

# Close buys GMAC invoice finance book

*The end of the beginning but a coming of age*

**Yeovil is a town in Somerset, probably best known as the home of AgustaWestland helicopters and remembered as the seat of one of the more likeable, decent members of parliament; Paddy Ashdown.**

The town made the headlines in the financial press recently as Richard Branson has bought Church Trust, a small private bank located in Yeovil with its roots in Batters, a long established local firm of lawyers. Branson's Virgin has adorned many products and services in travel, consumer goods and the financial sector but he has long wanted a bank. Whilst the relatively tiny Church Trust might not be indicative of his ambitions it has that priceless asset, a banking licence, which Virgin Bank must have to soar to the heights achieved by its airline.

This happy accident of timing regarding an occurrence, in a town less than a dozen miles from where I am writing this, gives me an opening most journalists can only dream of, or tortuously contrive, in penning a feature on the latest episode in the story of Close Invoice Finance.

For this invoice finance house started its days in Yeovil. Whilst the bicycle shop could not, even then, claim to offer the heights of technology now embraced by AgustaWestland, founder Leslie Bland had a confidence and bearing which might have betokened to the astute observer that from humble beginnings, Close Invoice Finance was going to achieve much and be worthy of one of the great names in UK banking: Close Brothers.

Leslie's achievements have been well documented. A natural publicist he built the business in his own style and demonstrated a, not overly common in this sector, concern for his succession when acquiring Metropolitan Factors in 2001 and with it, David Thomson who assumed command at Close Invoice Finance in 2003.

David has put his own stamp on the business. A fly half, he still plays rugby, and a natural leader from the front he is chairman of the German invoice finance businesses too. Above all, and supported by Harry Parkinson in Belfast, and Ian Steward in Manchester, he has wrought massive change.

If Leslie had the autocracy natural to one of his era, a Hove office team member told me that, today, it is like working for one happy family. I can confirm this from a visit. An old hand can glean much from an individual's demeanour, body language and that, almost tangible, element entitled atmosphere.

Substantial reorganisation has been accompanied by product innovation verging upon the brilliant. The IDEal package, utilising Vision Critical's real time reconciliation software, packed a triple punch in its competitive edge. It allowed greater loans to value but without increased risk, it permitted the granting of discounting facilities to clients that would only merit factoring with other companies, and it did so at a price that few, if any, could match whilst still offering good margins as huge productivity gains were seen too.

It was good news for me as well. David is not lavish with his advertising budgets, a rare tradition of Leslie Bland's that has endured, but I have praised this product to the sky which might give those of a somewhat blinkered view on life, if they have one, who claim I only write nice things about my big advertisers, something to ponder.

When Leslie set out, thoughts of taking over the mighty International Factors would have seemed deluded. But as David has built Close, sector pioneer International Factors, off-loaded by Lloyds Bank as a condition of the TSB merger being approved, has diminished as its various owners faced challenges of their own and deprived the Sovereign House team of resource and certainty. Once described by leading broker, Dick Appleby, not a man given to idle flattery, as the Rolls Royce operation, you have only to look at the numbers to realise that whilst the acquisition of the factoring and discounting books, including the discounting element only of the ABL book, has given a boost to Close Invoice Finance of a around 50% in funds advanced, it would have arrived there soon under its existing momentum. That said, a premium of £4m seems money well spent.

Statistics of 170 new accounts, and assets of £94m, gives an average loan, per client acquired, of £0.553m. Average client loans for Close Invoice Finance at the end of 2008 were 362 in factoring at £157,000 and 663 discounting at £187,000.



David Thomson

The move makes much sense for Close Group which has funds from a successful deposit product that must sweat and it moves the invoice finance operation into territory occupied by the clearing banks, Venture Finance and GE Commercial Finance opening up a big new market.

David tells me that the business is now in a recruitment phase. Some 23 of the GMAC team will join him but there are still vacancies he needs to fill.

If the term: "in a different league" is sometimes too easily used this is exactly where Close Invoice Finance now is in terms of both client numbers and sums advanced. You do not pay a premium to manage away exposures about which you are not comfortable. This is a declaration of intent: loud and clear.

David might not easily embrace the traditions and history of the invoice finance movement as much as I do but this acquisition hands him a cherished banner to take forward along with the one he has carried with distinction for six years. He, his team, and the new recruits he seeks, now have a great future as Close Invoice Finance takes its place amongst the best the invoice finance sector offers in all-round capability.

When I lunched with him last summer I saw an accomplished chief executive whom, I thought, would relish an even greater challenge for his talents. Now he has it.

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Editor