

# Value builder



INCOMING PRESIDENT BOB WILLIAMS REFLECTS ON THE CHALLENGES PAST AND PRESENT FOR TREASURY AND FINANCE PROFESSIONALS. INTERVIEW BY PETER WILLIAMS.

“IT HAS BEEN GOOD SEEING THE ACT MOVING INTERNATIONALLY, PARTICULARLY THROUGH ITS DIFFERENT EXAMINATION ROUTES, GROWING ITS MEMBERSHIP BASE. AND IT STILL HAS THAT REALLY POSITIVE CLUB FEEL WHERE YOU CAN STILL GET TO KNOW FELLOW PROFESSIONALS WELL.”



Bob Williams is well known in treasury and banking circles. Articulate and engaging on a platform as well as off it, he brings decades of treasury and finance experience to his year as ACT president.

Readers of *The Treasurer* may remember the profile of Williams in July/August 2007 when he had just joined housebuilder Barratt Developments as group treasurer. His main role on joining the company was to support the acquisition of Wilson Bowden, a housebuilder and commercial property company. The deal in April of that year for £2.2bn was completed only months before the credit freeze and subsequent financial and banking crisis.

Williams says: “At that time a separate treasury did not exist in Barratt and I was brought in to set up one. Like a lot of companies the function was embedded within the financed department.” With the company gearing up through the Bowden

acquisition, and an equity raising programme under way, the treasury operation needed enhancing. “It is interesting to remember that even with the gearing we were taking on, we were being criticised for not gearing up enough,” he recalls. “How times changed with the downturn!”

He was charged with setting up a treasury function, making it fit for the enhanced borrowing and improving related liquidity management. It was a return to an industry he had first encountered at the start of his treasury career when he worked for FTSE 250 construction and plant hire company YJ Lovell. “I fell into treasury there as deputy treasurer back in 1991.”

**KEY ELEMENTS** Two elements drive treasury at housebuilders: adequate funding and liquidity management. As a UK-based housebuilder Barratt has neither FX nor global cash management issues.

“There are not many opportunities where

you can move into a company the scale of Barratt with a blank sheet of paper,” says Williams. “With my 25 years of treasury and accounting experience at the time you are able to pick all the best elements that you have learnt from previous roles in diversified industries – and the not so good things – and mould that learning into how we wanted to set up treasury for Barratt.”

Williams’ key principles were transparency and simplicity, especially to aid cash forecasting. “You can put in smoke and mirrors but if you get the basics right, then you can start adding the value. Transparency means full sight of the liquidity position, cashflow forecasting – short and long term with sensitivity analysis – understanding the risks and having adequate debt maturity profiles for the funding.”

Sticking to those principles left the company in a good position to cope with the credit crunch and downturn. “We were able to understand the liquidity

requirements and the financial needs and act accordingly. When the downturn occurred we could move quickly into generating cash to ensure debt levels remained under control."

The depth of the crisis for the house building sector is illustrated by the fact that in 2009 the number of completions fell by 40% from the peak before the credit crisis, while the sector saw average selling prices decline by over 20% from the end of the boom times in 2007 to the trough. In the UK, housebuilding activity has fallen to levels not seen since the 1920s.

Since 2007 Barratt has put a refinancing in place: a covenant reset was completed in Summer 2008, then a £721m equity issue and debt refinancing in 2009 followed up in May 2011 with £1,080m financing package, which includes a £770m forward start facility. The latter consisted of a £90m two-year tranche and a £680 four-year deal which won highly commended in The Treasurer's Deals of the Year Awards 2011 in the UK large loan category. Williams says the company was aware that funding processes were taking longer for everyone. There were more obstacles to overcome with the debt providers in the shape of pricing and asset allocation committees before arriving at the credit committee.

With so much work accomplished in treasury it is perhaps not surprising that Williams' role has changed. In July 2011 he became London regional finance director for the group, giving him an opportunity to manage the operations of a £300m business utilising the experience first gained while working in the housebuilding sector.

