

# MARKET PERCEPTIONS

THE PAST SIX MONTHS HAVE SEEN A MARKED SLOWDOWN IN THE RECRUITMENT MARKET FOR THE TREASURY PROFESSION, PARTICULARLY AT SENIOR LEVEL. WE ASKED FOUR RECRUITMENT EXPERTS FOR THEIR VIEWS ON THE CURRENT MARKET AND THE PROSPECTS FOR JOBHUNTERS IN THE FUTURE.



## THE RECRUITMENT BOTTLENECK

DEBORAH THOMAS, HEAD OF TREASURY AND TAX,  
MICHAEL PAGE

[deborahthomas@michaelpage.com](mailto:deborahthomas@michaelpage.com)

The recruitment market for treasurers has held up relatively well until recently. This is partly because treasury departments tend to have little room for redundancies. Treasury management systems (TMS) have become more high profile in recent years, further increasing the efficiency and cost effectiveness of treasury departments. They have continued to deal with complex financing and refinancing and have focused strongly on risk management and cash management (to the extent that treasurers have become deeply involved with credit control management). Treasury departments also tend to have strong relationships, both internally with the operating companies and board, and externally with banks and other financial institutions. The role of the treasurer is both commercial and strategic.

The few redundancies we have seen in the industry have been in limited areas such as financial services, which has always been a more volatile recruitment market. The mentality seems to be to hire heavily in good times and then let people go when the market turns. When we see recruitment pick up here, we know it will eventually feed through to the corporate market. There have been some corporate redundancies but these have been limited to specific situations such as US company retrenchment, merger and acquisition and upheaval in the telecoms sector.

Over the past five months, though, the market has been much more subdued. There is a paucity of roles and an increased candidate pool, particularly at the senior end. There is a substantial bottleneck at practically every level, as treasury professionals find themselves without the opportunity to move up the career ladder or develop their skills further. I would add, though, that this is not entirely bad news for the profession. The downward spiral on share prices and profits has prompted a trend towards refinancing or a review of treasury policies and procedures, which has created some very good experience for some, and many treasurers feel they have gained valuable experience in the management of bank relationships under difficult circumstances.

Pensions have undoubtedly added to this bottleneck. There are a number of treasurers in the 45-55 age range who may now feel tied by final salary schemes, or who have found that their pensions

are not worth as much and retirement at 55 no longer looks a possibility. In a tougher economic climate (despite the UK economy having held up relatively well), the general market feel is that 2003 is going to be a difficult year. There are questions as to whether Chancellor Gordon Brown's figures will add up and there is still great uncertainty over the UK's economic future. This means that companies will adopt defensive strategies, sticking to core areas, and will continue to review costs. Venture capitalist and general mergers and acquisitions (M&A) activity can generate new roles for treasurers on both an interim and permanent basis, but, while many companies have been exploring numerous options, to date there has been limited activity.

All of this means that moving jobs can be more difficult, but there are still opportunities – albeit fewer of them. It has never been more important that treasury professionals leverage their existing positions as much as possible – getting involved with operating companies, commercial issues, looking to add value and possibly looking at horizontal moves to supplement their experience. Multinationals are still encouraging staff to move around the businesses in order to enhance their experience.

In general, treasury has held up considerably better than other recruitment sectors. It is important to watch the market and stay in touch with your network. It may be a case of trading water for the short to medium term, but the market will recover – and when it does, it will pick up relatively quickly. [www.michaelpage.com](http://www.michaelpage.com)



## ACTIVITY AT SENIOR LEVELS

JAMES COLHOUN, CONSULTANT, SPENCER STUART

[jcolhoun@spencerstuart.com](mailto:jcolhoun@spencerstuart.com)

There was a time when a CEO would remain in the post for years. The average tenure of a CEO is progressively shortening, which suggests a correspondingly high turnover of chief financial officers and perhaps, in turn, treasurers.

This is a sobering thought. In the past 12 months, Friends Provident, BP, BG Group, Shell, Rolls-Royce, Rexam, BAA, Scottish & Southern Energy, Invensys, SAB Miller, British American Tobacco, Dixons Group, Rio Tinto, Standard Chartered, Pearson, Abbey National, Boots, BT and Alliance Unichem have all appointed new CFOs. Nearly half of these appointments were internal and there

has been a noticeable increase in the number of FTSE 100 and FTSE 250 businesses making internal appointments to the CFO role.

This should be good news for treasurers because they are likely to be more vulnerable after the appointment of an external candidate. If the trend to promote internally continues then it is axiomatic that the treasurer must continue to build strong networks across the finance function to cement their own position. The days of the Ivory Tower are long gone.

