A change of treasury management system requires thorough planning and the right personnel, getting it right from the beginning is crucial.

The path to project success

THE SELECTION AND IMPLEMENTATION of a treasury management system (TMS) is not a project to be undertaken lightly. It requires detailed planning, the grouping of certain necessary skills and experience, and discipline in following the process through to a satisfactory conclusion that meets the defined project's goals.

The decision to invest in new or replacement treasury technology may be made for a variety of reasons. It may be that the high-profile control and corporate governance problems associated with Enron, WorldCom and Parmalat have drawn attention to potential weaknesses in your current system – Sarbanes-Oxley in the US and its ramifications in other parts of the world will ensure that a great deal of attention is paid to the reliability and accuracy of treasury reporting. Or perhaps it may be that the current technology is not capable of supporting hedge accounting and there is no acceptable module available from your current supplier to meet this need. Perhaps, though, the technology is just simply out-of-date and no longer up to the job.

Whatever the reason, right from the start, you must have clearly defined goals. These are the headline goals that will guide the direction of the project and against which it can be measured at completion. If there are no stated goals at the beginning it will be impossible to declare exactly when the project is complete or whether it was a success. Also essential from the immediate outset is a commitment from senior management in relation to the resources that will be required and that the budget will be made available against the initial cost estimates.

The selection process

Once you have set out the initial project's goals, you will need to pull together a team for the selection process. Obviously, its size will depend upon the nature of the project ahead. But it is better to proceed with a small focused team and have the authority to co-opt additional staff for specific tasks than to build a large team at the outset that may become unwieldy and difficult to co-ordinate as the project grows.

Appointing the correct person as project manager is key to the whole exercise. They need to possess excellent project and management skills, good treasury experience and have a strong character, as there will be plenty of battles to fight. In this respect, it is also essential to have a project sponsor who is not on the team but is of a sufficiently senior level to give essential backing when the going gets tough, as well as to open doors that may have been slammed shut by unco-operative associates possessing different agendas.

Building the project team provides the opportunity to gain wide support for the project. Treasury, accounting and information technology (IT) skills are valuable to have on hand and, for a wider project, you may want to involve personnel from remote sites too. Not all need to be full members of the team, but their availability is vital. IT involvement is particularly valuable

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towards the end of the selection stage, when the IT personnel responsible for treasury meet with their counterparts at the final shortlisted vendors to ensure a smooth technical implementation is achieved. Also at the very start of the project, IT personnel need to explain the fundamental technical parameters required of the solution being implemented. Remember, you are seeking to build a focused group of skilled individuals, but keep it as small as possible.

The project path

Once initial goals have been set and the selection team agreed upon, the first task is to put together the project plan. This ensures that the necessary steps are clearly defined and that their completion is monitored and managed against the agreed timetable. It may be necessary to allocate different members of the team to specific tasks.

The selection project

What is your budget? Do you have senior management's commitment? If not, go back to the beginning now and make sure both are in place. Only when these are determined can you go to market. You now have to form an initial shortlist of suppliers, which can be a problem if the project manager is new to the TMS environment, so it is important to gather as much information yourself as possible. There is always the fear of leaving out what would have provided the ideal solution. The key points in the box on the right provide a few ideas.

From this accumulated data, an initial shortlist can be formed and a request for information sent to the shortlisted suppliers. A list of no more than six candidates is ideal. The first round of system demonstrations should be set at a relatively high level, with a view to ensuring that the supplier is an organisation with which you can work both now and in the future, that their representatives understand your treasury and industry needs, and that it comprehends and can add value to your vision for the new environment you have planned. This meeting is all about the exchange of information.

Once responses have been received, the next stage is to whittle the initial shortlist down to two or three suppliers. Each supplier should now prepare a more detailed and requirement-specific presentation based on the earlier information exchanges. You, in turn, should submit a request for proposal (RFP) document to them, to which they can respond. Normally, the communication at this stage would be far more interactive than previously, with the various project team members being encouraged to ensure they cover all of the ground relevant to their

KEY POINTS FOR IMPLEMENTATION

- **A clearly-defined project**
- **A well-balanced project team**
- **Strong project management**
- **A challenging yet achievable project plan**
  - **Phased implementation**
  - **Pre-defined target dates**
  - **Allocation of specific responsibilities**
- **Buy-in from the users**
- **A test run in parallel with the existing system**

DEFINITION OF REQUIREMENTS

It is impossible to select the correct solution without first defining the requirements of the treasury and wider financial and management functions.

The first task is to examine and record current treasury processes and systems employed. Ensure you have every aspect thoroughly covered, you do not want the embarrassment later on of having missed a crucial element.

From this, build the definition of what is required. The requirement may simply be to update old technology but, equally, it may be to completely overhaul or restructure treasury across the entire group. It is the constant evolution of powerful treasury technology that enables the shared service centre and centralised treasury operations to work in a real-time environment worldwide across the group and with banks and other external partners. So whether you have a simple treasury or a more complex structure, take the opportunity to review the operation and employ a structured process to do this.

Take time to stand back, analyse and generate creative ideas.

Make sure all key personnel are interviewed and that not only are their jobs recorded and their interaction with treasury and treasury technology, but that they are also encouraged to articulate their own concerns and suggestions.

This project has the potential to become a catalyst for change throughout the organisation.

Does your treasury have a mission statement? By making this no longer than a few paragraphs, it is an ideal way to focus the effort of the treasury team and set a direction for the future strategic path.

The requirements definition document acts as the cornerstone of the project and forms the basis of the remaining stages of the project. The finished document will need to be signed off by the project team, yet, as the selection process moves forward, it will be constantly reviewed and updated as interaction with suppliers opens up new opportunities and introduces new ideas.

