



WHAT I'VE LEARNT

NEW-LOOK

BANK SERVICES

BARRATT DEVELOPMENTS' GROUP TREASURER, **KATE MOORCROFT**, EXPLAINS HOW THE COMPANY OVERHAULED ITS OUTDATED CASH MANAGEMENT BANKING SERVICES

The scenario will be familiar to many treasurers. Over time, elements of treasury infrastructure, in this case banking arrangements for cash management, evolve in a piecemeal way. Banking services and relationships are added to; they are seldom streamlined in any meaningful way.

Kate Moorcroft, group treasurer at Barratt Developments, instigated a full review of the housebuilder's cash management services last year because she had realised that using all four clearing banks was no longer desirable. "We decided that wasn't optimal for bank relationship management or the ongoing management of four banks," she says. "We had multiple online banking systems to manage across the group with around 400 users. This also meant those banks had a very small share of our banking ancillary spend."

Moorcroft asked four clearing banks to tender for the cash management business with a view to retaining two. "We did consider going down to one, but ruled that out from a risk perspective. The nature of our business means it is imperative that funds are received by us on time in order for customers to move into their dream homes. If a sole provider had issues with their online platform,

those house moves might be compromised," she says.

In consultation with her CFO, Moorcroft decided that the whole project – a request for proposal (RFP) to all four followed by an implementation project to migrate users to new banks once a decision had been made – should be handled internally so that her team could benefit from the experience.

"We did a lot of work internally on the RFP to bring all the banks on board with our thinking and ensure they were ready to address our issues," she says. "We wanted to convey the importance of service levels and the strength of the bank."

The core requirements are straightforward, she says. How easy is it for users to access the system, upload statements, add new users and change bank mandates? Barratt also needed a local branch network reflecting the company's geographical spread. The company has 27 locations, many of which need access to local branches.

Among other things, the team used a scorecard to assess bank proposals, and then made its recommendation to the CFO. "We also conducted an impact analysis on those banks we didn't select and had a call with the CEO to discuss the implications from a relationship point of view."

Having let two banks know they had been unsuccessful, the team began work on the project streams. "One of the banks we chose was in the process of changing its online banking platform, so we needed to migrate existing users onto a new system. Ring-fencing also had an impact. In a number of cases we had to change bank account and sort code details. With fraud a huge risk at the moment, this had to be gone through with care."

Champions

Treasury asked each division to nominate a champion through whom they could channel conversations, since talking to all 400 users individually would simply not be practicable.

"We've done quite a lot with the divisions to get them completely on board, and they have all had an opportunity to have a say and be involved. What I didn't want was to have group treasury in an ivory tower imposing the change without consultation or explanation."

Run time

Now nearly complete, the whole project, which began in September last year, has become almost a full-time role for project lead Vijay Chavda, group treasury manager. A benefit of not outsourcing to a

consultant has been the learning within group treasury, says Moorcroft. Chavda has presented to the CFO and deepened relationships across the company and within the banks.

"It's also been a good opportunity for me to step back and delegate. It's teaching me how to let someone else take the lead," she says. 📌

KEY LESSONS

1. Preparation is essential: a project plan like this needs structure, weekly targets and regular updates to senior management.
2. Use the project as a development opportunity. Barratt's approach has enabled its group treasury manager to increase his project management skills, raise his profile within the business and with the CFO.
3. Attention to detail: talk through each stage of the project. Little things have a way of tripping people up along the way.
4. Communication proved to be key.
5. Treat the exercise as an opportunity to train people. Even those users who remained on the same system received training to bring them up to date.