DEFINING QUALITIES

Interview with
CHRIS LACEY
MANAGING DIRECTOR
WILLIAM LACEY GROUP

PMW | Partridge Muir & Warren

CHARTERED FINANCIAL PLANNERS

In a series of interviews with Simon Lewis, chief executive of Partridge Muir & Warren, owner-managers consider their approach to business and the specific qualities which deliver sustainable success.

The interviews will be brought together as a report to be published by DECISION magazine and then as a digital book.

A COMPANY WHICH isn't growing can't really be described as healthy, believes Chris Lacey. However, the managing director of housebuilders, the William Lacey Group, is fully aware that his sector is a challenging one where some players struggle to survive, let alone increase their size. Or they try to grow too fast.

But his approach is "to persevere without taking risks that would undermine us". With that balancing act in mind his three-year plan - to more than double the number of homes they build each year to seventy – is "aspirational yet not too dramatic"; what he describes as achievable, sustainable growth.

Lacey accepts that obstacles can always appear which suddenly make the goal become unrealistic. For that reason, his plan is deliberately not set in stone, and with supportive family shareholders and little debt, Lacey feels comfortable about being able to change tack if he has to.

"But the plan gives us a grounding, some perspective or outlook to steer towards," he adds. "And I'm confident because of the work we have put into that if something unforeseen should happen, we can find a way to enable and achieve that growth. That's assuming we get permission for major planning applications we're involved in. If they have to go to appeal, any plan would have to be re-drawn."

But adaptability to changing circumstances has always been a feature of the business, he says – right from the time the business, originally a church builder founded 114 years ago by Lacey's great-grandfather, expanded into building schools and then into its current specialism of houses.

A good example is how the group reacted to the 2008 financial crisis. Lacey says they spotted the signs early (the construction industry is said to be somewhat of a barometer of economic change) and saw opportunities to embrace technology in order to be counter cyclical. "We could see there was going to be a huge drive towards building more sustainable homes, so at a time the industry was struggling, we were ahead of our time in investing in green technology."

Had it not been for embracing such technology, which manifested itself locally in eco-friendly homes, Lacey believes the firm might have had to halt building. As it was, they gained valuable skills in building thermally efficient and zero carbon homes, utilising techniques like using insulating concrete formwork, triple glazed glass and integrated photovoltaic panels.

The decision to take this approach was an informed risk that followed a lot of research,says Lacey, but he feels the momentum for sustainable building technology has been lost more recently by central government. "Maybe there are ways to speed up production," he ponders. "For example, more modular buildings. But you can rarely have it all ways. If you try to speed up the production line then design aesthetics can be lost."

The "sweet spot" for William Lacey Group is ten to twenty units – at that size a development doesn't have to include affordable housing - although the company does develop schemes which do. On one site site, 40% is classified as affordable. "There has to be an appropriate mix," says Lacey.

As well as consumer confidence to want to step on or up the property ladder. "I remember during the credit crunch, builders were saying there will always be demand for new homes, but the supply-and-demand equation is irrelevant if there is no confidence," he muses.

At least William Lacey haven't been caught out, as some builders have, by owning too much land. "Sitting on sites waiting for the values to go up is not part of our model; any developer doing that over the last couple of years would now have compromised cash flow."

What the group does on occasion is to buy land and then sell it to a housing association along with a building contract. That can provide a cash flow boost. "Or sharing a site and sales outlet with another developer could be an attractive option," says Lacey.

But cash flow can still be an issue, as he explains. "The way it works is that as we complete a phase of a development, the bank lends for the next phase. But that assumes the houses are selling; we do get cyclical downturns , so if houses aren't selling, now does the developer repay the bank for the last phase? Issues like this have cost some companies their existence."

To achieve some certainty William Lacey avoid aggressively trying to drive down their supply chain on price. "We would rather have a reliable supply chain we know will help us build a development on time," he explains.

After working for the family business in his school holidays, Lacey joined the group in his early twenties after working there in his school holidays, becoming managing director in 2000. The role came with a bit of a shock. "I thought that the running of a business just happened, and that I could concentrate on new thinking and strategy," he recalls. "The reality is very different. I got a bit of a shock to find that even everyday things in business involve a lot of hard work. They don't just happen."

So to help make sure "the cogs turn within the machine" to drive it in the direction he wanted, Lacey brought in a non-executive chairman and a management consultant and says he has learnt massively from them both.

As the fourth generation owner-manager, Lacey is always conscious of the legacy he inherited and admits to a "subliminal urge", when making decisions, to consider what his father would have done in that situation. "There was a time when I used to look up to my predecessors and question my worthiness to run this business. But I've learned not to be afraid of trying new things; the best way is to do what you think best and learn from your mistakes."

That means Lacey is willing to take decisions that involve changing direction. "We have always adapted and increasingly I feel we have changed the nature of the business significantly. Perhaps the one manifestation of that is our new office building, which will very much have my stamp on it. My dad would have said 'you won't always get decisions right but you still have to make them'. That doesn't mean in haste. I have been accused of prevaricating, but that's because I have to believe that I'm doing the right thing, so I take whatever time is necessary for me to gather information."

Lacey's would not rule out his daughter Kitty working for the group. "If she wanted to join the business that would be great, assuming I have a healthy business to pass on," he says. "But I'm a believer in the journey, whatever it is, being necessary, so I would worry about my daughter coming in. I had to learn the hard way and learn from my mistakes and I would expect her to do the same."

Lacey has no plans to hand over the reins. "I'm only fifty-three and I have no plans to stop while I still enjoy building," he says, although in time he wouldn't rule out his ten-year-old daughter eventually joining the firm when she grows up, though she currently aspires to be an actor or a spy.

'I would be lying if I said I would never consider selling - everyone has their price - but why would I really want to start again when I have this wonderful legacy and reputation to enjoy and nurture? I would not want to lose sight of that."

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With a heritage of nearly fifty years, the chartered financial planning and wealth management company Partridge Muir & Warren Ltd (PMW) see themselves as both guides and guardians to their clients. Their default position is one of conservatism, with the majority of their clients seeking a consistent, competitive return on their capital, which is why the average current client relationship lasts nineteen years.

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