



MEET THE PRESIDENT

Martyn Smith is the ACT's most senior officer this year. He has also worked with legendary inventor Sir James Dyson for over a decade

Words: **Sally Percy** / Photos: **Louise Haywood-Schiefer**



As far as finance jobs go, incoming ACT president Martyn Smith surely has one of the best ones. He's CFO of Weybourne Partners, the family office of fabled vacuum cleaner designer Sir James Dyson. Dyson is one of the wealthiest self-made men in the UK today, with an estimated fortune of £3bn according to the 2013 *Sunday Times* Rich List. He is also revered for his passion for engineering and design, which he promotes through his charity, the James Dyson Foundation.

Smith's association with Dyson stretches back to 2001, when he joined Dyson Group as its director of tax and treasury after a career that had largely been spent with public limited companies (plcs). The job was attractive, he says, because it was "something different from working with another plc" and, of course, it offered the tempting opportunity to work alongside Dyson himself.

In those days, Dyson Group was much smaller than it is today, with annual sales of less than £300m, and the treasury team consisted of just Smith and a part-timer. The group was already very successful in the UK, which was the market for 90% of its sales, but it had aspirations to expand abroad. Over the next decade, Dyson Group took off internationally and today, around 85% of its sales are in countries outside of the UK.

Dyson Group has always seen the value of treasury, says Smith, which was fortunate, since he had plenty to do at the start. "Because it was so UK-centred and new when I joined, it didn't have treasury policies," he recalls. "All the policy infrastructure needed to be set up from scratch and I spoke to the board about getting treasury policies in place." Is Sir James Dyson a man who takes an interest in treasury policies? "James is interested in anything that is relevant to the business," confirms Smith. "There are things that he loves, which are manufacturing and products, but actually he will make the effort to be interested

in anything that matters. In the early days of doing treasury policies, James would make the effort to understand them and ask probing questions."

To this day, Dyson Group remains a private company, so how does it compare with a plc? "By 2001, it already had the makings of a plc governance structure," Smith explains, "but the advantage is that it's always been able to pick and choose – do the parts that add value and leave out the parts that don't. The day-to-day operations are no different from what they would be if it were a plc. The way it supports manufacturing and sales operations is no different."

Smith's immediate role prior to joining Dyson had been as group treasurer of manufacturing company Delta. There he had been involved with a number of acquisitions and disposals, but at Dyson he did not handle a single acquisition or disposal because the group's growth has been entirely organic. He had other challenges, though – for example, the launch of Dyson Group in the US. "We had a sheet of paper with a shortlist of cities on it and said, 'where shall we start?'" he recalls. "We had to go out and recruit sales and commercial people on the ground." In the end, the group opted to start in Chicago, which is a major centre of retailing in the US and has a supportive business environment.

Last year, Smith took up the position of CFO with Weybourne Partners, a role that involves "coordinating all the financial aspects of the Dyson family's wealth, including its interest as a shareholder of Dyson Group". This includes managing the family's farming investments and the other interests it has outside Dyson Group, and buying and selling foreign currency on its behalf. Smith likes his new post because it's a CFO role and therefore extends beyond just tax and treasury. "It covers the whole financial gamut," he says. >



LEADING TREASURY PROFESSIONALS



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MARTYN'S TOP TIPS FOR SUCCESS:

“Be prepared to do different things and don't stay in your comfort zone. When I was at Grand Met, I was offered a six-month secondment as a full-time treasury dealer. I could have said, 'I'm an accountant, not a dealer', but I grabbed the opportunity and really enjoyed it. No experience is ever wasted.”

“The ACT is invaluable for keeping me up to date with developments and changes in the markets. It also helps me to understand things as they happen so that I'm prepared for them rather than just reacting to them afterwards. It's also really good for networking with other treasurers.”

“The secret to my career success is being a team player. I work cooperatively with staff and colleagues and never say, 'That's not my job'.”

“The best way to unwind after a stressful day is to go to choir practice. My choir is called the Thames Head Singers. I enjoy the 100% concentration on the music and working together as a team.”



MARTYN'S CURRICULUM VITAE

2013-present

CFO, Weybourne Partners LLP

2003-present

Board member (chair 2009-2011),
Elim Housing Association

2001-2013

Director of tax and treasury, Dyson Group

1992-2000

Group treasurer, Delta

1989-1992

Deputy treasurer, Kingfisher

1987-1989

Treasury accountant then assistant treasurer,
Grand Metropolitan

1986-1987

Manager, group financing, Midland Bank

1984-1986

Various accounting roles, Tyndall/Etna Life

1981-1984

Various audit roles, Touche Ross & Co

Inevitably, Smith remains close to the activities of Dyson Group, which is continuing to innovate. “It's always looking for new technologies and developing new products,” he says. “At the moment, it spends about £3m a week on research and development [R&D].” The group's treasury supports corporate strategy by ensuring that debt funding is available as and when it is needed, and by being efficient about cash management and FX. “The group has centralised manufacturing in the Far East, centralised R&D and strategic management in the UK, and sales spread out widely all over the world,” Smith explains. “It has relatively low cost structures in countries where it sells, so it is vital to get money from where it is generated to where it is needed.”

