

RECESSION- PROOF YOUR CAREER



GETTING YOUR QUALIFICATIONS AND KEEP UP TO DATE ARE JUST SOME OF THINGS THAT WILL SET YOU FIRMLY ON THE RIGHT CAREER LADDER, SAYS IAN MAGNESS OF ESX SEARCH.

Firstly, some good news. The available data indicates that treasury recruitment activity during 2001 (taken as a whole) will be very much in line with supposed boom levels in 1999 and 2000. Thus, in so far as treasury recruitment goes, the evidence has not backed up the public perception of a major downturn. At the time of writing, however, a slowdown has begun to develop, so it is timely to address recession-proofing issues. This article aims to summarise some of the factors that treasurers need to bear in mind to avoid the chop in the first place or, if the worst comes to the worst, ameliorate the effects or duration of unemployment.

THE VALUE OF QUALIFICATIONS AND KEEPING UP TO DATE.

Getting qualified, keeping up to date with developments in your field and grasping new opportunities (such as technological or regulatory changes) as they arise are all part of being a true professional. Treasurers may get away with it in stable employment circumstances, but what happens when a new, demanding finance director arrives or, worse still, if they find themselves dumped on the highly competitive jobs market?

On the subject of formal qualifications, while many top executives have achieved their goals without them, they have generally done so by a rare combination of managerial talent and luck that will be denied to the great majority of us. Although experience does, in the long run, eclipse qualifications in importance to the jobs market, the value of letters after your name should not be underestimated at all. For junior and middle managers they can mean the difference between being allocated a higher or lower remuneration grade, or even being offered a job or not.

With regard to keeping up to speed, reading financial newspapers and magazines, going to treasury conferences and finding the time to be updated by a company's principal financial service providers may all seem mundane but executives who rely on their day-to-day experience alone to develop their science are adding a material risk factor to their careers.

To sum up, treasury is a true profession and needs to be treated accordingly by those wishing to protect their livelihoods.

RECRUITMENT AND TEAM MANAGEMENT POLICY. Successful managers recruit well and fight for the budgets to do so. In a treasury context, each corporation at any given time will require a 'critical mass' of knowledge and experience to execute the treasury tasks and analysis to achieve the optimum value added. Staff of the right calibre need to be recruited accordingly, and market rates must be paid to attract and retain them. Clearly, however, over time both the company and the team will change in character and the constituents of the team will have to be re-appraised periodically. This can of course work both ways – being over-staffed may well be viewed as a bigger sin than failing to provide the required service levels due to under-manning. Knowing when to downsize can be just as important as knowing when to recruit.

MARKETING THE TREASURY DEPARTMENT. The whole point here is that treasurers must not only add value but clearly be seen to be doing so. Seems obvious – and it is. Marketing is not, however, something that seems to come naturally to the treasury profession. Some salient points are as follows:

- all activity should be reported to the board, especially if it has involved adding tangible value to/cutting costs from the bottom line;
- less tangible issues such as dealing and loan spreads, or consultancy services provided, need to be commented on, especially if the potential alternatives through outsourcing are being considered. The need for a full complement of staff needs to be demonstrated;
- the skills available in the treasury should be marketed with gusto, at both operating company and board level. Allied to this, a treasury department website is an obvious way of improving visibility and can be expanded to encompass online dealing and financial information exchange capabilities;
- attempts to co-operate with other areas within group financial management need to be made. Furthermore, the recent advances in both banking and communication technologies facilitate the treasurer in extending the boundaries of treasury to, for example, receipts and payments functions. These may not be core treasury activities but the advantages in being seen to be part of company-wide efficiency drives are clear.

A NOTE ABOUT OUTSOURCING. This is becoming a topic of real relevance to treasurers' careers. In times good or bad, boards will seek to cut headline costs and improve efficiency – outsourcing of 'non-core' functions appears to offer a simple solution. Indeed, as I write, a number of leading financial service providers are gearing themselves up to provide just such answers for the treasury market. In time, there will be real opportunities to utilise outsourcing companies to improve efficiency where appropriate and, like everyone else, treasurers need to move with the times. There will, however, also be threats because significant growth in outsourcing would inevitably lead to a reduction in the overall number of treasury personnel employed. True, many real treasury roles may potentially be created within the outsourcing bodies but not as many, in my estimation, as could be lost from corporations.

