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The green man

With a background in leasing, marketing, and capital markets, George Cranmer is well placed for tackling his current challenge – managing green assets, says **Brian Rogerson**

Cranmer Lawrence & Company Ltd (CLC) is at the forefront of green leasing. Not least as it is in pole position as the Waste Resources Action Plan's (WRAP) appointed manager of assets financed through eQuip, the scheme which guarantees residual value.

WRAP's action plan up to 2008 includes achieving: £10bn of construction projects for waste minimalisation, recycling and recycled content; 1.7m tonnes of material to be diverted from landfill; and £50m savings to the construction sector from minimising site waste and increased recycling. By 2006 some two-thirds of the business plan was either fully achieved or exceeded.

Ken Hunnisett, CLC's director in charge of eQuip says: "The recycling industry is growing rapidly. For years now we have underwritten operating leases into our public sector clients for green assets such as refuse collection technology and recycling infrastructure. With eQuip we have built on that experience and with the 10 banks and finance companies that comprise the funding panel, we are now able to provide a true operating facility for SME and corporate recyclers and reprocessors."

Leasing roots

George Cranmer has leasing running through his veins. Born in Sunderland he attended Bede Grammar School and went on to London School of Economics to study for a degree in international economics.

After university he started working at Burroughs, the office computer provider which, by the 1960s, held the lion share of UK bank and finance company's investment in office systems. He then moved to Honeywell



where he worked in sales and marketing. In 1968, however, he turned down a chance to move with the company to Paris and instead joined Intelco – a US lessor seeking to break into the UK medical leasing sector – as a regional director.

"The Americans brought some great finance relationships with them," he says. "They understood residuals and knew how to manage assets and really hit the market running."

Cranmer grew Intelco's book both organically and by buying portfolios. "IT leasing was really taking off," he stresses, "and any good salesman could sell its features – tax efficient, off-balance sheet structures which preserved bank lines – as benefits. Furthermore, the residuals required were modest and we were quite successful in writing middle ticket deals ranging from £100,000 to £5m."

In 1971 Cranmer left for the US where he was appointed Intelco's marketing director. He later joined the TransUnion Corporation as president of its medical leasing division and later still, branched out to form his own consultancy, United American Capital. Around 1978 he became familiar with asset securitisation – a speciality that at the time was unheard of in the UK.

"I ended up in the US working with AFG Securities Corporation," Cranmer recalls,

"as its president and based in Boston. When the company was sold in 1991 I felt it was time to realise my assets and come back to the UK."

He founded George Cranmer Associates (GCA) and initially acted as an agent for US investors seeking to transact operating lease with the recently empowered local authorities and NHSTrusts. His timing was such that within five years GCA had assembled, managed and re-marketed equipment portfolios totalling some £200m.

Chance encounter

A meeting in 1998 with Steve Lawrence was fortuitous. Lawrence was a chartered accountant who had held senior positions with international insurance and re-insurance companies. Not only did the meeting lead to the current corporate structure, CLC, but it enabled Cranmer to form a residual value insurance (RVI) product with Centre Insurance International (Centre), part of Zurich Financial Services Group.

"We had perceived a gap in the market," he says, "especially for major bank lessors that sought to be protected from asset risk on middle-ticket operating leases. It was successful, and over a two and a half year period we grew a leasing portfolio of around £500m."

Based on the experience and results achieved in the Centre portfolio, CLC was able to forge a partnership with De Lage Landen and business continued in the medical leasing sector with strong emphasis on asset management.

Cranmer next turned towards what he terms "vertical integration" and, for example, developed working partnerships with a client that specialises in converting ambulances.

He says: "New ambulances can cost around £100,000 each. Some 60 per cent of this cost relates to the saloon, 30 per cent to the cab chassis and 10 per cent to on-board equipment. After an initial lease period of five years and 200,000 miles a typical ambulance chassis is fit only for scrap. However, the saloon can be re-mounted on a new chassis and be on the road operating again as a working vehicle for around £50,000."

CLC currently employs some 13 staff at its Beaconsfield head office and another 10 in associated companies. In 2001 Ken Hunnisett joined as a director bringing with him a career background in local authority and NHSTrust leasing.

Looking forward, Cranmer is optimistic regarding continued growth at CLC. He is determined that the company will remain in the forefront of green leasing and as a major player in the medical leasing sector.

"The essence of what we do is managing assets. Success is measured by how good you are at realising the residual investment at termination. You cannot sustain the business if you fail to do this," he says.

Married with four sons (one of whom, is a director of CLC) and a daughter, Cranmer is an active member of his local Church of England parish.

He still regularly visits the US. "The knowledge gap is now much narrower – in fact they were very impressed with our RVI programme. Nevertheless, as lessors we can still learn from the Americans," he observes.

"Their energy and resourcefulness and the way they make things happen is to be applauded." However, he laughs, "when they do make mistakes – they still make them big."