These considerations apply equally to FX, Smith explains. The group's largest markets are the US, Japan, the UK, the EU, Australia and Canada, but most of its costs arise in the UK, Malaysia and Singapore. “Dyson benefited when the pound really weakened in 2009-10 because it had a lot of earnings in other currencies,” Smith explains. “Since then, fluctuations have tended to broadly offset each other.” The group undertakes FX hedging, cautiously managing its main exposures – these are the Japanese yen, the euro and the Australian dollar, the “ones where revenues much outstrip costs”. In the case of the US dollar, it benefits from natural hedging as its costs and revenues balance out to some degree, but it is exposed to fluctuations in the Malaysian ringgit due to its manufacturing costs.

The group does not have issues with trapped cash, Smith says. He adds that getting money in and out of Malaysia has also become easier as regulations have changed. While the group was criticised for taking its manufacturing to Malaysia in 2003, Smith says that production in the UK would not have kept up sufficiently to support its expansion into the US market. “The obvious way of getting the manufacturing capacity we needed to expand was to do it abroad.”

Funding can be an issue for private companies because they don't have access to equity and their ability to tap the debt markets is limited. Fortunately, it is not an issue for Dyson Group. It has never needed to get a credit rating since it raises most of its funds through bank borrowings (the group maintains a position of being slightly in net debt). It also undertook one US private placement in 2010 as part of a strategy to diversify its funding sources. The group works with a small number of banks, but mostly funds itself through reinvesting its own profits.

So what is it like to work with one of the most talented entrepreneurs that the UK has ever produced? “One of the attractions of the job was the chance to work with James,” admits Smith. “And it's been interesting. The things about James that stand out are his positivity and his determination. He has the ability to see opportunities where other people see problems and he has a vision and won't be put off seeing it through.”

The designer is also known for his social conscience and for his commitment to helping to develop the next generation of engineers. “In public companies, there's a pressure to make some social contribution and there's also a pressure not to spend too much money on it,” Smith observes. “But private companies have the freedom to go where their owners want them to. James is passionate about UK design and engineering, and collaborating with universities.”

This passion is reflected in the activities of the James Dyson Foundation, which receives donations from Dyson Group. The foundation has funded the Dyson chair of fluid mechanics at the University of Cambridge and the Dyson Building at the Royal College of Art. It also offers a range of bursaries for engineering undergraduates and postgraduates

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at the Universities of Bath and Bristol, as well as Corpus Christi College, Cambridge, and Imperial College London.

Besides his full-time job at Weybourne, Smith also sits on the board of Elim Housing Association. "Housing associations tend to be highly geared, so they are interested in having treasurers on the board," he notes, and he finds the contrasts with his day job interesting. "Housing is a tightly regulated business and it's at the mercy of public policy and government decisions," he explains. "You have very little control over your revenues because rents are effectively set by the government." He recommends that other treasurers take non-executive roles, pointing out that it gives "good experience of governance and the way organisations work broadly". He adds: "And it's good preparation for moving from a treasury role to a CFO role or for being on the Council of the ACT."

On that very note, this month Smith takes over as president, the ACT's most senior officer, after serving on its Council since 2009. The association's priority, he says, should be "maintaining a flow of new students, keeping technically relevant and providing its members with what they need". And he warns

that while the profile of the ACT has risen, which is evidenced by the government and other bodies seeking out its views, "you are only as good as the last thing you did". He continues: "So we may have done a great job at recruiting students last year, but that counts for nothing if we don't recruit students this year." Nevertheless, he believes that the ACT should be proud of how far it has come since it was founded in 1979. "We got the Royal Charter," he says, "so we must be doing something right." ♥

Sally Percy is editor of *The Treasurer*

VITAL STATISTICS

67
Sir James Dyson's age on 2 May

3,000
the approximate number of patents owned by Dyson Group

33%
the proportion of Dyson Group employees who are engineers and scientists

4,545
the number of people employed by Dyson Group globally

£1.2bn
Dyson Group's turnover for 2012

1993
the year in which Dyson Group was founded

5,127
the number of prototype vacuum cleaner designs developed by Sir James Dyson between 1979 and 1984

£3bn
Sir James Dyson's estimated net worth, according to the 2013 *Sunday Times* Rich List

£364m
Dyson Group's profit (EBITDA) in 2012

50,000
the number of young people in the UK reached by the James Dyson Foundation's 'engineering boxes' in 2013. These boxes contain tools and equipment to take students through the design process.