

Situations vacant? Call in a temp

Mark Hampton of KPMG looks at the merits of employing a temporary treasurer, and the potential pitfalls to avoid.

The treasurer's resigned! You were sure that he was on three months notice, but the draw of becoming treasurer for the Hawaiian Tourist Board was just too good to miss, and he's forwarded you a copy of his offer letter proving – beyond doubt – he need give just one month's notice. What on earth can you do? Where can you turn? How long will it take to find a replacement?

Well, there could be help at hand in the form of a temporary treasurer.

When does it happen?

The above example may be an unlikely scenario, but companies do use temporary treasurers for a variety of reasons.

The resignation and subsequent departure of a treasurer is often very difficult, if not impossible, to coincide with the arrival of his successor. Although in reality companies do much to accommodate the conflicting demands of former and future employers, a discontinuity creates a gap that needs to be filled.

Even more difficult to plan for is the sudden departure of a treasurer due to illness, for example. This leaves a gap for an initially undetermined, and potentially short, period of time. A temporary treasurer can usually come into the position at short notice to ensure that the day-to-day wheels turn and that existing projects are kept on track.

Maternity leave can present companies with a temporary gap that needs to be filled, and another potential problem looming on the horizon is parental leave for fathers.

As treasurers increasingly progress up the corporate ladder, companies looking to develop their senior staff may see internal secondments as a way of broadening and deepening knowledge. The problem of filling the temporary gap left behind can often scupper such plans, but by covering this situation the temporary treasurer can actually make a very positive contribution to the long-term success of an organisation.

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What's good about it?

One of the most attractive features of temporary treasurers is the similarity they share with taps – they can be turned on and off easily. This flexibility allows companies to bring someone in at fairly short notice in the knowledge that they are able to hit the ground running, and then terminate the arrangement when it suits them. This means the hand-over period to a permanent replacement can be managed with



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maximum efficiency, to both ensure a smooth transition and control the cost.

Whilst temporary treasurers will usually be viewed only in a risk-reduction context, the value they can add is often overlooked. This may come from a variety of areas, including technical and non-technical skills.

We all know what a 'fresh pair of eyes' can bring to a situation. Bringing in an experienced individual who has both the technical understanding of the issues and who comes new to a situation can often present answers to long-standing problems. New blood also provides a fresh impetus to those projects that have lost their way and gives renewed momentum and purpose to the treasury department. Sometimes temporary treasurers have more knowledge of a particular subject – such as a software package – than the permanent incumbent.

An outsider might also bring softer skills to the role, managing in a way that gets more out of the staff, either through a different management style or with certain skills, such as project management and job prioritisation.

... and what are the bad bits?

Although a temporary treasurer brings much to the table for the employer, there are significant risks and costs associated with such an appointment.

An obvious down side of employing a temporary treasurer is the lack of continuity that could result. This may have an impact in a number of different ways.

A key consideration should be the effect the appointment of a temporary treasurer can have on the staff within the department. For a start, the appointment of a temporary person sends the message to the remainder of the staff that none of them were suitable for the job. Whilst this may be obvious from the outside, it is critical that the situation is handled in a sensitive manner and communicated clearly to those affected.

The likelihood is that these individuals will have three different bosses in a relatively short space of time, putting severe pressure on their morale and motivation. If this issue can be handled successfully during the period of uncertainty then all those involved should be warmly praised.

A further consideration of having a number of changes in the treasurer position is the effect it will have on counterparties, both internal and external. Banks and other financial institutions who are always keen to court relationships with the treasurer may be concerned to see so many changes at the helm of the department. Equally though, they may recognise the importance the company attaches to the position by ensuring it is permanently filled. Internally as well, there may be frustrations from other departments having constantly to bring new people 'up to speed': ultimately this may threaten treasury's future participation in decision-making if they become sidelined as a result of these frustrations, so it is critical that the temporary treasurer is fully functional as quickly as possible after joining.

The real cost

One matter that is often raised is the expense incurred in employing a temporary treasurer. The real cost of the period of the temporary appointment depends upon the situation with the permanent member of staff. If the permanent treasurer is on maternity or sick leave, then the company is likely to be paying two people at the same time. However, if the only person being paid is the temporary treasurer, then the cost may not be that different from the full cost of employing a senior member of staff. It has to be remembered that temporary treasurers are not normally chargeable for employers national insurance and do not get a company car or any other benefits. Also, the possible cost of any 'treasury disaster' should provide more than adequate justification for keeping the treasurer's seat permanently occupied.

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Who's doing it?

Only rarely does a company need to employ a temporary treasurer, so when it becomes necessary, identifying and appointing a suitable candidate can be a challenging process.

The large consulting firms can provide individuals with both practitioner and consulting experience to fill in temporarily for treasurers. From the consulting firm's point of view this is arguably not the best way to deploy resources, as an experienced consultant (who would be required for the role) would normally be leading a team of more junior consultants. Despite this, consulting firms will offer this capability to provide their clients with a complete range of services. From the company's perspective, it is often an attractive proposition as the consultant will bring with them the back-up of a large firm and all that implies – providing a substitute consultant at very short notice if required, for example.

An alternative to going to the large consulting firms is to use one of the small 'boutique' treasury consultancies. These firms have some highly-experienced treasurers to deploy and can also provide back-up in the unfortunate scenario where the temporary treasurer has to be replaced.

It is also possible to obtain an interim treasurer in the form of a self-employed consultant (often an ex-treasurer) who can offer broad treasury experience, usually for a lower fee than a larger firm would charge. Some of the specialist

treasury recruitment firms have a good portfolio of interim managers who are available for work at short notice, and sometimes a company already has contact with an individual who they can appoint directly without the need to pay recruitment fees.

Finding the right one ...

Recruiting a temporary treasurer brings with it many of the same difficulties as recruiting for a permanent position, although the risks may be lower given the transient nature of the role. While the ideal blend of technical and industry experience is rarely available on a temporary basis, the appointment of a temporary treasurer provides the opportunity to secure particular skills which may be needed in the short to medium-term. For example, on-going projects might require specific skills which are available from a temporary treasurer, but less so from a permanent recruit who would be expected to have broader treasury and management skills.

In any event, companies should take the recruitment process for a temporary treasurer seriously, interviewing and seeking references for potential candidates in the same way as it would do when filling a permanent position.

So, is it the answer?

Sometimes, employing a temporary treasurer may be the answer to all your prayers but, like most things in life, this is not always the case. The key question to ask before embarking on this course is how to manage and communicate the role both internally and externally, without creating serious structural damage to the treasury department and the relationships it enjoys. If these hurdles can be overcome then a temporary treasurer may well be the answer.

So while the ex-treasurer is sunning himself in Hawaii and not giving you the slightest thought, make sure you're not missing him either! ■

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