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How Renaissance builds relationships

Renaissance Asset Finance shares how the company is building on its experience and passion as it continues to show impressive growth

How Renaissance builds relationships

Leasing World recently caught up with **Renaissance Asset Finance**, to find out how they're turning experience and passion into impressive growth and ever-improving levels of service. It was a fascinating conversation with four experts in their field, and, above all, an insightful example of teamwork.

Photo above: From left to right: Phil Oatham, Joe Davison, Alan Beardsworth, Jamie Chaplin, Lisa David, Richard Zeitlin and Ian Butcher

Leasing World: Can we start by talking a bit about Renaissance Asset Finance's brand identity? You're supported by the might of Arbuthnot Latham & Co, but at the same time you're a separate entity with your own way of doing things, so how does that work in day-to-day business?

Stephen Fletcher – Managing Director Specialist Finance Arbuthnot Latham ("SF")

Yes, as a business Arbuthnot Latham acquired in 2017, Renaissance Asset Finance ("RAF") already had its own brand identity. When Arbuthnot Latham acquires a company, we tend to leave it to run under its own branding. After all, one of the attractions when investing in an established company is its standing and brand awareness within the industry

As a separate legal entity RAF has its own Credit team and internal Credit Committee. Arbuthnot Latham understands that RAF is different to the other parts of Arbuthnot Latham [which includes private and commercial banking, investment management, wealth planning and other specialist finance subsidiaries] and, therefore, we have policies that reflect that differing position. Of course, while RAF's lending is unregulated, we are still part of a regulated bank, so we have centralised reporting through our internal RAF risk team and have 'control and check' visits from Arbuthnot Latham, as you would expect in our industry.

The key to the bank and subsidiary relationship is that RAF draws on capital from the bank to allow us to expand and grow our balance sheet, leading to higher profitability. The relationship is a key component in how RAF has maintained business growth over the last few years while also delivering a good return for Arbuthnot Latham.

The other key element to RAF's identity is that it has its own operating systems. Of course there are links to group-wide systems, but with separate autonomous tools and processes that make RAF feel in control of its own business and destiny.

➔ Block discounting is a finite market, and a lot of it is relationship-driven

Leasing World: Our readers are well aware of the launch of RAF's block discounting line about three years ago. How has the market responded to this offering – has the block product met the targets you set, or even surpassed them?

Paul Tagg (below), Senior Director – Block Discounting & Wholesale Products at Renaissance Asset Finance ("PT"):
Officially, 2 August was the third anniversary of our block discounting product, which is also the date I joined RAF. It was apparent then, and still is today, that Arbuthnot Latham and Renaissance are customer-focused, emphasising relationship building.

Block discounting was a new product for the business, and we had to work on processes, policies, and product education, which takes time if you really want to get it right. We now have a good base – a talented team writing good levels of business, and I am confident we will become an even bigger contributor for RAF.

I've been doing this for the better part of forty years now, and it has always been the case that someone new will come into the market. The thing about block discounting is that it's a finite market, and a lot of it is relationship-driven. If you think about the kind of clients we're dealing with, they need more than one block discounting line, and you'll find some of our larger clients have block discounting facilities with many of our competitors. It's a fluid model, with lenders coming and going, but right at the heart of it, there is a core of about three or four lenders involved who have been in the market for many years, and RAF will be one of those going forward.

SF: The good thing is the block business now has nearly twenty active clients drawing from us, and that is building very nicely. We have lent over £30 million, and we are going to grow that this year, with our target being £50 million by the end of the year.

Leasing World: Working for RAF, does it feel like a small business in terms of agility, or like a large one because of the sizeable Arbuthnot Latham backing?

Mark Lester, Managing Director, Renaissance Asset Finance ("ML"):
We are a nimble team with short lines of communication, so if we see opportunities, we can capitalise very quickly.

It was ten years ago in July when we wrote our first deal. Our loan book was about £55 million when Arbuthnot Latham acquired us in 2017. The loan book grew quite slowly at first, then fell back a little during Covid, and we went through the £100 million mark in June 2022. As of June 2024, the book is now £230 million.

The last two years have been transformational – the loan book increased by over 100pct. The reason is that we've got a much more dynamic sales team, and we've recruited quality staff who have improved our credit and sales support functions and increased our efficiency and service to our brokers.

Leasing World: Tell us more about the sales team relationships – I mean, we talk a lot in this magazine about technology, but at its heart leasing is about its people, the same as it was a hundred years ago, so how do you ensure you've got the best possible sales team at RAF?

Jamie Chaplin, Sales Director at Renaissance Asset Finance ("JC"):
A lot of what makes a good salesperson is down to their relationships in the market. If you look across the lenders, you will notice that there is not much separating them. Pricing and service levels are important, of course, but good relationships are vital, which is why you need an experienced sales team. Skills such as being able to underwrite a deal and challenge your risk team are bonuses, but having great relationships within the broker market makes the real difference. When it comes down to it, when you decide as a broker where you want to put business, a lot of the time, having a long-standing and positive relationship with someone will be the differentiator between doing business and losing it.

