

Managing Director's review

with Martin Morrin

As we enter 2010, many businesses will be reflecting on a year that presented many new challenges for small business owners and corporates alike. Many will have a feeling of cautious optimism for the year ahead and many will be very pleased to see the back of one of the most difficult years on record for businesses generally.

At RBS Invoice Finance we have responded positively to the current climate. Despite the ongoing uncertainty in the economy and the many changes in the banking sector, we have had another successful year. During 2009 we provided around £800m of new facilities, making a difference to 1,100 businesses in addition to continued support for our existing clients. The combination of our proposition, our people and products – which form a solutions-led approach – and the pride we have in our client franchise, has given us increased confidence which we will retain and build upon further throughout 2010.

The latest industry figures released by the Asset Based Finance Association (ABFA) for Q3 2009 confirm to us our continued strong position in the UK. These figures point to the continued business confidence in this type of funding and the strength of the RBS Invoice Finance proposition in the market.

People are the backbone of our business

Our teams of business development and relationship managers have more than risen to the challenge in 2009 supporting new and existing clients through the most uncertain economic climate in recent history. Many have been able to draw from experience gained in the last recession coupled with a desire to help SMEs choose and understand the right working capital solution for their business. We also welcomed a new addition to the senior management team with the appointment of Mark Qualter as director of corporate in

November. Mark joined RBS in 2001 and has worked in the corporate banking teams most recently as regional director for the Yorkshire region. He brings a wealth of experience to the invoice finance team.

With over 1,000 employees operating from 13 locations across the UK, RBS Invoice Finance will continue to play a significant role during 2010 in the successful business growth of SMEs and corporates. Leveraging the benefits of the 2009 focus on local geographical representation, and using our working capital management model, we are able to provide clear and simple funding options to meet the needs of our clients within the business cycle of four key components: approve, fund, collect and protect, which in 2009 became the cornerstone of our product proposition and incorporates bad debt protection – a solution that is more important than ever in the current climate. This approach means we can ensure our clients benefit from FacFlow – a simple, user friendly system which was web enabled in 2008 and which we are continuing to develop to support making doing business with RBS Invoice Finance easier.

Our ongoing investment in operational and risk management processes continues to pay dividends and has benefited both our staff and clients. Using our structured working capital management package in 2009, clients have seen a significant improvement in debt collection with the average collection period falling at a time when the market average is increasing.

So how have our clients fared in 2009?

Within this feature we detail a showcase of clients we have supported in 2009. RBS has been very much open for business to support commercially viable companies with strong management teams using our normal credit lending criteria. Clients are our number

one priority and by working closely with our colleagues in the RBS and NatWest banking teams and asset finance teams at Lombard, we have successfully structured a number of funding solutions linked in with the Enterprise Finance Guarantee (EFG) schemes launched by the government last year.

Looking forward to 2010

Businesses have been very cautious and may remain focused on repairing their balance sheets and saving rather than spending as we begin the year. We must tread with caution and not take our eye off our business objectives. 2010 will be a pivotal year for all businesses, whether they are picking themselves up from rock bottom or have enjoyed a successful 2009. All sizes of business are only too aware of the need to drive forward new business opportunities, research new markets and constantly review business plans and cashflow with their trusted advisors.

Indeed in previous recessions many of those that suffered tended to be those that failed to go out and get new customers and those that succeeded were the ones that did. However statistics from the survey we carried out in Q3 last year in conjunction with Ipsos Mori highlighted that it's not that clear cut, demonstrating that some of the most important issues facing SMEs last year were marketing issues – 48% of SME leaders cited "finding new customers" as a major issue and 39% said they were having problems "retaining existing customers".

No two recessions are alike, and that applies to the current economic downturn. That said, the areas for UK businesses to focus on remain the same: stay liquid, invest in the strong parts of their business and avoid the temptation to prop up the bad whilst ensuring we adapt goods and services to changing patterns of consumer behaviour.

Front cover, l-r, Mark Clayton (regional director, south), Barbara Brown (regional director, Scotland), Chris Hawes (head of portfolio management & structuring), Mark Qualter (director, corporate), Damon Walford (regional director, Midlands), John Hunter (regional director, north)

Deals review 2009 Deals review

‘Raleigh and RBS agree new banking partnership



Simon Goddard, finance director, Raleigh

The world famous cycling brands Raleigh and Diamondback agreed an enhanced funding line with new banking partners RBS to support the company's strategic plans for the future. RBS provided the company with a multimillion working capital facility through its corporate banking and invoice

finance divisions in Nottingham, as well as providing exchange rate protection and day to day banking operations.

Raleigh UK Ltd, part of the Raleigh Cycle Ltd worldwide group, has been creating market leading bikes in Nottingham for over 120 years with their product development engineers and

graphic designers ensuring that innovation continues to happen. The company has seen increased interest in their products through a growing switch in consumers choosing cycling as part of a healthier lifestyle together with renewed interest in cycling as a sport on the back of the success of the GB Olympic cycling team

W 2009 Deals review 2009 Deals review 2009

in Beijing last year, together with the impetus of the government Cycle to Work programme.

