



# FLAGEL HUBER FLAGEL

Certified Public Accountants | Business Advisors

## CASE STUDY: O'NEIL & ASSOCIATES

### Solving A Complex ESOP Ownership Shift

Flagel Huber Flagel (FHF) worked side by side with O'Neil & Associates employees to successfully navigate the complex shift from private ownership to an Employee Stock Ownership Plan (ESOP).

#### HISTORY

Since their founding as an engineering firm in 1947, O'Neil & Associates (ONEIL) has thrived by staying true to their Midwest roots and by never remaining stagnant. ONEIL transitioned from engineering to a product support information company. They document products that typically have high initial costs, a long life cycle, and are mission critical. Think things like airplanes, tanks, locomotives, and construction equipment. Another significant shift for ONEIL has been a move from private ownership to an Employee Stock Ownership Plan (ESOP). Hernan Olivas, President and CEO and Dave Stackhouse, VP and CIO, are the long-time ONEIL employees who have led the effort on ESOP sustainability.



*Hernan Olivas, President & CEO*



*Dave Stackhouse, VP & CIO*

Olivas says, "The previous owner knew that a focus on quality and innovation would go far when coupled with the Midwest values of hard work, loyalty, humility, and a focus on community." So, in 2004 when the owner began to plan for his professional exit from the company, he was receptive when ONEIL employees approached him about forming an ESOP.

Of the millions of companies in the US, only about 10,000 are ESOPs. Olivas and Stackhouse knew that the ownership shift would be complex and difficult, but worth it.



### Situation at a Glance

- Founded as an engineering firm in 1947, O'Neil & Associates thrived as they shifted into technical writing and complex product documentation.
- As a 40-year client of FHF they worked together to transition from private ownership to a fully employee owned company in 2015.
- Today, ONEIL looks forward to their largest ever Air Force contract as well as innovations in augmented and virtual reality.



*Technology Based Solutions*

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### FINDING A NOT-ONE-SIZE-FITS-ALL SOLUTION

They turned to long-time accounting partner FHF to help them make this transition. Dave Dirksen, FHF Partner, says, "Any ESOP is unique and not a one size fits all solution. We had to think through the structure, the timing, and the mechanics." Together ONEIL and FHF worked through a long-term plan that gradually shifted ownership from 100% private in 2004 to 100% employee owned in 2015. Says Stackhouse, "This is a closed system – there are a concrete number of shares and those shares change hands over and over every year between departing employees and joining employees." In addition to the complex compliance demands of the ESOP, FHF also helped establish the trust that underpins those yearly transactions.

Olivas says, "We love their knowledge, their expertise, and their efficiency, but even more it feels like they are invested in our success just as much as we are. They are happy warriors – getting right there in the foxhole with you. You can't pay enough for that."



Key ONEIL Customer Segments

Olivas adds, "It took 11 years to get to 100% employee ownership. While the model is more complex, it is exciting to see our people personally vested in the company and benefiting from our success."

Olivas, Stackhouse and all the ONEIL employee-owners have much to look forward to. Next up is their biggest ever Air Force contract as well as cutting-edge innovations and new products featuring augmented reality and virtual reality.

That's a reality we can all appreciate.



**Interested in learning how Flagel Huber Flagel can help you navigate complex ownership shifts?**

**Dave Dirksen says, "We'd love to talk so you can see the possibilities."**

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