The common perception is that outsourcing will only affect transactional processing and/or technologically based functions. The new generation of outsourcers, however, may well have other ideas and, rest assured, their plans will be marketed at main board level above the jurisdiction of treasurers. It is not unreasonable to conjecture that some entire corporate treasury functions could be outsourced.

The potential ramifications of treasury outsourcing need to be addressed in more detail than this article can allow. The point, however is this: if treasurers want to protect their careers, as well as their staff, from being outsourced, then never has the need to demonstrate adding significant value been more critical.

MONEY CONSIDERATIONS. It has become trendy to talk about such issues as 'work-life balance'. In my opinion, however, very few treasury executives carry out their professional lives with this sort of thing in mind. Some crave power or achievement. Some genuinely like big corporate life and all goes with it. The great majority, however, view money as the primary motivation that forces them out of their homes for 60 or more hours every week. How then do you optimise the financial gain, given the potential of recession? The answer, unsurprisingly, is to maximise the fixed and non-company performance-based elements of your remuneration. Share options may offer the potential of riches but the events of the past year or two have surely flattened the argument that they should be regarded as an important part of the analysis of a new remuneration package. I have fought many battles with clients on this issue, with varied success. Furthermore, I have sometimes been surprised by executives' willingness to exchange share options for cash. Perhaps my success rate will improve from now on.

My advice would be never to accept a new offer of employment, or a pay rise, where your new cash market value is eroded by the potential benefits of share options. Mortgage providers would not be impressed, and neither would I! Significant though share option gains may prove, they are, by and large, completely outside the control of a treasurer and should therefore only be regarded as a windfall gain for the lucky few.

REPUTATION, NETWORKING, AND TREATMENT OF SERVICE PROVIDERS. Professional networks are important to build and maintain and the issue is never better highlighted than when you need a new job. In addition to fellow treasurers, lawyers, auditors, consultants and finance directors can all be cultivated. The two best sources of information about available opportunities are, however, headhunters and bankers. Both love to gossip and both have a vested interest in helping potential cheque-writers to further, or recover, their careers. Unsurprisingly, however, human nature

dictates that service providers will preferentially help either those that they are in regular contact with, or those who have a strong professional reputation in the market (and, yes, service companies do talk to each other about such things). What then are the dos and don'ts?

The key is to become known, and for the right reasons. How do you do it? That's easy – you make a point of meeting other professionals relevant to your field (from both the buy and sell sides) and you behave professionally at all times with your suppliers. Friendship can come into it, but professionalism and reputation are far more important. How do you mess it up? That's easy too – service providers are very simple to exploit. Some treasurers take great delight in getting something for nothing at service companies' expense. Requests for presentations or reports that a treasurer has no intention of rewarding with business, forced and unwarranted reductions in fees, or even the deliberate avoidance of fees earned altogether, are classic and sadly all too common examples. Such abuse of privilege can gain you real and lasting enemies. In a recession, enemies are people you can really do without.

THE INTERIM MARKET: A GOOD PORT IN A STORM? A notable feature of the employment market in recent years has been the growth in the number of interim contracts. Furthermore, corporate restructurings and takeovers are common, such that being laid off has become quite a likely occurrence in the life of a treasurer. Combine these two points, and it emerges that a spell or two in interim employment has become a normal part of a treasury CV.

How good then are the opportunities in the interim market and do they provide a viable alternative to permanent employment? The answer, is good – but not that good – and not that reliable for all but the very best in class (and that means being excellent at finding and getting the work, not just being good at doing it). While some have proved so adept at gaining contracts that they have made interim employment a way of life, the number who achieve this is small. In addition, and contrary to people's intuitions, the volume of opportunities for interim treasury assignments does not increase in times of market slowdown. If anything, the present slowdown in permanent recruitment has been exaggerated in the interim market.

The interim market is here to stay and may well offer useful employment possibilities for executives who find themselves laid off, or simply prefer a contract-based lifestyle. There is no evidence, however, that for the majority of executives the interim market is likely to provide a stable and sustainable source of income in good, let alone recessionary times.

IN SUMMARY

- get qualified, then stay up to date with new opportunities and technologies;
- build a good team around you and market the skills and performance of your team avidly;
- don't allow yourself or your team to be outsourced;
- don't accept share options at the expense of your market worth in hard cash;
- build a professional reputation and a network of fellow professionals and service providers and don't mess it around; and
- take interim assignments if you do get laid off but don't expect the interim market to provide a sustainable income.

Ian Magness is Director of Esox Search.
esoxsearch@aol.com
www.gtnews.com/esox