

Making cash work from afar

ANTONY BARNES, GROUP
TREASURER OF GUS, TALKS TO
MICHELLE PERRY.



PHOTOGRAPHER: ROGER HARRIS

Keenly aware that life takes unexpected turns when you least want or need them, Antony Barnes, Group Treasurer of GUS, the owner of retailer Argos and information services business Experian, has always ensured his armoury is well stocked.

Despite pressures to follow particular professional routes, Barnes has always chosen to follow his instincts. So far, they've served him well.

After four years of chartered accountancy, Barnes enjoyed a short stint at the merchant bank Midland Montagu where he delved into the banking arts of marking to market, valuations and swaps trading. He quickly realised however that a more customer-facing finance role would suit him better.

"I met one or two people that had done ACT exams and that seemed to combine my interests in a mathematical based job with relationships, value adding and the financing of a company. So it became clear to me that I wanted to find a job in corporate treasury," he says.

EXPERIENCE WITH A FOREIGN

COMPANY His decision made, Barnes got a job at Japanese car manufacturer Toyota where he cut his teeth in treasury. The Japanese culture at the company was geared towards on the job training, with little emphasis on immediately gaining further professional qualifications.

Barnes was not only keen to do his professional qualifications in treasury but also conscious that given the structure of Toyota in the UK – the Japanese bosses worked on a rotation basis in the UK – there could come a time when relationships would become somewhat strained. So despite Toyota's insistence that he concentrate on the business first and study for professional exams later, Barnes decided to take his ACT exams. He qualified at the first attempt, taking the Association's prize for overall achievement.

"I had good working relationships with all my bosses at Toyota but I always had the anxiety that somewhere around the corner the senior managers of the UK company were going to change. You never

quite knew if you'd get somebody that you couldn't work with and you'd feel uncomfortable. To that extent, you aren't in charge of your own destiny when you're working for a foreign office," explains Barnes.

This initial experience in treasury at a foreign company has in his later career unexpectedly come back around to help him in his new role.

SHARING INFORMATION Although GUS has its headquarters in London, its treasury function is based in the Netherlands, where Barnes works, on average, four days out of five.

"I've tried to take that on board in what I've done now in going to Holland and managing a foreign office for a large English company.

"I'm very keen to share information with the people in Holland to get them to see the larger picture; to understand that GUS Treasury is not just about transactions and processes, but contributing to the greater strategy of GUS. We don't just take information at face value. We are as much a part of the head office as we would be if we were sitting in London," he explains.

The Netherlands office manages and oversees all corporate treasury functions, as well as managing the investments in GUS' overseas companies and holding companies. Set up around seven years ago, the office has gradually taken on more and more responsibilities; now all the dealing function is done from there.

Last year, before Barnes joined GUS from pharmaceuticals research company Amersham, now part of GE Healthcare, there was some discussion about whether to relocate the treasury function. Ultimately management decided to keep it in Holland.

"For us, treasury has evolved in what it's done. We could equally manage it from London, but we already have a well established team and infrastructure in Holland. When the last Treasurer left a year ago GUS looked at whether it was appropriate to keep it in Holland and concluded that it was," says Barnes.

Making good use of the ACT

The uncertain nature of treasury, increased use of technology and the currently evolving role means that treasurers should always be thinking about where their career will lead them next. Barnes says because of this treasurers should make good use of their Association.

"In treasury there's always an element of career uncertainty. When I joined Toyota I had no idea how long the job would last, so I wanted to get a treasury qualification. The Toyota bosses were keener for me to learn about Toyota first and then do the qualification. But I went ahead and did the ACT exams anyway," he says.

Around a year ago his job at Amersham disappeared following the company's takeover, meaning that Barnes found himself on gardening leave. Had he followed only corporate training instead of completing the ACT qualifications, he believes his options would have been more limited.

"Quite a lot of people go in to treasury by accident. I've encouraged the people who work for and with me at Toyota, Amersham and now GUS to make sure they've got a broader base for their careers than simply the work they're doing at the moment. I think the qualification and the networking through the ACT have been a great help to me in benchmarking what I'm doing in an informal way and understanding what is developing in the profession."



