

Croudace grew turnover by 10% in 2010

By Barry O'Sullivan

SME profile: Housebuilder used disciplined growth strategy and attention to detail to buck the trend



DURING THE BOOM WE MADE A DECISION NOT TO ENTER THE APARTMENT MARKET

ANDY YALLOP, CHIEF EXECUTIVE

Falling mortgage lending and land sales made housebuilding an uncomfortable sector to inhabit last year. But Surrey-based Croudace Homes, formed after the Second World War to repair the South-east's blitzed homes, thinks it has managed to buck the trend.

Andy Yallop (pictured), the group's chief executive, says turnover reached £97.6m in 2010, an increase of 10% on last year. Pre-tax profit shot up from £1.5m to £5.9m.

Yallop believes Croudace's disciplined approach in its business dealings has helped the group to weather the downturn.

"During the boom years we made a conscious decision not to enter the apartment market," he says. "Instead we played to our strengths."

One of these is buying and developing land in central locations in towns and cities, rather than the suburbs, which makes prices more resilient during difficult economic times.

In addition, more than 50% of its annual production comes from building on land

it has acquired through optional purchase agreements with landowners, which saves the company significant sums, according to Yallop. In 2010 the group had no debt and net cash in hand of £12.1m.

Growth targets are disciplined as well, Yallop insists. Rather than setting short-term targets, the firm aims to grow business on a gradual basis with a target of 10-15% growth each year up to 2014, with 10% expected this year.

"We tend not to pressure ourselves into meeting production targets," says Yallop. "Instead we prioritise attention to detail and quality of finish on our jobs. This is borne out in customer service ratings, which rank us highly."

Yallop attributes the company's conservative and pragmatic ethos to founder Jack Ratcliffe, who remained active in the company up until 10 years ago. "He was very careful in his business dealings," says Yallop. "Everything was down to detail."

The Croudace Group was founded in 1945 by Ratcliffe and his next door neighbour Oliver Croudace. Ratcliffe, a former RAF pilot, was the driving force behind the company's foundation.

He saw opportunities for housebuilding and renovation in the South-east,

scarred by bomb damage and years of neglect. The business remains family owned with the shareholders now spanning three generations.

One of the largest projects on its books at present is a development in Basingstoke of nearly 1,000 residential units. The total gross development value for the Sherfield Park site (pictured) is £235m. Construction started in 2004 and is set to be complete by 2013. The firm is near completion of the scheme's village hall.

"We always aim to add personality to our builds. The design of the dwellings on the Sherfield Park project is unique for Basingstoke," says Yallop. "We worked closely with PRP Architects to do something just a bit different to the norm."

The UK needs homes, he says, and Croudace will be able to profit from the demand.

"Currently 100,000 homes are built every year in the UK," he says. "To meet expected demand we need to be building 230,000 homes. Eventually there will have to be more flexibility on planning and mortgage lending in order to reach those targets."