

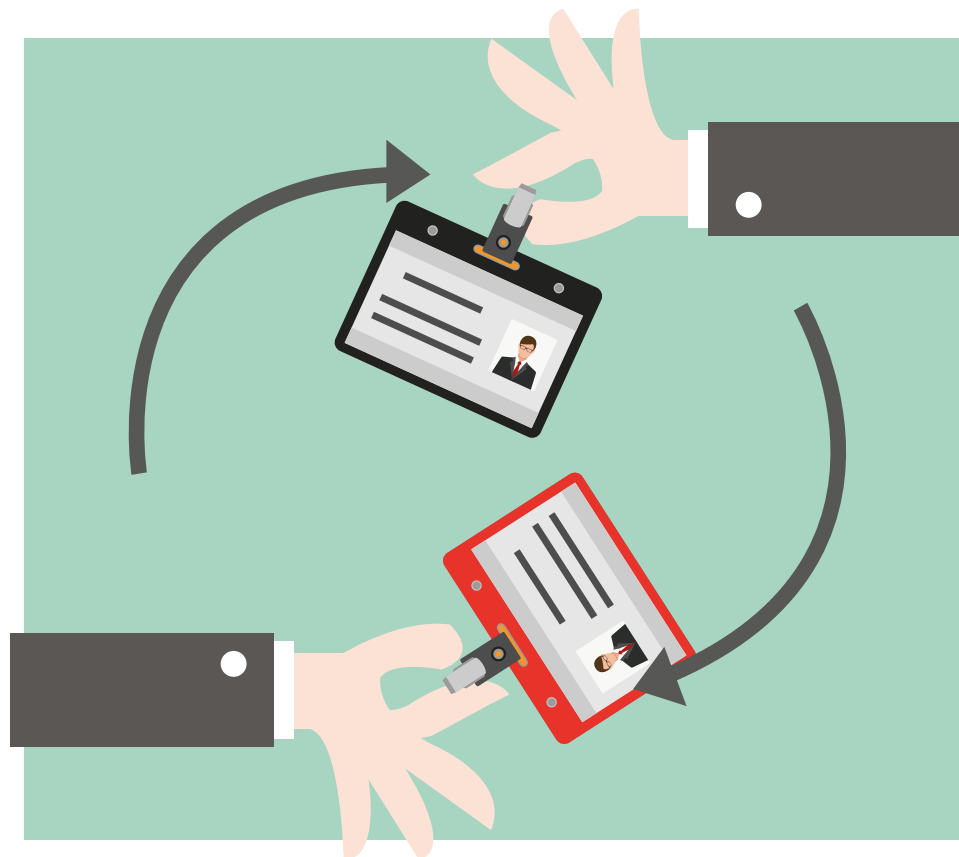
SEE THE OTHER SIDE

SECONDMENTS CAN HELP TO BRIDGE THE GAP BETWEEN TREASURY AND THE REST OF THE BUSINESS, ARGUES PHIL RENSHAW

When I was working in a large corporate treasury team, one of the basic challenges we had was gaining access to explain the purpose, importance and value of the treasury team to the other employees across the business. Most people were focused on their own goals, unaware of their impact on the treasury function and of the benefits that we could bring them. They also suffered from a perception that they did not have enough time to talk to someone new. Frankly, I had the same challenges as an FD, but let's focus here on treasury.

The treasury team is a very small unit of highly specialised finance professionals who can have a critical impact on the overall business. Yet it may have limited experience or operational understanding of that business. The traditional approach to overcoming this barrier is through widening the education of those in treasury. Equally traditionally, it tends to be the responsibility of those in treasury to educate the rest of the business about what treasury does, or could do, for them. This relies heavily on treasury professionals' abilities to build relationships and communicate with the rest of the business – something that may not come naturally to technical specialists nor be understood as a responsibility.

But there is a different solution, one that can change the dynamics with powerful outcomes to protect risks, enable growth and strengthen



the business – surely the very purpose of treasury.

Secondment programmes

Many psychologists and writers, from Daniel Kahneman to Malcolm Gladwell, have identified that we all have inbuilt biases that make it difficult to understand new and unfamiliar things. In treasury, we try to create risk management systems that overcome or challenge these biases. One way of doing this that improves business

performance is through a secondment programme. Rather than seeing something from our existing viewpoint, we perform another party's role and see it from their perspective. The potential value to businesses is huge. As Professor Abby Ghobadian, an expert in organisational effectiveness at Henley Business School, says: while the individual parties benefit, think of it as an organisational and business solution.

So, what exactly is a secondment?

There is no absolute definition of a secondment. But my suggestion is that it is:

- The temporary placement of an employee;
- Into a role in a different department or organisation;
- Delivering specific requirements for a predefined period (usually for between three and nine months); and
- The individual is not shadowing someone else.

