

A photograph of Joe O'Neill, a man with short brown hair, wearing a dark suit, white shirt, and a purple and white striped tie. He is smiling and looking directly at the camera. He is positioned in the center of the frame, framed by a red metal structure that appears to be part of a tire rack. Several black tires are visible, some with purple and yellow markings. The background is dark, suggesting an indoor setting like a tire store.

KWIK-FIT GROUP TREASURER  
JOE O'NEILL HAS WORKED ALONGSIDE  
SOME FAMILIAR ACT NAMES DURING HIS  
CAREER CIRCUIT, AS HE TELLS **GRAHAM BUCK**.

# Making tracks

From early days at Jaguar Cars to his current position as group treasurer for Kwik-Fit, Joe O'Neill's career has incorporated two stints with companies in the motor trade. En route, his experience has been rounded out by treasury posts in the drinks, telecoms and energy sectors

"I'm very proud of the quality corporate names on my CV," he says. "I've stayed with each of them for several years, but sometimes to make progress up the ranks of treasury you need to be flexible and open to moving to another company when opportunities arise."

O'Neill's career began in Edinburgh with Royal Bank of Scotland in the mid-Seventies. He completed all of the banking examinations, qualifying as a chartered banker and it appeared that his future would lie this way.

**JAGUAR CALLS** "So it was quite a bold move to leave RBS in 1985 and plunge into what was then the fledgling corporate treasury market, particularly as I wasn't entirely certain what it would hold," he admits. "I was, however, delighted that what I'd learned at RBS would also come in useful at a prestige motor manufacturer – and set about learning what treasury was all about."

At the time, Jaguar was one of the UK's most important manufacturing names. Following the metamorphosis of British Leyland, with most of its car production transferred to the Austin Rover Group earlier in the Eighties, Jaguar was floated off as a separate company and listed on the stock market in 1984. What was a struggling business had its fortunes revived under veteran industrialist Sir John Egan, who became Jaguar's chief executive.

With North America the main market for its cars, Jaguar had significant foreign exchange (FX) exposures and O'Neill joined when sterling was steadily depreciating against the US dollar. Early in 1985 it appeared there might be parity between the two currencies when the pound fell to \$1.03.

"Jaguar also became an early issuer of sterling commercial paper," he recalls. "In those days investors were less concerned than now with credit ratings; instead the company's widely known name and its status as a FTSE 100 blue chip sufficed to produce funding at levels previously reserved for banks. So it was a period that I look back on very fondly. I worked with a great team and had a very good mentor in the group's treasurer, Ian Scott."

In 1988 Scott transferred to Guinness and took up the post of director of treasury and risk management, subsequently encouraging his colleague to join him in the move. O'Neill says that one

challenging role was promptly replaced by another as Guinness was another company in the throes of transformation. The company's controversial takeover of Distillers had been completed two years earlier and it was steadily transforming from a UK-based brewer into a more diversified international group, including a cross-shareholding with the French luxury goods group LVMH.

In 1990 he became an MCT with membership achieved through his in-job experience and exemptions due to his chartered banker qualification. FCT followed in 2007.

His new colleagues included the ACT's current chief executive, Colin Tyler. "Both of us served as assistant treasurers and we were largely feeling our way as to what treasury is all about, and the multitude of ways in which it can add value. I worked my way up as both the department and the business as a whole grew in size.

"Guinness was very active in the capital markets and issued a number of bonds in a variety of different markets. As with Jaguar there were major FX exposures, but this time around they were in some very diverse currencies including those of Africa, South-East Asia and Latin America. The company also had Japan and Australia as major markets for its brands, so it was very much a global business with a great deal of debt management and interest rate management."

He adds that Guinness was one of a number of excellent and highly proactive treasury departments operating at this time. "Unlike some of our competitors, we steered clear of speculative trading in options and kept out of trouble."

**MERGER OF EQUALS** In 1997 the scene was set for a further transformative deal. Guinness agreed a "merger of equals" with rival Grand Metropolitan, with one of the changes being the adoption of a new name. Diageo, as the group's website explains, combines the Latin word for "day" and the Greek word for "earth", together suggesting the celebration of life every day and everywhere.

O'Neill says that he now worked for a group with an excellent credit rating but a name that nobody recognised – the complete opposite of the situation at Jaguar. The merger had added to the core drinks businesses Grand Met's food unit Pillsbury, which also owned the Burger King fast food chain, but was soon to be disposed of as Diageo focused on its drinks brands.

"I stayed with the new group for 18 months following the merger," he says. "Despite a slight difference in corporate culture the two businesses were a good fit: both were proactive in their management of cash and hedging policies and similar in their risk management



approach. So there were no real disputes and even in their respective banking relationships there was a lot of common ground."

His next move, in 1999, took him to Cable & Wireless at a time when the dotcom boom was approaching its zenith. This move offered O'Neill the opportunity to develop his own treasury team, building on the skills of the one he inherited.

"C&W was a very global business and had for a long time been an old-fashioned telecoms group, with part-ownership of big businesses such as Hong Kong Telecom and mobile operator One2One," he says. "It disposed of both, generating enormous amounts of cash and the question of what to do with it. Some fairly substantial sums were spent on acquiring internet-based companies, which didn't always turn out to deliver quite the returns we'd hoped for."

