

Keep raising your game



AFTER A TURBULENT DECADE OF GREAT HIGHS AND LOWS, **DEBORAH THOMAS** ADVISES THAT FLEETNESS OF FOOT COULD BE YOUR MOST VALUABLE ASSET.

As we approach the end of the first decade of the 21st century it seems hard to remember how it started, the boom times in between and the rollercoaster ride we are still to some extent experiencing today. As mixed messages continue to appear, and we await the impact of tax increases, public sector cuts and the spending reviews, it seems the volatility remains and few will make the call that we are really out of recession or passed the risk of double dip. As I write we are experiencing a plethora of issues from public sector strikes, varying paces of economic recovery worldwide and the reported 55% increase in remuneration for FTSE 350 executives. There seems to be a real feeling that the latter are taking reward at the expense of the rest of the employees, although antipathy is rarely that simple. Over the last year or so we have seen firms cut swathes through existing structures to become leaner, more efficient organisations. This is not just about cutting costs: it's about managing them and managing the resulting rewards fairly to those who remain.

WHAT ARE THE MAJOR AREAS OF ACTIVITY? Having spoken to a number of CEOs, CFOs and group HR directors, I've found that the focus is very much around restructuring the businesses, using technology more aggressively to fulfill administrative, repetitive roles, although executive pay remains the "elephant in the room". Finding the balance of reward for effort is always difficult and no less so for treasurers currently. Many have been at the heart of their businesses really driving cash flow

control and management, including taking control of working capital and accounts receivable, as well as the cost of funding (which even in a highly rated corporate can have its challenges) and managing volatile FX movement. As a result they have been in the spotlight for their organisations and had to deliver well above average return, particularly in low margin businesses. Consequently one might expect above-average bonuses (within the profit framework) and while treasurers must still wait to see, for others this has not been the case. We wait to see what impact this may have.

There is also an interesting spotlight on the lack of women at director and specifically at board level with the possible suggestion of quotas being set for board appointments possibly to 30 or 40%. For both main and NED roles we watch with interest.

What has this year meant generally for treasury? As ever, risk and controls have been high focus. Many companies have struggled to find high calibre individuals with the required treasury accounting experience, even when salaries have been enhanced for head of department roles. The market remains fairly stable at lower levels but there has been less movement at the group treasurer level as individuals have stayed in situ partly because their roles have been challenging in the current economic climate and partly from a security perspective. International activity had held up reasonably well. We have yet to see if many corporates will relocate their headquarters overseas – so far this has been minimal.

There has also been an increase in the number of finance directors enhancing their treasury knowledge as recent economic volatility has left some feeling slightly exposed. They have been working ever more closely with treasurers in the effort to control cash, international volatilities and funding issues. As the markets settle and recovery hopefully shifts up a gear it will be interesting to see how that dynamic changes.

LOOKING AHEAD In terms of 2011 the forecast is probably fairly stable for treasury in terms of the same issues arising and how to partner the business most effectively. It is incumbent upon treasurers to proactively engage with the business to both educate and create value. Treasurers can find themselves in the same role for some time and it is therefore important that they look at how they can develop further either in through broadening their responsibilities or through additional up to date professional educational development – for example the most recent developments regarding pensions, tax, risk, compliance etc. Aligned with this is the development and support of their teams to enhance both those



individuals and their contribution to the company. We have also seen an increase in life coaches being used by individuals to help them develop a broader competency base via objective advisers.

From an executive recruitment perspective we have seen a pick up in the number of organisations using psychometric testing to assess intellectual ability and personality traits ahead of final interview, with great store being set by the results. A recent finance director search assignment resulted in the shortlist all being tested before they moved forward, with the company using tests specifically designed for the organisation and the key competencies they were seeking. There has also been an increase in the request for sector experience as a further fit criterion where possible.

We have seen HR directors take a fundamental review of talent management not just in terms of identification and management of key hires but of the risk profile of that group and impact for succession planning. There is still an expectation that “high fliers” will move around the group gaining a broader knowledge base to round them out. Boards are being analysed and restructured to balance their profiles to reflect the organisation and its challenges moving forward. Women are still not as well represented across the piece. We are seeing some flexibility for staff re their work life balance with more home/remote working or flexible hours being accommodated to keep good people rather than lose the experience. This has been mainly facilitated by technology.

UNCERTAIN TIMES In summary no one has a crystal ball. Both bears and bulls have been caught out as varying economic data reaches us.

There are still issues around the US: the latest round of quantitative easing had left many questioning the validity, but more particularly, the international impact of a devaluing dollar. There is also the potential threat of trade wars with the G20 summit currently seeming a disparate grouping. Uncertainty and volatility are only a hamper to recovery which will give everyone pause for thought. Treasurers will have to deal with the fallout on both a proactive and a reactive basis to manage risk – something they seem to thrive on and equally find challenging. It has been interesting talking to treasurers regarding their views on the market and their role. Overall these have been extremely mixed– reflecting the market place and the position of their particular company and from a personal perspective whether they have enjoyed the pressure of the situation. The next 12 months could be equally challenging for treasurers as organisations adjust to market conditions.

As we look back on 2010, I think we will agree it’s been a difficult year of change. Further impacts will hit the UK next year which could affect international as much as UK centric businesses. The key seems to be to have flexibility and be fleet of foot to be able to respond to market conditions, as well as to ameliorate as much risk as possible through medium to long term planning. Nothing stands still. We all have to raise our game.

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Going places



THIS MONTH’S ROSTER OF ACT MEMBERS WHO HAVE MOVED ON IN THEIR CAREERS.

- **Russ Houlden** FCT previously chief financial officer at Telecom New Zealand, has now been appointed chief financial officer at United Utilities Group.
- **Bradley Cooper** AMCT previously finance director at Evans Easyspace, has joined Grand Central Rail as finance director.
- **Andrew Lakin** MCT, has been appointed treasurer at Virgin Money. He was previously head of client relationship management for Europe, Middle East and Africa at Quantitative Risk Management.
- **Alistair Boyd** AMCT previously tax strategy and treasury manager at Cadbury, has joined Ernst & Young as senior manager, EMEA financial services, tax.
- **Ian Stewart** AMCT previously manager, planning and analysis at Chellomedia, has joined BPP as head of management accounting.
- **Will Cooper** MCT has joined DTZ as group treasurer. He was previously treasurer at Serco.

- **Paul Bramley** MCT has joined Matrix Group as chief operating officer for the Asset Management division. He was previously chief operating officer at Osmosis Capital.
- **Richard Giles** AMCT previously treasurer and corporate finance manager at The Rocco Forte Collection, has now joined Kaplan Europe as financial controller.
- **Maria Carradice** AMCT who was previously senior tax manager at Deloitte, has now joined LDC as investment director.
- **Colin Robertson** AMCT has joined CLSA as group chief financial officer. He was previously chief financial officer, Asia markets, at The Royal Bank of Scotland.
- **Rachael Kinder** AMCT previously treasury manager at TDG, has now joined Brown McFarlane as group treasurer.
- **Kevin Collett** AMCT has joined Digital Window as finance director.

MEMBERS’ DIRECTORY

Members’ contact details are updated regularly at www.treasurers.org.
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