Barratt's substantial London presence is unusual among major housebuilders. Part of Williams' role is to expand the business through joint ventures (JVs), three of which are now in place "Our developments, particularly in London, are capital-intensive and last a number of years and some of

them are more optimal as JVs rather than being brought onto our balance sheet."

Andy Cox, another MCT, replaced Williams, having joined the company a few years ago as deputy but always with a view to taking the group treasurer's role at some point.

Williams has a nomadic working life, working out of Barratt's offices in Stratford near the Olympic site, Brentford on the other side of London, and at the executive office in the West End. Clearly relishing his role, Williams says he enjoys working with the colourful characters that the housebuilding sector seems to attract. Many would say he fits that description himself.

He may have broadened his role – one that he describes as a natural progression from treasury – but he is convinced that treasury represents "fantastic opportunities as it is a function that works with the business and external funding and risk management providers".

**THE ACT CONNECTION** He will bring all his experience of finance, treasury and capital markets to bear during his years as president of the ACT. His connection with the ACT is long and substantial. After qualifying as an accountant he can trace it back to his first treasury role at Lovell in the early 1990s. "While Lovell's gave me a grounding in the key financial risks around funding and liquidity management it did not give me a wider exposure to issues such as global cash management, foreign exchange, and capital market access."

So he took the MCT qualification to move up the learning curve. "They were tough exams but worth taking because they were rounded, relevant and not too academic."

Not content with technical competence he also wanted to hone his public speaking skills and so volunteered to present at various ACT events over the years. Such a move looks eminently sensible. For instance, the ability to stand up in a roadshow and to

communicate persuasively the company's refinancing proposals put Williams and Barratt in a good place. It will also help him as the chair of the ACT Annual Conference.

He lectured on the AMCT corporate finance paper for a number of years. He enjoys interacting with the students and giving them insights into life's realities for an operational, hands-on treasurer. He has also seen service on the Deals of the Year panel and the membership committee before being invited to join Council.

"It has been good seeing the ACT moving internationally, particularly through its different examination routes, growing its membership base. And it still has that really positive club feel where you can still get to know fellow professionals well."

Both in his corporate role and through his ACT work, Williams has seen the increasing value placed on the treasurer's role over the past few years. "A company can be profitable, but it will only survive if it has funding and liquidity in place. While it is sad it took a crisis, the ACT has grasped the opportunity presented to really demonstrate the value of the treasury profession and the qualifications. And as well as building those technical skills it has found a stronger voice in government both in Westminster and Europe."

**ROYAL CHARTER** Williams' year as president coincides with the push for chartered status, a process which will further lift the reputation of the ACT and its members. He was particularly pleased to see the high level of votes cast in the recent EGM to approve the plans for chartered status. At the end of February members voted overwhelmingly in favour of the petition for a royal charter and approved the draft charter and bye-laws. The ACT is now submitting the application to the Privy Council and hopes to receive the grant of a royal charter later this year, to come into effect from 1 January 2013.

The ACT will continue to enhance its education and international offerings on a managed basis given the natural resource constraints. Williams is ready to play his part. "I am sure every incoming president says it, but there is an exciting 12 months ahead for the organisation."

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*Bob Williams is speaking at the ACT Annual Conference.*

### New vista on M4 corridor

At the end of the interview Williams offered The Treasurer a tour of Barratt's London regeneration project, the Great West Quarter. When complete, the development in Brentford, west London, will provide 773 studio, one, two and three-bedroom apartments, including both private and affordable homes. The builder also promises there will be shops, restaurants, a bar, a health club, an art gallery, a creche, a hotel and serviced apartments.

The site is aiming for a modern feel and has a central piazza, over an acre in size, that has been designed as a venue for public events, together with courtyards and play areas. Once completed, the development will eventually include a 20-storey tower, on the main route out of London to Heathrow and the west.