After five years at the group he moved in 2004 to Amec, "which had originally been a housebuilder but morphed into more of an engineering and general construction group that also had an Aberdeen-based oil business".

Amec's involvement in offshore projects gave it operations in locations such as Azerbaijan and Nigeria. "This was a large global business with multiple FX exposures, which meant there was a need to educate the commercial teams."

The treasury department was smaller than those he had previously worked in, consisting of O'Neill, a treasury manager and an analyst, following the implementation of an outsourcing deal with RBS. Amec's finance director at the time was Stuart Siddall, who would later become the ACT's chief executive.

O'Neill's current post at Kwik-Fit arose in 2007, giving him the chance to return to his home city of Edinburgh after more than 20 years away. Another attraction was that the group was private equity-owned, thus offering a new experience.

Founder Sir Tom Farmer had sold the business to Ford – by now also the owner of Jaguar – at the end of the Nineties, but the car group decided after only three years to sell it on to CVC Capital Partners. It was sold on again in 2005, this time to French private equity firm PAI Partners.

"So I joined a business that was highly leveraged and the amount of debt on the balance sheet meant that we were cash-conscious although not cash-constrained. We certainly had to pay close attention to meeting financial covenants."

With what in hindsight proved to be excellent timing, Kwik-Fit carried out a refinancing in April 2007 just after he joined. But O'Neill adds that it "delivered mixed blessings" when the liquidity squeeze hit later that year.

"The fine pricing achieved only served to drive secondary trading prices sharply lower amid the banking crisis, and as the debt changed hands there ensued a major change in the type of investor in the lender group," he explains.

The car repair chain hasn't entirely escaped the difficult economic conditions of the past four years. "The business is regarded as fairly recession-resistant but has nonetheless been affected by the hike in petrol prices. Drivers are using their cars less than before to economise, while mechanical parts such as exhausts are much better made and so don't corrode as much," he explains.

However, the resulting squeeze on the original business of tyres and exhaust retailing has been offset by the group's successful move into MOT testing and servicing. PAI was nonetheless obliged to inject £20m into the business in late 2009 to avoid breaching its banking covenants. The original acquisition was part-financed by debt in euros and the subsequent underperformance of the European subsidiaries resulted in an increase in debt as the pound depreciated sharply against the single currency.

A hard-fought, but ultimately successful, covenant reset was agreed with the lender group in 2010. PAI also sold off the group's loss-making German subsidiary Pit Stop in 2009 and further divestitures followed. Kwik-Fit Insurance fetched £215m when it was sold to Belgium's Ageas in July 2010 and its French business, Speedy, also found a buyer late last year.

**JAPANESE OWNERSHIP** Before the most recent sell-off, PAI invited bids for the group and Kwik-Fit was bought last June by Japan's Itochu Corporation for £637m. "We've seen a change of priorities under the new ownership. Itochu is a cash-rich organisation and has already begun a major programme of modernising the Kwik-Fit centres," O'Neill says. "Treasury policy must also change in sync – for example, the generous credit terms from suppliers, which were vital

to the business previously, are being traded for pricing discounts. Japanese companies typically have a much longer investment horizon and Itochu has held a complementary business, the Stapleton's tyre chain, since 1994."

Although Kwik-Fit still has a Dutch business, the international exposure is now substantially reduced. O'Neill is a one-man treasury team although he can call on part-time back-up from two assistants. "Indeed, there was no permanent treasury operation before I joined the group, but I've found this to be liberating rather than a constraint. I've enjoyed a lot of freedom in deciding what was needed and what policies to follow."

His recent presentation at the ACT's annual Cash Management Conference on cash forecasting stressed the importance of developing a cash culture with top management support – and making it fun to win engagement from all employees across the organisation. "It certainly works within our group – and the introduction of league tables to reward the winners has injected a note of friendly rivalry."

Graham Buck is a reporter on The Treasurer. [editor@treasurers.org](mailto:editor@treasurers.org)

### Quick-fire quotes

**WORDS YOU MOST OFTEN SAY TO YOUR COLLEAGUES?** "I'd better speak to the banks!"

**WORDS YOU MOST OFTEN SAY TO YOUR TEAM?** "Is there a simpler way we can present this?"

**DOES A DOUBLE DIP RECESSION OR GROWTH LIE AHEAD?** Low growth bordering on recession for the foreseeable future.

**DEBT OR EQUITY?** Debt till it all becomes too stressful.

**FIXED OR FLOATING INTEREST RATE?** A great opportunity currently to secure historic low fixed rates.

**BIGGEST SUCCESS IN YOUR CAREER?** Making a positive difference everywhere I have been.

**DEAL YOU ARE MOST PROUD OF?** Helping launch the new name of Diageo in the capital markets, including its inaugural bond issue.

**MOST VALUABLE PART OF THE ACT QUALIFICATIONS?** Helps gain credibility and respect as a professional inside your organisation.

**REASON FOR ATTENDING ACT CONFERENCE/ EVENTS?** The most efficient and pleasant way of keeping up with changing treasury trends.

**GADGET THAT IS ALWAYS WITH YOU?** Blackberry, of course, but my trusty HP12C calculator is never far away.