FULL CONTROL OF CASH Barnes sees his role within GUS as a servant of the company, but to be a good servant he needs to have full control of the cash, he says. In order to fulfill this role he has to spend time out in the field educating and placating company managers about his role.

"Talking to the operating management and interacting with them is absolutely vital to the Group Treasurer, in order to understand how they see the issues. Sitting in a corporate office and assuming what is believed and understood within a company, you miss so much, so I like to get out there. As you meet people you understand various topics and see how you can help them with certain issues," he says.

His broad experience in different styles of cash management has helped him to rise to the current challenges facing him. Following three years of exchange rate management at Amersham, Barnes moved up to take on global cash management where he led a project implementing a Scandinavian cash management zero balancing system.

"At Amersham, we had 10 to 15% of our costs in each of Sweden and Norway, so it was a big issue to get a Scandinavian cash pool in place. We did it successfully with a single bank, which to my knowledge hadn't been done before. One of the metrics I use to review the efficiency of cash management is the value of cash sitting outside treasury. In the year that the Scandinavian cash system went in, that number dropped like a stone, as we were able to gather the liquidity and concentrate cash," explains Barnes.

While at Amersham his job was to concentrate cash, at GUS he needs to pool it. For this he needs to be in constant communication with GUS' business managers, ensuring he understands their needs and they his.

"The key issue is to win over the business stream management to the fundamental principle that cash is a corporate asset and not a business stream asset. GUS is in a net debt position. We are borrowers, so I want to make sure we get cash into a central point where it can be used quickly to pay down debt," says Barnes.

Burberry demerger

GUS announced plans in May to demerge its 66% stake in the luxury goods group Burberry following a year long strategic review, where 'there were no sacred cows'. GUS' shares in Burberry will be given to its existing shareholders.

"The directors looked at the structure of the whole group and whether the most shareholder value could be created by keeping it together under a single corporate umbrella or splitting it apart," explains Barnes. It has been a very thorough process, starting from a comprehensive review of the opportunities and needs of the various business streams.

Announcing preliminary results for the year ended 31 March, Sir Victor Blank, chairman of GUS, said: "The Board has drawn its conclusions from the strategic review about future group structure and has started to take actions accordingly. It recognises that there is no strategic logic in maintaining ARG, Experian and Burberry within the same group in the long term. While the separation of ARG and Experian will be undertaken at the right time in the future, the Board has decided that it is appropriate to demerge Burberry later this year to give our investors a direct interest in Burberry's exciting future."

His worst bugbear, he explains, is when he comes across pockets of cash sitting in business areas that he didn't know about before.

"I get even more upset if I find someone who says 'well I will need that money in three months' time so that's why I'm keeping it here until that time'. But until that time comes it means that I have lost the use of it for 89 days," he says.

In these circumstances he must apply his most eloquent communications skills. Indeed he says that the further up you rise in treasury the more you need the so-called soft skills of business.

"It's largely about communication. It's showing what is important and what is different about the business you're in. And how that needs to be dealt with and managed. We produce a lot of data and it's important for me that our board pack is long on information and short on data, so that I'm communicating upwards in our business the information which is necessary for our finance committee to make decisions," explains Barnes.

THE FINANCIAL BUILDING BLOCKS

Naturally he emphasises that you can't get to this senior level without a solid financial background.

"The financial building blocks are vital.

You have to start from a reasonable technical understanding of what is available; how financial markets work, how banks work, the risks in the business and how you can manage those risks," he says.

As the economic cycle begins to mutate, and GUS implements the results of its recent strategic review, Barnes' main priority for the coming years is instilling flexibility into his treasury team to service the company and its shareholders.

"You've seen a lot of companies over the past few years, GUS included, returning funds to shareholders in the form of share buybacks. That is just an example of the ways in which treasurers need to understand flexibility and work with our colleagues in tax and accounting to deliver what the company needs," he says.

His personal philosophy of preparing for the unexpected will undoubtedly serve him well in the coming years at GUS.