In recent months, we have seen a small number of high-profile treasury appointments. AstraZeneca, Land Securities, Reuters and Boots all made external hires. Diageo promoted internally and, interestingly, is seeking to develop a model where the treasury role could be filled by a non-specialist, with a view to broadening his or her skills set. If other companies follow suit, there could be negative implications for treasury specialists, but, paradoxically, it could also serve to raise the profile of the treasury function.

The FTSE 100 and 250 rarely see wild fluctuations in demand for senior treasury appointments and, true to form, there has been no noticeable rise in the number of senior treasury mandates over the past 12 months – although there are recent indicators that the market may be shifting. What has changed, though, is the skills and experience that employers are looking for. Increasingly, employers require candidates with the personality, breadth of skills and ambition to enable them to progress outside of treasury. Technical excellence is still a *sine qua non*, but it is only one aspect of the specification.

The increasing reliance on technology and banking partnerships will inevitably force a reduction in size of treasury functions in the future, and recruitment levels across the function as a whole are down. If this trend continues, and outsourcing becomes more prevalent, it will inevitably have an effect on the number of people seeing treasury as a career path. A number of recent high-profile promotions from treasurer to CFO, though, offer some mitigation.

The market for group treasurers is still a buyers' market. Responses to senior advertised positions have doubled in the past 18 months. In such a market, those treasurers whose backgrounds are considered to be more narrowly defined will have the most difficulty in finding a new position.

**WHAT DOES THE NEXT SIX MONTHS HOLD?** Demand is likely to remain flat and the market is cautious. I hope to see the number of treasury promotions to CFO level continue, which will have a positive effect on the market and the profession. I also expect to see an increase in the number of relationship bankers looking to secure corporate treasury roles (historically, though, the market's appetite for recruiting bankers into traditional treasury roles is not particularly strong). In the post-Higgs era, we may also

**'DIAGEO PROMOTED INTERNALLY AND, INTERESTINGLY, IS SEEKING TO DEVELOP A MODEL WHERE THE TREASURY ROLE COULD BE FILLED BY A NON-SPECIALIST, WITH A VIEW TO BROADENING HIS OR HER SKILLS'**



## How to truly stand out from the treasury crowd

Matthew Morris, Manager, Treasury and Tax Division, Robert Walters. [matthew.morris@robertwalters.com](mailto:matthew.morris@robertwalters.com)

Economic uncertainty and concerns over corporate governance have led to an increased focus on strong financial controls, risk management, funding and cashflow. While the priorities of many organisations have changed over the past 12 months, the demand for the specialist skills of the treasurer within companies remains strong. At a time when there are fewer job opportunities for treasury specialists at middle and senior management levels, those individuals who are able to broaden their skill base will have an increased chance of securing a new job in a competitive market and will significantly enhance their career prospects going forward.

While the overall number of opportunities for treasury specialists has fallen slightly, there remains strong demand for high-calibre candidates at treasury analyst and accountant levels. So, how can treasurers ride out the economic downturn? How do you stand out from the crowd?

In a volatile business environment, it is particularly important that treasurers maintain and develop transferable skills. The 'hot disciplines' which are particularly in demand include:

- a good grasp of international accounting standards and the risks associated with complex financial instruments;
- strong cash management skills, including knowledge of internet-based cash management tools;
- maintaining strong banking relations and ensuring appropriate funding requirements; and
- knowledge of treasury systems and an ability to implement process improvements.

As well as thinking about specific areas where treasury can add value to the business, it is also crucial to raise the profile of treasury within the business. Time spent improving policies and procedures will be of benefit but it is important to maintain and develop contact with the business to maximise the opportunities for new initiatives and cost savings. Needless to say, impacting the 'bottom line' in the current economic climate is the most effective means of raising profile. In our recent salary survey, we found that overall salaries remain stable, with little change from 2002 to date. In an increasingly cost-conscious world, many organisations are reluctant to give 'automatic' pay rises. Broadening your skill base will make you more marketable to other prospective employers and will also give you more ammunition when discussing opportunities for increased rewards and recognition.

Those candidates most in demand are those who have planned for their next career move through self-development. These candidates can still demand a premium in the market.

[www.robertwalters.com](http://www.robertwalters.com)

find that the treasury pool will offer a rich source for non-executive directors.

