

# Opportunity and opportunism



PHOTOGRAPHER: ROGER HARRIS

HENDERSON'S NEW CFO, SHIRLEY GARROOD, OFFERS GRAHAM BUCK A CANDID EXPLANATION OF HER SUCCESS.

Shirley Garrood never set out to become a treasurer and admits disarmingly: "Looking back, I'd have to say that opportunism has been behind many of my career moves."

After holding the position of chief operating officer at Henderson Group for the past eight years, Garrood stepped up to the position of chief financial officer at the fund manager at the start of September, succeeding Toby Hiscock, who retired.

Her appointment came just months after Henderson acquired its troubled rival New Star in a £107m deal – knocked down from the initial figure of £115m. Clinching "the right deal at the right price" was made easier by New Star's recent weak investment performance, an exodus of clients and its debt pile. But while the company was damaged, there was general respect for the New Star brand and other firms were also interested in securing a deal.

"From the very start, we recognised that this was a distressed situation and we needed to move fast," says Garrood. "I installed myself at New Star's offices over a period of two months to ensure that I knew exactly what was going on inside the firm and what it was that needed fixing. The financial side has come through very quickly and we've retained at least 79% of New Star's assets."

Garrood says the acquisition has given Henderson the confidence that it can carry out other deals. "Although we'll continue to grow organically, if further opportunities come along – possibly in more niche areas – then we will take advantage of them. Back in January, when conditions were much more volatile, it was a bold step to buy a rival fund manager, but it's one that was backed by our shareholders and investors."

While there continue to be plenty of acquisition opportunities, Garrood believes that the sense of urgency prevalent early this year has eased. So there is no need to be a distressed seller, and prices have recovered in response.

"What you want from any deal is revenue, so you must ensure that any fund managers coming on board have the required capabilities," she adds. "You need a balance of good assets and good talent."

**THE FIRST RUNG** Garrood's career path began at the firm of Peat Marwick & Mitchell (KPMG), which she joined at the end of the 1970s after graduating from Bristol University with a first-class BSc in economics and accounting. After a year as a trainee, she became a supervising senior carrying out audit, tax and specialist work for clients in the retail, banking, electronics and oil sectors.

"I decided that I didn't want to become a partner, though, and after four years with the group I moved to financial services group Mercantile House Holdings, where my work was a combination of

financial reporting and accounting," she recalls. She soon found herself assisting the corporate treasurer with activities such as daily dealing in cash, foreign exchange and other instruments, position reporting and cash forecasting and installing a treasury system.

So when Mercantile was acquired by British & Commonwealth Holdings early in 1988, she became assistant group treasurer – although at the time B&C had no treasury department, balance sheet structure, centralised records of guarantees or group bank facilities; nor was there very much cash management. Much of her work at B&C centred on the treasury aspects of acquisitions and disposals and raising the necessary long-term finance, which meant acquiring the necessary negotiation and documentation skills.

After three years at B&C, the next stop was insurer Municipal Mutual, where Garrood took on the newly created role of group treasury manager, with the remit of setting up and running a treasury function and reporting to the group treasury director.

"While I was there, MMI began looking for a suitable home for its asset management operation," she says. That home was Commercial Union, which owned asset management business Morley.

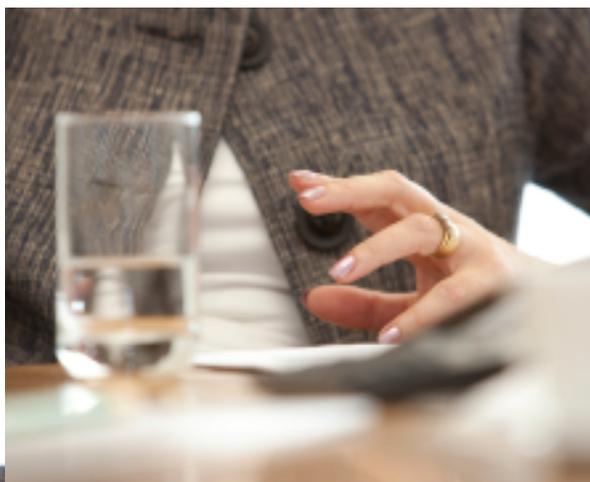
Garrood moved to Morley in March 1993, initially as project manager to assist in moving assets from MMI to Morley. She originally aimed to stay for three months, but a succession of new projects – which also brought promotion to operations director – was to extend this period to eight years.

The first two years were spent in establishing a middle office at the group, as well as reorganising its cash management support and providing technical support for new products and functions.

