Bob the builder

HE BEGAN HIS CAREER IN THE BUILDING INDUSTRY AND RECENTLY RETURNED AS GROUP TREASURER OF SECTOR GIANT BARRATT DEVELOPMENTS. BOB WILLIAMS TALKS TO **GRAHAM BUCK** ABOUT THE JOURNEY THAT LED HIM THERE.

PHOTOGRAPHER: ROGER HARRIS

Bob Williams, who became Group Treasurer of Barratt Developments in April, joins the housebuilding giant at a pivotal moment. Barratt was completing the final stages of its acquisition of Wilson Bowden, following a successful £2.2bn cash and stock bid early this year. It gives Barratt access right across the market with a stronger land bank and a commercial development business. The resulting expansion saw it join rival Persimmon as a FTSE 100 blue chip last month, with Bradford & Bingley ejected to make way.

For Williams, his latest appointment marks a return to the building sector after periods in the drinks, consumer products and telecoms sectors. His first job after leaving school was with the construction and housebuilding group Lovells, which he joined as a trainee accountant and where he took the certified accountancy exams. "For me, at the start of my working career, it was the opportunity not only to gain some working experience but also to get a professional qualification rather than go to university," he recalls. He spent over 10 years at Lovells, progressing from a Regional Divisional Accountant to a senior finance manager role and then Deputy Treasurer in the early 1990s. "That was my first experience of joining a treasury function, which was a very small team. The treasurer was part-time, working three days a week and needed a bit more support."

It was an exciting but also very testing time as the UK's overheated housing market had rapidly gone off the boil as interest rates soared. Like its peers in the sector, Lovells faced a struggle for survival.

Williams says he "cut his treasury teeth" in intensive care with the banks shortly after becoming Deputy Treasurer. It proved a tough but valuable learning experience. "Frankly, it's the only way to learn."

In 1994, he moved to become Assistant Group Treasurer at consumer goods group Reckitt & Colman, today better known as Reckitt Benckiser, and as now a FTSE 100 company. He says he wanted to develop his career by joining a blue chip with global exposure. The group also offered "a great opportunity for me to put into practice what I'd learned in the MCT exams on the foreign exchange side."

After more than three years with Reckitt, the opportunity came to step up to the treasury role. Canadian telecoms company Nortel Networks offered him the post of Director of Treasury Operations for Europe and Asia.

"What that gave me was exposure to an industry which I'd not experienced before. As I joined in 1997, it was the middle of the dotcom/telecom boom when everything was rocketing and moving in the right direction. It was an exciting time to join and also to work in more of a US-style business culture for the first time."

Nortel's UK office was in Maidenhead, from where Williams reported to a boss in Canada and oversaw teams in France, Hong Kong and Singapore. Inevitably, much of his working week was spent travelling. "It was pretty tough but you learn how to manage things. I also learned that you need to get out and see the team regularly."

Williams candidly admits that his next move was to fulfil a personal target of becoming Group Treasurer of a FTSE 100 company by the age of 35. He left Nortel in May 2000 and achieved his goal by moving to wines and spirits giant Allied Domecq.

Williams describes running the Allied group's treasury function with a team of nine colleagues as "great fun". Allied was on the acquisitions trail, with a £2bn "war chest", looking out for suitable companies and suitable brands. The latter strategy saw it buy, for example, Malibu and France's prestigious Mumm and Perrier Jouet champagne.

This growth strategy was accompanied by bond roadshows, refinancing arrangements and building up new bank facilities.

The timing was right. The dotcom boom had turned to bust and

Qualification quest

Williams decided to add the MCT qualification to his CV while he was at Lovells, wishing to extend his knowledge and experience beyond the day-to-day functions of cash management, debt, capital markets and bank relationships required by a purely UK-based company such as Lovells. The MCT offered the best means to fast track the broader knowledge he sought, although they were "the toughest exams I had ever sat".

The demands of what was then a correspondence course combined with those of his recent new role tested him. "Finding the time to do the studying along with the work while in intensive care with the banks was tough." Fortunately, this period lasted only a year. Thanks to Williams' accounting qualification, he was exempted from the first level of the course, but it still meant having to be "selfish with my personal time".

"My view of exams is if you're going to sit them, then you've got to pass them. Don't mess around: get on with them, get through them and move on!" But he acknowledges that a concentrated one-year's study is not for everyone and others may wish to spread it out over a longer period, depending on their personal circumstances.

