the Transcontinental vice-president job] was not something I wanted to stay committed to during the balance of my career," Neale said. "I wanted to pursue an entrepreneurial path."

Late in 2005, he bought into Cosulich's *WaterTrax*, which creates software that helps municipalities test drinking water quality.

Holland, who is a principal of Krystal Financial Corp., joined the

Mission: To offer clients better service by merging advertising agency assets with a marketing software venture

Assets: History of entrepreneurial and corporate success

Yield: Ownership stake and top management role at the new Station X

fold in 2007. The next year, the three combined to buy Marqui and make it and *WaterTrax* separate subsidiaries of *WaterMarq Technologies Inc.*, a new holding company.

Marqui develops web marketing software that helps clients manage website and email campaigns. Neale, Holland and Cosulich figured it would make sense to merge Marqui with the TBWA Vancouver assets to create a software-based marketing and advertising agency.

Neale is not eyeing any more acquisitions in the short term, but he is considering other Canadian offices and, perhaps, even one south of the border.

"It's fantastic to see Lance go from so-called hired gun to entrepreneur and achieve such success," said Cactus Club Café owner Richard Jaffray, who is also the chairman of Vancouver's Young Presidents Organization (YPO) chapter.

Jaffray met Neale soon after Neale joined YPO and was a vice-president at Transcontinental.

"He is extremely detail-oriented and very organized. You can see it when he runs meetings," Jaffray said. "He has a really good read on people. One critical issue is succession, and he has identified for me, as chapter chair, new and young members to be on the executive." ■

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