"I was also asked to head up a large project team to implement the asset manager's new computer system," she adds. "This really meant being thrown in at the deep end as it was something that I had to learn from scratch. The fact that I was able to operate outside my comfort zone was noticed by other people. This got me the position of executive director for Morley when CU merged with General Accident in the late Nineties."

**ROUTE TO THE TOP** At the start of the new decade, Garrood was one of five individuals selected from the group to start a general management course run by Cedep, the France-based European centre for executive development. For individuals in full-time employment the course offers a nine-week programme spread over two years.

"The course offers senior personnel the potential to move to the very top," says Garrood. "For the first time I found myself thinking I could manage anything, regardless of sector. It was a watershed moment as I realised success is based on how you manage people."



The experience quickly proved useful as early in 2000 CGU and Norwich Union agreed a £19bn merger to create the group now known as Aviva. Once the deal was complete, an "intensive selection process" got under way for a chief operating officer for the enlarged group's asset management business. Garrood successfully applied and took on the demanding task of integrating back-office teams that comprised around 300 staff based in London and Norwich.

"By the time it was complete I felt I'd had enough of integration processes," she admits. "I really was keen to get back to the day job of supporting fund managers."

At this time, Garrood's secretary was attempting to fend off an approach by Henderson. Despite her efforts, "the group eventually got through to me to let me know they'd like me to join – even though at that time they didn't actually have an exact description of the job they wanted to offer."

When she joined Henderson in April 2001, her initial position was as director of investment operations, "providing fund managers with the support necessary to improve their decision-making".

While she had plenty of experience of integrating large teams, it quickly became clear that to be effective in the role she had to "actually own the means of production". She became chief operating officer to gain this control and shortly after, with additional responsibilities for operations and IT, joined the senior management team. Her duties and responsibilities have steadily expanded over the past eight years, extending into general management, human resources and as head of a team of technical experts.

Then, earlier this year she heard that the CFO planned to leave the group in September. "I've been happy in the role of COO over the past eight years, but I do have a fairly low boredom threshold," she says.

The news came shortly after Andrew Formica had taken over as chief executive, and he invited Garrood to submit a proposal paper. "My suggestion was to merge finance and operations into a single operation. I got a quick response back, asking what type of structure I envisaged. Being opportunistic, it was an opportunity that I grabbed."

**FROM COO TO CFO** Garrood was named as the new CFO over the summer and took over the role on 1 September. "I've done many different things in the course of my career rather than coming up through the ranks. This means I was interviewed by the headhunters, whereas if I'd submitted a CV in the traditional way it's very likely I would have been rejected. However, I have a good knowledge of the company and have worked with the team for some time. So it's a little like going back to school, but being in a different class."

And while it is still early days, she has already experienced several

major differences between the role of COO and that of CFO. "As I'm reporting at an executive board level for a listed company, there are more responsibilities than before and the job requires a holistic view of the business. You need to understand the basic drivers. The new role also has much more of an external-facing nature; you're dealing regularly with analysts, shareholders and the media. I haven't had to face the spotlight before now, but it's something that I'm enjoying and this work is really helpful in positioning the group for the future."

The nature of the meetings that she attends has also changed. As COO, her role was to negotiate – often with suppliers – so it was possible to plan tactics in advance. "Now I have questions fired at me from all directions. So I need to think on my feet and decide what I'm permitted to reveal. It's a whole new way of conducting meetings."

Now she is also more reliant on the technical expertise of her team and the accuracy of the information they provide, although "I still need to question anything that doesn't smell quite right."

"As CFO, I'm driving the long-term strategy of the business, whereas I was contributing to it previously. Among other things, this requires an awareness of the markets, being up to date on what our competitors are doing, and which parts of the business are adding to the bottom line."

Garrood also believes that her previous experience of downturns – and of being prepared for them – comes into its own when market conditions are tough. "You cannot afford to run out of cash but your loan document is only as good as when it is tested should something go wrong. So my training as a treasurer has stood me in good stead."

In the tougher economic environment she sees Henderson's diversity as an advantage as the group is not dependent on a single line of business or a single region. "We benefit from some markets having recovered more quickly and there is greater demand for certain products than for others; for instance, we now have more institutional investors in our hedge funds."

The downturn has seen more investors seek to move from equities to cash and Henderson can offer an AAA-rated cash fund that has £4.4bn invested and an investment approach that makes it eligible for the ABI's new deposit and treasury sector.

Garrood admits it is difficult to predict how the markets will move over the next few years. "We need to be prepared, though, with debt products and equity products, as well as selling our investment ability through as many channels as possible so you're not overly dependent on any one group of investors."

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