It is from the requirements definition document that a request for proposal (RFP) document will be formulated for submission to the suppliers. As they are to respond to this with their proposal for matching your requirements, it is important that it contains a full description of your needs and plans and is not just a check-list of what the software can or cannot do.

'Vendors will provide a valuable resource, and the implementation will be a partnership between client and software supplier'

respective areas. This is where the project manager's skills are particularly valuable, as these meetings need to be properly planned, with well-thought through agendas and time for everyone to feel their needs have been met.

He or she should also be able to recognise the difference between a valuable diversion from the agreed agenda and a red herring. The vendor's sales team will naturally be promoting their solution for meeting your requirements, but they should also be responding to your demands with challenging ideas that contribute to the development of your project. Do not take everything at face value – instead, look right into the product to see if your needs are truly being met and in the way that is best for the company. Compare the solutions on offer with what you are able to truly measure and do not rely simply on a functionality tick box.

Depending on the size and nature of the project, and even the instrument coverage required, you may elect to move on to a 'workshop' stage, with individuals actually using the software to try specific pre-agreed functionality and technology set-ups. This would typically take place when a 'preferred supplier' has been selected, as clearly there will be a considerable investment of time by both the potential client and the vendor in preparing and checking the final data.

It is important at the 'preferred supplier' stage to seek references from other users of the software. A reference site visit is an undertaking for the company providing the reference, so it is vital to be clear what you want to achieve from this and what you want to view and discuss. A telephone conversation with other users will provide sufficient background and opinion on such areas as product suitability, the implementation practices employed and the quality of support.

The implementation stage

Moving on to implementation, you will need to set up another project team. Although still requiring a project manager and sponsor, this team may comprise different personnel and different skill sets. However, it is important that there is some continuity to ensure a transfer of knowledge from the selection process to the implementation team. People are the most important success factor, so aim for a wide project buy-in.

Define the implementation project completely and concisely. There should be no ambiguity. Vendors will provide a valuable resource, and the implementation will be a partnership between client and software supplier. Use this resource wisely. For example, ensure that repetitive and routine tasks are carried out internally. The project definition should be agreed among all of the parties, as should the circumstances that define completion of the project.

Break the project down into specific pieces and levels of detail, if necessary incorporating sub-projects, phases and activities. Tasks and responsibilities can be assigned to particular individuals within the project team, but do take into account existing workloads, committed holidays and existing work cycles. Identify in advance the potential risks to the project and evaluate their probability. Assess the impact of the risk and how the impact could be most effectively reduced.

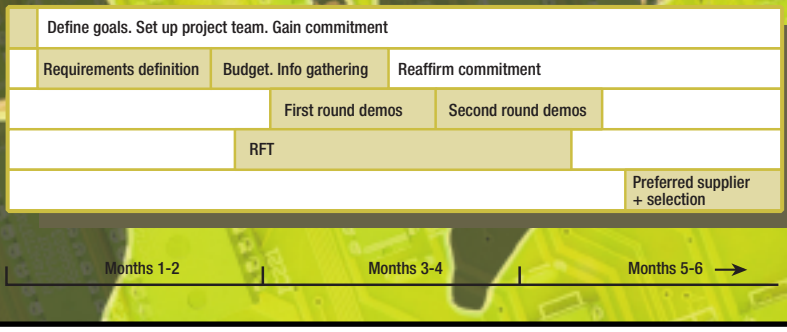
Sharing the load

Selecting and implementing a TMS clearly is a demanding and time-consuming process, requiring a range of skills and experiences. By carefully appointing a project team, this load can be shared and those skills and experiences deployed as necessary through the various stages of the project. During implementation, an essential additional resource is made available from the supplier.

Figure 1 Key requirements

Give to the supplier	Get from the supplier
Overview of the company	Overview of the company
Overview of treasury	Overview of product
Structured agenda	demo as requested
What you want to see	Next stages, etc

Figure 2 Project time-line



However, there may still be gaps in the skills or knowledge available, as often treasurers are moving into an area in which they have little or no experience. Under these circumstances, you could consider employing an outside treasury consultant. They may be required for their knowledge of the treasury technology market, their project management skills, or simply to keep a watchful eye and provide guidance as the project runs its course. Do you want someone to lead the process or someone to advise?

If you elect to use a consultant, be careful in your choice. Although this article has reviewed the process for finding the correct treasury system, a very early step of selecting a treasury consultant could have been added, if this is part of your requirements. To do this effectively, it is key to define the role your organisation wants the consultant to fill. Do not assume that all consultants are good at all things, as someone with excellent knowledge of the TMS market may be a poor project manager. Make sure he or she has a thorough understanding of the corporate treasury issues pertinent to the project and the strategies that the various vendors have in place. They should be people with vision who are capable of sharing your vision. Look at their personal track record and take up references from previous projects in which they have partcipated. Whether you select a consultant to help with all or part of the project, he or she will be a member of the project team and will be likewise accountable.

Take your time

You must also make sure that you take the time to plan carefully and be clear in defining the business's requirements. Make sure the right implementation team is in place with the necessary skills, knowledge and experience, and ensure the defined project path is managed and each step carried out. The final choice of solution will have the potential to positively change aspects of the business outside of treasury. The evolution of treasury software over recent years means that more and more treasurers are looking to their TMS suppliers as partners in a rapidly changing business environment and choosing the right one is vital.

BEST PRACTICE WHEN IMPLEMENTING CHANGE

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- **Well-balanced project team**
- **Strong project management**
- **Challenging yet achievable project plan**
  - **Phased implementation**
  - **Pre-defined target dates**
  - **Allocate specific resposibilities**
- **Buy-in from the users**
- **Test and parallel run**