He also suggests the ACT deserves praise for making the MCT exams and structure more modular, to encourage those who are tempted to take a break after attaining the Associate exams to progress further.

investors were keen to talk to companies able to offer recognised and well-established brands – even though stock markets around the world were sagging at the time.

"But it didn't particularly affect the credit side, certainly for what we wanted to do," Williams remembers. "We offered investment-grade credit and there was a good appetite in the market.

"We knew that because when we went out to launch bonds – and these were really our maiden bonds for the group – we were in a position whereby we actually issued more than we needed and got a slightly better price than we'd benchmarked."

Allied was helped by the fact that investors were keen to diversify their investment portfolio and rival Diageo was then the only other group in the sector active in the public bond markets.

But Allied the acquirer in time became the acquired. In July 2005, France's Pernod Ricard bought it and made clear from the outset that the treasury function for the enlarged group would come from Paris.

"I spent the period to the following February 2006 involved in the transfer and trying to find new roles in other organisations for what I knew was a gold-standard treasury team," says Williams.

His efforts proved successful – except in his own case. There was a strictly limited number of group treasurer roles elsewhere and posts that fully used his qualifications and offered "personality fit" were rare. So he opted for a year of interim freelance work, including treasury consultancy and lecturing for one of the ACT papers.

"It felt very different because it was my first experience of being self-employed, since leaving school" he says. "As a consultant you're not part of the business per se, but there to input and advise. I enjoyed it, but it's good to be back in a comfort zone in terms of being looked after by a large organisation."

It proved a brief absence. In February, the post of Group Treasurer at Barratt became available and he joined the group within six weeks of his initial interview.

Williams is pleased to be joining the group at an interesting time in its development – and that of the industry in general. Barratt's purchase of Wilson Bowden marked the sector's biggest deal to date. The enlarged group, along with Persimmon, will be joined by a third housebuilder in the FTSE 100 if the union of Taylor Woodrow and Wimpey goes ahead. He anticipates further deals among many of the building sector's medium-sized and smaller members. Private equity interest, which was demonstrated in the acquisition of the McCarthy & Stone Group, could be a factor in this, as "private equity investors appear to be looking at every potential opportunity at the moment".

Does he believe private equity is pushing up acquisition prices to unrealistic levels?

"In our particular sector I can't really say, as I'm not close enough to the individual deals," he replies. "Certainly, across the board, private equity firms are pushing prices up, but so far they appear to have had a fairly successful track record in delivering returns to their investors."

Like his first group, Lovells, Barratt intends to remain focused on the UK and will focus its efforts on the integration of Wilson Bowden and seeking further land-buying opportunities.

This means that the business is fully exposed to the vagaries of Britain's housing market, but Williams is confident about the group's prospects.

"I wish I had a crystal ball!" he admits. "There is a lot of talk about the housing market at the moment and about where it could go, but we're not anywhere near the position of the late 1980s and early 1990s – interest rates are nowhere near as high. The thing to remember is that housing demand exceed supply in the UK, which will continue and will underpin the sector."

He now manages a "reasonable amount" of debt following the merger, which has been minimal in the past. He adds that Barratt has adopted a "conservative" interest rate management policy.

Barratt has a pension fund deficit, but Williams says that it is far less than those carried by some of the blue chips in the FTSE 100.

And how does he see his role – and that of other group treasurers – evolving over the next few years?

"I think that the way forward for the treasury function is to become a one-stop shop for the CFO, when it comes to the organisation's financial risk. So that would encompass traditional treasury risk such as interest rate and FX management, liquidity management and refinancing, but also extend to pensions, insurance and possibly even tax as well. But the treasury function must be seen to be there to support the business, rather than just being an ivory tower."

One obstacle is the additional burden added by international accounting standards, and in particular IAS 39.

"It's really impacting the day-to-day treasury management," he says. "And that is causing a lot of change – not necessarily in thought processes, but there's an extra level of justification to do something, to achieve the appropriate hedge accounting. And it also makes the report and accounts more difficult to analyse because the balance sheet is a bit of a mix between cost, net realisable value and market-to-market type valuations. In all, it's adding a further layer of complexity; it may have been around for a couple of years, but companies will take time to fully come to grips with it."

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