Salary levels have remained relatively constant over the past six months, as one would expect in a difficult market. One interesting observation, however, is the huge spread of base salaries across the FTSE 100 – ranging from about £70,000 to more than £200,000. This spread would seem to indicate that some treasurers and treasury functions, even in the UK's leading businesses, are not being given the recognition they deserve. [www.spencersuart.com](http://www.spencersuart.com)



**TRAINING IN AN ECONOMIC DOWNTURN**

MIKE RICHARDS, MANAGING DIRECTOR, MR RECRUITMENT

[enquiry@treasuryrecruitment.com](mailto:enquiry@treasuryrecruitment.com)

The economy slowed in 2001 and 2002 and while candidates and clients in general had settled into challenging roles, in many cases, they soon discovered that it was difficult to identify their next move. This lack of activity led to a bottleneck. Many treasury professionals were anxious to develop their careers but were frustrated by a shortage of opportunities and a lack of movement.

The scales in terms of client demand and candidate supply have swung to either extreme throughout the past six years, but we believe we are now seeing the start of realistic and sustained recovery within the market and a gradual balancing of the scales. There has been steady recovery in the levels of recruitment at junior and middle management levels during 2003, but I would be surprised to see significant levels of activity at the senior management level until at least the end of the third quarter of this year. Any upturn in the sector is unlikely to be swift, but a gradual shift bodes well for a sustained recovery in the market.

The highest level of demand for candidates still continues in the Thames Valley and M3 corridor for treasury analysts and managers, and for cash managers with international experience throughout the southeast.

Treasury system consultancies are also starting to show signs of improvement. There has been slow recovery within Central London but this, as always, has been led by demand for more junior level candidates.

My advice would be for candidates to plan for their next move now. Many are frustrated by the lack of opportunities offered in the external market and would be well advised to pursue further training and personal development with their current employers. This is not always easy – some employers feel that if they help improve their employees' expertise that person will immediately leave. The truth is, though, that it is often those who are not offered extra training that are often the first to become demoralised.

Candidates who train and develop with their current employers often remain with them and either grow into more senior roles within the treasury department or move into other roles within the finance function. These candidates tend to be more loyal and give more back to the company in terms of added value.

If you are a candidate who has just started thinking about that next move then you should talk to someone today. It does no harm to be aware of future opportunities, even if you are only registering a potential interest in future roles. [www.treasuryrecruitment.com](http://www.treasuryrecruitment.com)



**CHANGING SKILLS OF THE TREASURER**

SIMON COXON, PARTNER OF THE CURZON PARTNERSHIP

[scoxon@curzonpartnership.com](mailto:scoxon@curzonpartnership.com)

The job market, like any other, is a function of the levels of demand and supply. Although a niche market, treasury recruitment is no different and is affected by both short- and long-term trends. In the short term (and certainly dominating today's markets) we can see the effects of slow economic growth and patchy business confidence. Although there are signs of life, the overall picture is one of low demand. But this largely depends on where we are in the economic cycle – at some point, if not already, growth will return and things will pick up. Some of the longer-term trends are more interesting and, to a greater extent than short-term factors, are specific to the treasury market.

The supply of treasurers is relatively stable these days – the number of students completing the full MCT exam has not changed significantly for some time.

In terms of anticipated future demand for treasurers, the outlook is mixed. Treasury departments are typically much smaller than before, given the increased use of automation, outsourcing and far more stable currency and inflation rates. It is not unusual now for even major FTSE 100 companies to have a department that is only made up of five people, compared with a function two or three times that size 10 years ago. Also, consolidation within UK industry means there are fewer companies of the size and scope to require a full-blown treasury operation.

However, the role of the group treasurer has continued to grow significantly, particularly given the greater levels of sophistication required to deal with today's complex financial instruments and with the greater awareness of both financial and non-financial risk. This means there are increased opportunities for treasurers to broaden their responsibilities and get involved in determining business strategies.

Another interesting development in the corporate market is the increased presence of private equity – when the venture capital (VC) firms want their exit, a number of businesses will return to the stock market and will need far more by way of a treasury operation than the relatively simple cash management function VC firms rely on. There may therefore be an increase in demand for treasurers in the medium to long term, but, again, the main requirement will be for those with broader business understanding as well as technical skills.

Therefore, the message is mixed. For the average operationally focused treasurer there is little prospect of a boom in treasury recruitment and, potentially, there are long-term trends that may mean the market remains difficult for the foreseeable future. Simultaneously, there are growing opportunities for those who wish to broaden their role and who can demonstrate the ability to ally their work with the long-term strategic interests of their business. This means, in addition to top-notch technical ability, tomorrow's star players must develop the management, business and human capital skills to allow them to shine. These attributes include communication skills and an understanding of the broader business environment and how a sophisticated treasury operation can contribute to business success. These are the things that a surprising number of candidates lack – developing them is not without its challenges, but the rewards will be there for those individuals who can. [www.curzonpartnership.com](http://www.curzonpartnership.com)