

# Ready for the next stage

## Reward Funding's confident evolution



**O**n a blistering late summer afternoon, as temperatures soared to a record 34 degrees, we find ourselves in the cool, modern surroundings of Reward Funding's Leeds office. The office, a testament to the NACFB Patron's growth, has been their base for just over a year – a fitting backdrop then for a conversation about ambition, evolution, and the future of UK business finance.

Nick Smith, Reward's group managing director, greets us with a warm smile, his dark-rimmed glasses perched confidently as he prepared to wade into our discussion. There's a palpable energy about Nick; he speaks quickly, with a clarity that leaves no doubt about his passion for his work. And, after nearly three decades in the business, helping to fund UK enterprises, that passion remains undimmed.

Even before we even start the interview, Nick's enthusiasm for his role was evident. "You have to love at least 20% of your job," he advised, recommending a summer read that had clearly resonated with him. It was an appropriate prelude to our conversation – a conversation that would reveal just how much Nick loves what he does, and how that love is driving the success of Reward Funding.

**Commercial Broker (CB): Since becoming Group Managing Director in 2020, how have you driven Reward Funding forward? What have been the key milestones?**

**Nick Smith (NS):** When I joined Reward in 2016, we were much smaller – just one office in Leeds and another in Manchester, with a £40 million loan book and about a dozen people. Fast forward to today, and we've

grown significantly. We're now sitting on a £275 million loan book with five offices across the UK. The growth, especially in the last four years, has been impressive.

Taking over as Group MD in March 2020, right as Covid hit, was interesting timing. Back then, we were at around £70 million, but the pandemic actually accelerated our growth. We've tripled our loan book since then, hitting our £250 million target six months ahead of schedule. What's crucial is that our growth isn't just about numbers; it's about refining who we are. We've always been a short-term lender, but now we're focusing on clearly defining our offerings, which helps us better engage with brokers and clients.

**CB: How does Reward engage with the broker market, and what strategies have been most effective?**

**NS:** Our engagement with brokers is very much about being hands-on. We believe in the old-school approach – meeting brokers directly, educating them about what we do, and being upfront about what we like and don't like. Building face-to-face relationships is crucial in this industry.

Once brokers understand how we operate, things move quickly. Most of our business – around 80-90% – comes through brokers, so those relationships are key. We do particularly well in the mid-market broker space, where brokers work closely with their clients. We're also looking at how we can better align ourselves with larger volume brokers and more centralised operations. There's definitely room for growth there. ▶



**CB: What challenges have you encountered in the current lending environment, and how has Reward adapted?**

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**NS:** The lending environment has definitely been challenging, especially with interest rate fluctuations, economic uncertainty, and Covid. But we've always prided ourselves on being nimble and flexible. During Covid, for instance, we decided not to participate in the CBILS programme, instead getting closer to our clients and treating each one individually. That approach worked well for us.

Interest rates have been another challenge. We borrow on both fixed and variable terms, so when rates rise, it puts pressure on us and our clients. But we've managed to maintain our pricing through careful management, and we haven't seen significant risk issues emerge.

As a short-term lender, we're always on the go. Some months we might lend £10 million but get £20 million back. It requires constant adaptation, but that's something we're used to.

**CB: How do you see Reward's product range evolving?**

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**NS:** We're really focused on defining our offerings more clearly. We've already split our business finance into property finance and working capital, and we're planning to break it down further into four or five distinct products over the next six months.

The idea isn't to change what we do but to make it easier for brokers and clients to understand our products. The market, particularly the property market, tends to work in silos, and we need to align with that. So, we'll be talking more about specific products – 12-month facilities, revolving credit, overdrafts, bridges, different interest variables on products, and so on.

We're also working on a big rebrand that will help us communicate our value proposition more effectively. We've been one of the original alternative finance providers for 14 years, and now we need to showcase that strength.

**CB: You mentioned a rebrand for Reward. What prompted this, and how will it shape Reward's identity?**

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**NS:** The rebrand is a significant step for us as we move into the next phase of our growth. Over the years, Reward has evolved considerably, and it's time to refresh our identity to better reflect who we are today.

We were one of the original alternative finance providers, long before many fintechs arrived. This rebrand plays to that strength, highlighting our solid track record and deep expertise. It's also about being clearer and more confident in our product offerings. We've diversified and expanded, and our brand needs to reflect that evolution.

The new branding will help us communicate our core values – transparency, speed, flexibility, and a deep understanding of our clients' needs. It's about moving forward with a renewed sense of purpose.



**CB: What qualities make a good broker, and how can they succeed in today's market?**

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**NS:** A good broker understands their client's needs and the market, putting together solutions that really support the client. I'm always keen to see well-packaged transactions with a clear understanding of what the client wants.

Communication is key. We work closely with brokers to ensure they understand our products and processes, and we expect the same in return. We've even started an internal BD Academy, where brokers come in to talk to our team about what they need from us as a lender. It's all about making sure everyone's on the same page.

The brokers who do well with us are those who take the time to understand their clients and communicate effectively, bringing us detailed information that allows us to move quickly.

**CB: What do you look for in a lending opportunity, and what factors are most critical?**

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**NS:** We categorise our clients into three groups: situationists, opportunists, and investors. Situationists have short-term, time-sensitive needs, often new to short-term finance. Opportunists understand the value of short-term finance and want to move quickly. Investors use short-term finance strategically, accessing capital whenever needed.

For all these groups, we look at three critical factors: the security on offer, the ability to service the debt, and the likelihood of repayment at the end of the term. Typically, a broker will have these boxes ticked when bringing a deal to us.

**CB: What policy changes would you like to see from the government to support SMEs and the lending industry?**

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**NS:** If I could, I'd address two key areas: housing planning reform and late payments. The housing crisis has broader implications beyond just business. We desperately need planning reform to unlock house building across the country. It's politically charged,

but if we're serious about tackling the housing shortage, we need to get on with it.

Late payments are another massive issue for SMEs. They've been talked about for years with little action. The strain on small businesses, especially those winning big contracts with large corporations, can be crippling. It slows down the entire supply chain and puts unnecessary pressure on businesses already operating on tight margins. We need legislation with real consequences to ensure SMEs get paid on time.

**CB: There's been talk of a talent gap in the industry, especially among younger professionals. What are your thoughts, and how is Reward addressing it?**

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**NS:** The talent gap, particularly among younger professionals, is a real concern. The traditional banking route, which used to train people in the basics, isn't as strong as it once was, leaving fewer pathways for young people to enter the alternative finance sector.

We're addressing this through our BD Academy, where we bring in emerging talent and give them hands-on experience across different business areas. We're also exploring graduate recruitment programmes and secondments with larger brokerages, allowing young professionals to gain experience in various roles. Ultimately, we need to make the alternative finance sector more accessible and appealing to the next generation.

**CB: Finally, can you share a bit about your life outside of work?**

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**NS:** Outside of work, my life is all about family. We've got four kids, so there's a lot of driving around to various activities! I'm also a keen golfer, though I've been injured most of the summer. I used to play off a handicap of three, but now I'm at nine. And I'm an avid Leeds United fan, though that's been a mixed blessing recently.

Having interests outside of work is important. It keeps you grounded and gives you the energy to tackle the challenges of running a business. Whether it's spending time with family, playing golf, or following football, these things help me stay balanced and focused. ●