



LACKING FAITH IN PREDICTIONS AND EXHORTATIONS TO DO BETTER, **JUSTIN WELBY** SAYS THAT HIS AIM FOR 2006 IS NOT TO LOSE SIGHT OF HIS CORE PERSONAL VALUES.

Guns, God and staying true to yourself

What are the things that are interesting at the beginning of the year? Well, for my money, predictions are out. Having changed offices I was sorting out some stuff and leafing through back copies of *The Treasurer*.

The most notable was a forecast that the oil price would not go any higher (written before the 2005 spike). It was learned, accurate, well researched – and completely wrong.

Another turn-off is lectures on behaviour. As a former oil company treasurer and now a clergyman, I am used to predictions (and left professional finance, as it happens, as I became more cynical about the likelihood of accuracy) and have little confidence in the usefulness of exhortations to do better.

It would be useful to have some sense of the unpredictable things of life, or at least some sense of how to factor the unexpected into our plans. Treasury training takes you to some odd places. Because I was in an oil company for 11 years and spent a good deal of time going to places that most people tried to avoid, I found myself three years ago appointed jointly with a colleague to manage the conflict resolution work of Coventry Cathedral. He covered the Middle East, and I was Africa.

Three years later – having spent 12 months away from home in total, built up a contact list of some very surprising and violent people, enjoyed a bit of success and experienced a lot of frustration – I was moved again, at a fortnight's notice, back to the domestic side of the cathedral, although keeping the work with militant religious groups and christian-muslim conflict.

Conflict reconciliation has not apparently got a lot to do with treasury management but appearances can deceive. First, it requires the ability to synthesise a lot of information quickly and under pressure. Mobile phones, incidentally, don't always help here – I once found myself looking up the barrel of a gun at a roadblock when my phone went off; after an embarrassed pause, I answered it to hear: "Warwick Glass here, Mr Welby. Can we fit your new window this afternoon?". The synthesis is very similar to the process of pulling together information before deciding the timing of an issue of debt, or even a significant forex transaction: you know what you know, you know there is a lot that has escaped you, but you have to take a view and make a decision.

Second, it requires flexibility in attitude, in analytical models, in planning and in execution. The economist John Maynard Keynes was once asked why he changed his mind and was it not a sign of theoretical instability. "I change my mind when circumstances

change. What do you do?" he replied. As a treasurer I had to cope with a product price that fell 80% in six months, with foreign exchange fluctuations and all the rest. Normality in finance is the exception. Reconciliation work requires analysis. What are the factors causing conflict? What are the motives of the main actors? What are the likely outcomes? Who are the spoilers? And so on.

It requires flexibility of attitude; in the past 18 months I have had to establish relationships with killers and with the families of their victims, with arms smugglers, corrupt officials and more. There is an old Jewish joke a rabbi told me recently: "What makes God laugh? When we plan." Flexibility makes for good treasury management, and good reconciliation.

Third, determination is essential. We all know the jokes about the life cycle of a deal – from elation when the mandate is given or heads of agreement signed, through frustration, anger, despair, weary acceptance, and sometimes satisfaction. No honest treasury practitioner will look back at a year without thinking of the things that got stopped, or can be effective without a willingness to push on, adapting as necessary, but always keeping the key goals in mind.

My longest deal took 35 months to put together; thankfully, I was in an industry that thought in decades. Determination is the only way to end conflicts, or even to start negotiations. Once the basic agreement is there, you can be sure that people will try and spoil it. Someone took out a contract on me last year, for \$30. I couldn't decide whether to be insulted or afraid. What made it worse was my Middle East colleague had a six-figure sum on his head. And a website called him the anti-Christ and me his deputy; how rude is that! Our working agreement always put us on the same level.

But underlying all that is the reality that the pressures of achievement, of working towards targets, of trying to get things done, are the ones that knock us off course. I had a significant failure this autumn, and struggled profoundly, emotionally, in terms of stress and trying to know what to do. At times like that, and just as much in the pressure of success, we can find we are no longer the people we want to be or even feel comfortable being. My aim for 2006 is to keep my core values in the centre of what I do, and maintain the boundaries that tell me where I am going wrong.

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