

# Raising the dough

GRAHAM BUCK DISCOVERS HOW A BREAD WHOLESALER GAINED A BANKING DEAL TO UNDERPIN ITS GROWTH PLANS.



Liverpool-based Coultons Bread is a relatively young company, set up in 1987 to meet the need for a major professional bakery supplier for northwest England and Wales. Over the past seven years mergers with local competitors – Quayside Bakery in 2004 and Happy Bread in 2007 – have helped to develop the company's products, which total more than 500 different bakery and confectionery items. A fleet of 80 vehicles delivers more than 4,500 orders weekly throughout the North-West.

Coultons' products includes its Bakestone brand of bread, rolls and confectionery, which are supplied to independent shops, cafes and supermarkets. Coultons' sites in Liverpool, Manchester, Bradford and Gateshead, which employ around 100 staff, also distribute national brands such as Hovis, Warburtons and Kingsmill.

The company's chief executive, Howard Hunter, says that Coultons aims to grow further and extend its client base. As part of its growth plan, the company transferred its banking facilities in April this year to Santander Corporate Banking.

The move was motivated in part by Santander offering its invoice financing facility across the whole company. Coultons' previous banking relationship was hampered by the fact that its Liverpool and Manchester offices were funded but Bradford was not, the reason cited being the number and trading style of the company's debtors in Yorkshire and the North-East.

However, Santander offered Coultons a company-wide confidential invoice discounting (CID) facility, allowing cash deposits at various nominated post offices through a card-based cash depositing facility. This enables Coultons' staff and drivers to collect cash, hold it for a limited time and bank it throughout the day. The resulting benefits are improved security of holding cash and a tighter cash cycle, which serves to reduce the company's debt.

"Santander really took the time to get to know our business and understand our financing requirements," says Hunter.

"Moving our day-to-day banking was easy and efficient. This new banking partnership will enable us to focus on our ambition to grow our business and to extend our client base."

Key to the deal was the basic structure and its inclusion of the Santander cash handling service. This facilitates cash deposits at post offices using a plastic card that points all receipts into the Santander Invoice Finance (SIF) trust collection account. At the same time the arrangement enables SIF to have sight and control of all cash deposits and fund debtors, thereby

accelerating Coultons' cashflow. As a result, the company's Bradford office no longer has the requirement for an overdraft and its cashflow is accelerated.

Everyone benefits. Coultons has the advantages of single product funding via CID, improved security for its staff holding cash, an extensive local network for cash deposits, full company funding, and extra cash for its business expansion.

Joanne Sugden, head of cash management at Santander, says the deal fits perfectly with the bank's strategy of delivering best solutions to customers, demonstrating a solutions approach that reflects thinking creatively around the customer's requirements to best respond to their needs.

It also provides full visibility of the trading business through SIF's ledger management and month-end management data, thus enabling proactive conversations between Coultons' management and Santander to explore future growth aspirations.

Sugden adds: "It is about aiming for a holistic relationship management approach – a diagnostic approach. It's about fundamentally understanding what the customer is looking to achieve, what the challenges are for that business, and how we can work together."

A good example of this, says Sugden, is the way Santander was able to provide a CID solution supported by the cash-handling product, so enabling customers to focus on the growth of the business and extend their client base.

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