It is important that the secondee has a genuine job to do. While a secondee may be supernumerary, they must have a real function to perform, with clear goals and outcomes to deliver. It is the identification of this role that will help to define the length of the secondment. The activity needs to last long enough for the secondee to truly 'get their feet under the table', but not so long that they lose the different perspective that they brought to that table. The secondee needs to remain an 'inside-outsider'.

The individual on secondment also has to have existing skills of value to the host department, which may be as straightforward as project-management or planning skills. This ensures that all parties benefit from the secondment.

What are the benefits to treasury?

In 2014, coached secondment company Circulus concluded a survey on secondments with more than 60 senior professionals, which identified that most people can easily identify the benefits of going on a secondment to an individual. These include enhancing career mobility, improving personal knowledge of other business functions and developing leadership skills. But it can take further reflection to realise the value to the home or host departments. Our research suggests that this

could be because not enough attention is given to this part of the equation in practice.

While all circumstances are unique, the principal benefit to the treasury team is likely to be improving the business's understanding of the value that treasury brings. This can then be used proactively to deliver benefits to everyone. As an example, this is what happened to Stephen Leung, now CFO at iQ Student Accommodation, when he was in the treasury team at Land Securities. His secondment to the business development team improved that team's awareness of finance issues, while enhancing treasury's understanding of the property market. This outcome, of course, requires that the secondee has the skills to achieve these goals or is provided with support to develop these skills during the secondment.

Most treasurers recognise the value in having team members who have worked in different treasury teams. This is like a long-term secondment, except that we hope to benefit from the broader swapping of employees. Nonetheless, this triggers costs. We are all familiar with the challenges of retaining good treasury staff when promotion opportunities are limited in such small departments. A well-planned secondment to another function can secure retention, meaning the business can

avoid incurring the costs of hiring new people and waiting for them to become effective team members. A wide range of other business benefits arise depending upon the situation. Employees might build strategic awareness or communication skills, or design new processes.

How do we manage the hole left behind?

This is often one of the earliest challenges to a secondment, especially in small units such as treasury. 'How can we cope if we lose a key member of our team?' is the question asked. The best approach to this is to ask tough questions: how would you cope now if one of your team 'fell under that proverbial bus'? The best treasurers will always have an answer for this – because they are in the business of managing risk and it would be rather embarrassing not to have a plan for this one.

Step back and recognise that a secondment is a planned event – there are no buses involved. Instead, it presents opportunities to give other members of the treasury team exposure to learn new skills and time for someone else in the business to be seconded into treasury.

How do we decide which department to send our secondee to?

Once you start to see a secondment as a business solution which offers the prospect of personal development, you will find it easier to answer these questions: which function should be the host for your treasury secondee? Which parts of your business present the most challenges to treasury? Which team consistently seeks approval for leases after the asset has been acquired? Which country consistently demands exceptions to your standard payment terms? Which

department always provides its risk reports after the deadline?

These and similar issues present opportunities for secondments. Of course, it is risky to assume that treasury is always correct. The purpose of secondments is to see issues from a different perspective. There may be a legitimate reason why your colleagues keep seeking approval for leases after the fact. By gaining their perspective, you can work together to address that reason and change the relevant processes. Either way, the perceived business issue is resolved.

What support should we have in place?

Professor Michael Dickmann, an expert in global mobility at Cranfield School of Management, says that, like any effective treasury activity, there should be a clear process in place for secondments. The most fundamental element is a support structure that ensures those involved remain clear on their goals, notice differences and implement long-term positive business change. Professional coaching from specialists can help to deliver this. If this support structure is not in place, the potential for success is reduced, uncontrolled risk increases and failure becomes a possibility.

Secondments may not be the solution to every business issue, but they are an excellent way of building knowledge and awareness across a business, embedding the benefits for the long term and increasing the value of the treasury team. ♥

THE BASICS FOR A SUCCESSFUL SECONDMENT

To maximise the value of any secondment, consider the following:

- There are three parties involved: the home department, the host department and the individual. They all have needs.
- An ongoing support mechanism is needed for all of those who are involved before, during and after the secondment.
- The individual on secondment should have external coaching/expert assistance to share their issues and to help them develop solutions without compromising their working relationships.
- Being chosen for a secondment should be considered a privilege.
- Prepare for the secondee's return before they depart.

Phil Renshaw MCT is a professional coach and an expert in secondments at Circulus. See www.circulus.co.uk



The author is currently researching the impact of secondments within the financial regulatory system, funded by the Henry Grunfeld Foundation and administered by ifs University College, where he also lectures in both finance and leadership