'I'd never set foot in a childcare centre until I bought my first one': dropout turned Young Rich lister, Rory Vassallo

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EXCERPTS

Rory Vassallo vividly remembers the vice-principal of his High School telling his mother that her son would be alright when he quit at the age of 15 to find a job. Slightly more than 15 years later, that teacher has well and truly been proved right.

Vassallo will this week debut on the BRW Young Rich list with a \$46 million fortune, having amassed his wealth from the childcare sector, owning, building an operating a chain of centres in Perth, as well as the luxury boat market.

His success has also put his mother's mind at ease, long after he left school in working class and industrial Kwinana, south of Perth. "My brothers had also left school early but I certainly left younger." Vassallo says. "But the vice-principal said 'this one is going to be alright', so I think that made my mother feel better."

Vassallo's first job was as an apprentice welder, after which he worked in the retail trade at a despatch office. Another job, at a firm that went into administration, taught him the value of running a business with properly functioning processes and procedures in place.

At the age of 18, Vassallo had saved enough to buy his first house. Two years later, he went to his then girlfriend's (now wife) Christmas Party. "She was working in childcare already and I got speaking to the boss about the industry, and just listened and took it all in. I started reading all the regulations, how the industry worked and so on. I'd never even set foot inside a childcare centre, until I bought my first one."

Vassallo was 20, and used the equity from his first home to afford the \$90,000 it took to buy an average but underperforming centre in the up-market suburb of Applecross. He quickly turned it around. "The previous owners were always cutting costs. We probably doubled the fees there, but they got value for money and it was full. It worked."

From there, Vassallo bought more centres, branching out into less wealthy suburbs and the countryside. At the same time Perth was booming thanks to the rapidly growing mining sector, which presented Vassallo with a problem. "If you do centres up, people will notice. But it was hard to get people in to give you quotes on the work, let alone do the work. So I started my own building business, employing my own tradesman to do the work."

Despite issues such as a high-profile case when one child was found outside a centre, the business grew rapidly. By 2013 Vassallo had 22 centres, including some he had built himself in greenfield sites. It was the largest privately-owned childcare business in Western Australia.

He also had high staff retention numbers. "We never paid above the award rates but would make sure they had the best facilities and big Christmas parties and so on. It was about getting the culture right. And the centre where the child escaped, we had parents defending us outside from the TV cameras. Happy staff, happy parents means happy wallet. That is how it works."

Last year, Vassallo sold the 22 sites for a deal worth about \$65 million with Australian Securities Exchange listed G8 Education. He has since kept the building business, and has constructed some new centres for G8 and had a year-long stint as owner and operator of the Riviera marine dealership in Perth.

Vassallo recently sold the dealership back for a profit to Riviera and at 31 is pondering what to do next. "I'm not sure yet but I've told my wife I'll do nothing until May 1 next year. It won't be childcare centres again, but it could be angel investing and helping other people build businesses."

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 $[1] https://childcarecanada.org/documents/child-care-news/15/10/\%E2\%80\%98i\%E2\%80\%99d-never-set-foot-childcare-centre-until-i-bought-my-first-one\%E2\%80\%99 \\ [2] https://www.afr.com/leadership/entrepreneurp/business/vassallo_turned_lister_young_childcare_bogT4tSbqsvaKxAtv7S81I \\ [3] https://childcarecanada.org/category/region/australia-and-new-zealand \\ [4] https://childcarecanada.org/category/tags/profit$