

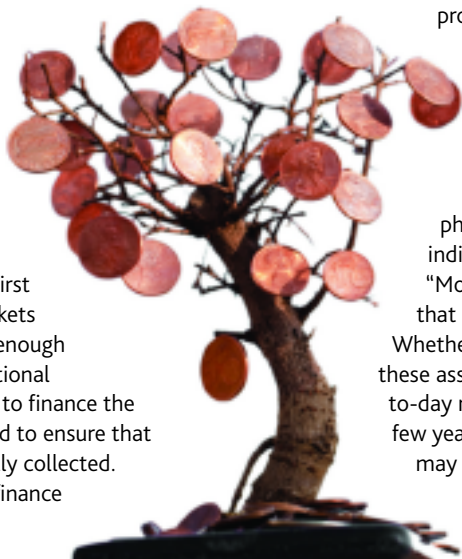
Shaping the cash

ALTERNATIVE SOURCES OF FUNDING SUCH AS INVOICE AND ASSET FINANCE GIVE CORPORATES LIQUIDITY FOR COMPETITIVE ADVANTAGE, AS MICHAEL OXBY AND DAVID TOTNEY EXPLAIN TO PETER WILLIAMS.

At a time when the economy is still struggling to return to growth, businesses need to use every opportunity to gain competitive advantage. And that includes maximising cashflows into the business and minimising cash flowing out of the door. Many businesses are emerging strongly from the recession, but growth is not guaranteed and they need to ensure their finances are flexible to meet changing circumstances.

Santander Corporate Banking has asset and invoice finance solutions that can help companies tap finance when they need it and improve their cashflow. Michael Oxby, head of asset finance, always seeks to understand how the customer's business operates to be able to put together the leasing and asset finance packages which really suit the way the company works. He wants to be involved right at the start of any capital investment programme his clients are planning so he can help shape the solution from the beginning.

In a similar vein David Totney, head of invoice finance, is keen to look at how the customer's business is expanding so he can tailor finance to the reality. Much emphasis has been placed on the need for companies to find new export markets, perhaps selling overseas for the first time. Export markets can be daunting enough without the additional problems of how to finance the overseas sales and to ensure that the cash is actually collected. Totney's invoice finance team have re-engineered their



products to give a company an immediate cash injection by releasing the money tied up in overseas invoices. Rather than provide invoice factoring only up to a small percentage of the value of export sales, Santander offers up to 85% of the value of invoices relating to mainland Europe.

But it is not just a matter of cash, as Totney explains: "We are joining international factoring groups so that we can assist our clients worldwide by providing access to local information and knowledge of collection practices. This means that we can fund to the highest possible level in an informed manner as possible."

And once an invoice finance deal has been struck with Santander, the business knows the finance is there when it needs it. So it doesn't have to arrange finance whenever it wants to focus on doing the business.

One of the hardest tasks when directors want to be concentrating on growing the business is controlling the cash. Good companies can go bust simply because they run out of funds, not because they are fundamentally bad businesses. Growth often

requires investment in machinery or product lines and this is where asset finance can be an invaluable source of funding which is controllable and manageable.

Even in the digital age physical assets are still indispensable to business. "Most businesses have assets that need funding," says Oxby. Whether it's cars or computers, these assets are involved in the day-to-day running of the business. A few years ago outright purchase may have seemed the simplest way ahead for many businesses but the credit crisis and the

recession has changed that dramatically. Businesses need to think carefully before tying up chunks of liquidity for any period of time. Asset financing improves the balance sheet and cashflow, offering an effective funding policy that provides significant help to a business that is growing or investing. With asset finance those vital assets can be funded without putting a significant strain on working capital.

The point about flexibility is illustrated by the fact that Santander can help with businesses that own assets but need extra liquidity through sale and leaseback deals. Oxby and his team can also offer advice and help on the asset management cycle, which means acquisition, maintenance and then disposal of assets once their useful life is over. The day The Treasurer spoke to Oxby he was completing a deal to finance a helicopter. The chances are the next deal will be something completely different, perhaps assets for a production line.

Businesses are innovating to survive and grow and they expect their providers of finance to be equally flexible to meet constantly changing conditions and demands. Both Oxby and Totney know the business environment is still tough but are determined to provide innovative solutions for business to ensure they can continue to compete effectively.

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