The UK company chaired by Alan Finden-Crofts and led by managing director, Mark Gouldthorp, designs the product range from its Nottingham headquarters and imports the cycles and accessories from a number of factories across the world. It sells and supplies into the bicycle trade and the large cycle retailers such as Halfords, JJB Sports, Toys "R" Us and Argos under the Raleigh Diamondback and MTrax brands, as well as running their own franchised CycleLife retail brand. CycleLife currently has 120 outlets across the UK, with Raleigh providing marketing support as well as stock to the independent retailers who run the stores.

Speaking about the new partnership with RBS and the current state of the

market, Mark Gouldthorp commented: "Cycling is enjoying a renaissance in this country at the moment. Fresh from the success of the Olympic team in Beijing the profile of the sport is rising and whilst cycling has traditionally always been part of family life, we are seeing an increase in sales as people seek to incorporate it into a healthier lifestyle. It is a perfect antidote to urban traffic congestion, global warming and increasing waistlines, all in one fun product. With a well established and a renowned quality brand we have benefited from this increase in demand and sales. The new partnership we have agreed with RBS will allow us to invest further in the future operations of the company to allow us to continue to build and strengthen the business, as more people begin to choose cycling as a lifestyle choice."

Simon Goddard, group finance director of Raleigh Cycle added: "We are pleased to have concluded negotiations with RBS. They have gone to a lot of trouble to understand the business and tailor the financing package to fit our needs and I feel confident we have a reliable partner we can work together with in moving the business forward."

Philip Grimshaw, director of business origination, Corporate Banking at RBS in Nottingham commented: "We are delighted to announce our new banking partnership with Raleigh, a famous and well renowned Nottingham business. Mark and his management team have reshaped and refocused the business over the last few years and the company today is well placed to take advantage of the increased interest currently being generated in cycling across the UK."

Ultra Furniture secure new funding from NatWest to support growth aspirations

Ultra Furniture Ltd the Kingswinford-based furniture manufacturer agreed a new funding line with NatWest which provided a rebanking package to support the ongoing requirements and growth aspirations of the company.

Ultra Furniture has been making upholstery in Kingswinford for the last 20 years. Currently employing 210 staff the business provides a wide range of sofas for retail furnishers throughout the UK. DFS is one of their largest customers in the UK and the company also exports their products to Ireland.

Earlier this year because of the onset of the credit crunch and the effect on

consumer spending, the company suffered a downturn in trade and requested short-term support from their existing bankers. With support not forthcoming Ultra sought to employ the services of Julia Lowe from Higgs & Sons Solicitors to help them seek the funding support they required.

The Ultra management team are confident that despite the current economic environment their business model has the ability to generate further growth for the business over the next few years. To support this they have negotiated support from their new bankers NatWest in the form of a commitment to an injection of working capital via the government's Enterprise Finance Guarantee Scheme

(EFG) as well as a working capital facility provided by RBS Invoice Finance. The new funding provides the company with adequate capital to support the operational demands of the business on an ongoing basis whilst also providing a financial platform to allow the company to explore further growth opportunities.

Introduced to Ultra by Karen Turner of Price Pearson Accountants and advised by Julia Lowe from Higgs & Sons Solicitors, the Wolverhampton-based business & commercial banking team at NatWest have worked closely with finance director Glenn Aston and his management team to understand the business, its strategy and therefore the



Deals review 2009 Deals review 2009 Deals review 2009



Back row l-r: Dennis Milligan (Ultra Furniture), Paul Whitelocks (Ultra Furniture), Phil Bennett (Ultra Furniture), Jot Walford (RBS Invoice Finance)
Middle row l-r: Glenn Williamson (NatWest), Karen Turner (Price Pearson), Julia Lowe (Higgs & Sons), Mike Elphick (NatWest)
Front: Glenn Aston (Ultra Furniture)

financial support it requires to support these aspirations.

Commenting on the prospects for the company, Glenn Aston said: "Despite current market conditions and the impact felt in retail markets, our order book has held up well and indeed we have generated new revenue lines, which provides a real endorsement of our product range and the quality of that range. We have therefore taken the decision to invest in our capital infrastructure, to increase the working capital we need for the current

production cycle, but also to raise funds to support our growth aspirations in the medium term, whilst also protecting our imports against rate fluctuations. Our belief is that it is right to look at these issues now to make sure we are well equipped to meet any strains on the business from the current market, but importantly build for the future."

Mike Elphick, manager, Business & Commercial Banking at NatWest in Wolverhampton who provides relationship management support to the company,

added: "The business has operated successfully for 20 years, and as we have developed the relationship between Ultra and NatWest this year we have introduced business partners from our wider group to provide financial solutions to meet the short and medium-term requirements of the company. Utilising a number of partners and solutions, EFG, RBS Invoice Finance and interest rate hedging we believe we have put in place funding that is flexible to the needs of the business in this and future market conditions."