

Setting out his stall

DSG INTERNATIONAL'S GROUP
TREASURER, MATTHEW HURN,
TALKS TO **JULIA BERRIS**.

PHOTOGRAPHER: ROGER HARRIS

The key to a successful treasury strategy is good communication between the treasury department and other parts of the business, according to Group Treasurer at DSG International, Matthew Hurn.

The Buncefield oil explosion, which damaged the company's UK retail support centre in Hertfordshire, is just one of a number of challenges that Hurn has had to face in recent months. Despite the upheaval, he has managed to maintain an efficient treasury department in one of the UK's most successful retail businesses.

"Communication is very important for treasury in general," Hurn says. "Many aspects of what we do can sound very complicated, so the important thing is to make it sound very simple and explain the function in accessible terms.

"Treasury should not operate with a back-office mindset. To work with the business divisions effectively, I need to understand what it is doing. I can then demonstrate the value that treasury can bring while achieving shared objectives."

Hurn, who started his career in treasury working for local government before moving to the corporate world, argues that treasury policies should stem directly from company strategy.

"The treasury policy is about trying to put a framework around what we do and why we do it," he says. "This includes identifying risks, determining appropriate controls and operating parameters, which ultimately should add value to the business and protect shareholder value.

"The key objective is making sure the treasury policy actually supports the wider business. A part of my role is to understand from the operating divisions

Retail and e-tail

DSG International announced major corporate changes in April with the acquisition of a controlling stake in Fotovista and the rebranding of its Dixons stores in the UK.

As a part of its overall development and innovation strategy, DSG International acquired 75% of Fotovista, the parent company of Pixmania, an e-tailer of photographic and electronic consumer products.

Pixmania is an e-commerce company. It operates from a central headquarters in Paris and serves 25 European countries.

John Clare, Group Chief Executive of DSG International, says: "This acquisition brings into the group an already fast-growing, profitable and highly respected e-tailer of digital photographic and consumer electronics products with established operations throughout Europe.

"This makes DSG the most attractive online retailer in Europe today."

This acquisition and others before it fit into an overall strategy for DSG International which concentrates on the changing retail environment.

Recent years have proved that online sales or e-tailing are growing substantially, though from a low base.

"The company has a very clear strategy in this area," says Matthew Hurn, the company's Group Treasurer. "We have been a multi-channel company for a while. Our four UK brands – Dixons, Currys, The Link and PC World – are supported through stores and transactional websites."

DSG International sees the future of retail as providing each customer with more than one way to buy a product: online, in-store or a combination of the two.

In line with this strategy, Dixons stores will be rebranded and renamed Currys Digital. Dixons will become a pure-play e-tailer, with a website of the same name.

Hurn explains: "We recognise that customers today shop in different ways and we need to set out our stall in the appropriate places. We have market-leading bricks-and-mortar formats and our move online complements our leadership position in traditional retailing. For the customer, this means increased convenience; for us, it means a world of opportunities."

what they are trying to achieve and where they want to go. I can then align my treasury resources to support that need."

The four main treasury policies this year must complement the financial objectives: cost management, which is important for DSG in the context of rent and wage inflation; margin protection; cashflow generation; and retail innovation, which Hurn describes as the backbone of the company as a whole.

"These four areas encompass good financial disciplines and they are not just treasury-orientated," he says. "We have to take these four objectives and make sure that they fit into the business as a whole."

After working initially as an Accounting Technician for a Hertfordshire council, Hurn made the move to treasury at the same local authority in 1992 when he became Treasury and Insurance Manager. In 1996 he moved to a neighbouring council to become Treasury Manager just after it had made some interesting changes to its operations.

"I worked in local government treasury at a very interesting time," he recalls. "At Hertsmeare Council, the housing stock had just been sold and part of the proceeds were used to buy Elstree Film Studios, a golf club and country club.

"By this time I had clocked up eight years of local government treasury. I wanted to find out what the difference between local authority treasury and corporate treasury was."

Hurn then moved to Otis, a subsidiary of US company United Technologies Corporation. Here he learnt the complexities of corporate treasury as the company's UK Treasury



Manager. "Otis is a great company and I hold it in high regard," he says.

After a period of what he describes as "regional execution", Hurn decided he was ready to take on a fresh challenge and a role that demanded more in terms of policy making and contributing to central strategy and the growth of the company overall.

After moving to Dixons Group (now DSG International) in 2000, Hurn feels confident that he is working for a company that suits his ambitious and enthusiastic attitude to life. Moving up to his current position from Assistant Treasurer then European Treasurer, he explains that he is always striving to find the next challenge to take on.

"This company really recognises and rewards ambition, especially when supported by results," he says. This has enabled Hurn to expand from his conventional remit by demonstrating the added value that his treasury skills can bring.

DSG International started life as a photographic studio in Southend in 1937. Hurn explains that it grew into a successful electrical retailer with four well-known brands (Dixons, Currys, PC World and The Link) by adopting a corporate culture of innovation and restless ambition.

DSG has transformed in the last six years from a UK-only operation into an international retailer with operations in 14 countries. A recent acquisition, Fotovista, when complete, will extend the group's reach to 25 European countries.

"The dynamics of the group are very different from when I joined the company in 2000," says Hurn. "We have grown organically and made important acquisitions in Greece, Italy and the Nordic countries and we continue to grow. Before long, more than half of our sales will come from outside the UK."

Working in an increasingly international company means that a strong treasury team and good communication with finance managers in all locations is essential.

The centralised team is made up of a UK Treasury Manager, a European Treasury Manager and a Treasury Analyst, supported by a Treasury Accountant and Back Office Administrator.

"All the work we have done and the success and development we have experienced is due to the team," says Hurn. "They buy into the

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group vision and they have the energy and enthusiasm to grow and develop."

Maintaining strong lines of communication and not losing sight of the basics of treasury fundamentals are highlighted as vital by Hurn. Now, as the Chairman of the Editorial and Publications Committee of the ACT, he recognises that the role of treasury has changed and evolved but has done so by building on the treasury skill sets provided by the Association's education programme.

"I remember when treasury was pretty much about cash management," he says. "This has changed a lot. The remit of the treasurer has grown. For example, my remit now includes looking more widely at financial risk management, and exploring ways of achieving an optimal capital structure

as well as monitoring the value of the pension fund. Changing accounting policies means that the value of the pension fund and its associated financial risks is something I can influence and help trustees with. There are many new areas which the treasury could grow into. However, they still require the same skill set."

Hurn got involved with the ACT over five years ago so that he could be more in touch with the governing body and build up good relationships with other treasurers.

"Very few of us are conflicting in terms of industry, style and approach," he says. "I have found it very useful to share experiences with other practitioners."

DSG International is now embarking on a new phase. With the recently announced acquisition of Fotovista, the repositioning of the Dixons brand as online retail, and renaming Dixons stores as Currys Digital outlets, the company will take a new shape.

For Hurn and his treasury team, this could not be a more exciting time to be in treasury.

"We will be considering the business in terms of emerging markets and market challenges," says Hurn. "The year ahead will be as fascinating and challenging as it has been over the last few years. It is a fast-growing, dynamic company. There is a lot of energy here."

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