As a business, you could have a larger sales team – we had one in the past – but you may not benefit from having operational efficiency. What we try to do here at RAF is recruit people and build a team that can deliver for brokers.

I would argue that having a robust operational set-up is probably as important as having a great sales team because you need to be able to offer exceptionally strong service throughout.

Left to right: Jamie Chaplin, Stephen Fletcher, Mark Lester, Paul Tagg

➔ We've had a couple of team members who have been with us since day one – they understand the culture and what delivery means

Having great people in credit, a robust credit policy and sales support function, and an operations team that can pay out deals quickly play just as vital a role as an agile sales team.

Personality is just as important as all those other things. So, it is necessary to employ people with the right qualities for the culture of your business. A broad understanding of all the business areas makes a good salesperson because they are the first person a broker will talk to about any new application or any deal.

ML: The word salesperson is a bit of a misnomer really. They are relationship managers. They need to manage the whole relationship with the client, not just the new business element.

SF: Look at our sales team today. RAF has been running for ten years, and you rarely find that sales team members stay around in any business for that long, but we've had a couple of team members who have been with us since day one – they understand the culture and what delivery means. What Jamie's been able to add is to bring in new people who fit our culture and who deeply understand the industry we're working in. You need that balance of the old guard and the new intake.

JC: We have people in various areas of the country, but typically, they are national broker managers, and these days, you can do a lot over video calls, so they're not travelling around all the time. We do have a meet every Tuesday to talk through pipeline deals and challenges, and we invite other business areas to come in and give updates. But because we're all quite local, we are in the office often.

Leasing World: We'd like to imagine that the topic of fraud doesn't need to come up in those meetings very often, but of course it's a subject that will never entirely go away. Can you share with us how RAF learns from previous fraud cases that have hit the industry – with one obvious example – and what steps do you take to protect yourself from falling prey to tomorrow's fraudsters?

ML: Fraud is one of the biggest threats that the finance industry faces. The fallout from the well-documented media case led to many funders conducting a "drains-up" look at tightening their policies, which we also did. As a result, we now have a tighter policy on asset validation and asset audit, greater scrutiny of suppliers, plus increased employee training.

I think the introduction of Acquis Lumia is an excellent example of funders working together and sharing information, even if done anonymously. We use Acquis Lumia daily to see what balances are out there, then compare those against Experian and other sources. Acquis Lumia has some of the bigger funders on board, but it would be helpful if they could also sign up more of the smaller lenders, as its full success depends on getting portfolios loaded onto the system.

Leasing World: RAF works with a number of brokers…what are you learning from them at the moment?

JC: I have been in the market for almost 20 years, and when I first started, the number of brokers in the sector was quite small compared to now – it was an ageing sector, with lots of lenders out there vying for business. Skip to today, and the industry is quite the opposite of an ageing sector with a constant influx of fresh players. What that does is it increases the level of competition, so we have to offer a competitive rate and service and have strong relationships with brokers to win business, but it's the same for all the lenders.

Overall, the market's still very buoyant. We're coming to the end of the rising interest rate market, but it has still been very resilient because if you look at the AF50 report, you can see that many lenders have grown, which tells us that brokers are still writing increasing amounts of business. However, the level of competition among them is vast, and service levels received from lenders to brokers can vary widely. It's just incredibly competitive out there now.

Our team regularly go out to meet brokers. We [Arbuthnot Latham] moved to a new building earlier this year in August, and we want to bring all the brokers together to talk about our business – what we're currently doing and what we're planning. We have been especially busy over the last eighteen months, looking to hit objectives and grow the business. However, we'd like to bring all our contacts together towards the end of the year to celebrate what we have achieved in the last few years.

Leasing World: Let's quickly take a look into the future. Where's your focus and what are your targets and plans for the next year or so?

SF: We have a three-year plan for the business and the wider banking group overall rather than focusing on one year at a time. In terms of our future state plan, our main focus will remain the broker flow business in terms of the broker introduced business – a key market that's always going to be core to what we do. We want to continue to improve service levels to brokers with quicker decisions because we know that is a crucial way to keep brokers and the end clients happy – everyone wants a swift finance decision, a quick answer to the question, "Can we do this or not?"

We are also keen to build on our new block business that Paul runs, as we know many traditional finance companies like the block product. Paul recently expanded the block product into more of a standard wholesale financing product for lenders in the asset finance/bridging type marketplaces, where it won't be a specific block product but more of a revolving credit facility for those kinds of lenders to help them expand their books.

Our book has expanded nearly 20pct already this year, and we're on track to exceed our profit and balance sheet targets. We're consistently adding more value to Arbuthnot Latham and delivering a very positive return on capital employed for our parent company. ■

At Leasing World, we will be sure to catch up again with Renaissance Asset Finance later in the year as soon as we can bring you news on its next steps. In the meantime, you can also get up to date on the Acquis Lumia system here: www.acquisdataservices.com.