

# A (rather stressful) day in the life of a treasury dealer

Dolores Desjardins takes us behind the scenes at the European treasury centre for the Omnicom Group, talking us through the world of FX transactions.

**M**y day begins at 8.30am with downloading balance and transaction information from the banking software packages (seven in all). Back office performs daily bank reconciliations, but I make an initial check of all of the OFP currency balances to ensure there are no material discrepancies. I also run all the daily reports off the treasury management system (TMS).

OFP's sterling cash position is determined by the Treasury Operations Administrator – or me in his absence. The cash position is comprised of over 250 UK group company accounts, which are in a various pooling structures. OFP monitors the pool balances and initiates all CHAPs transfers for the UK group. The position can vary quite dramatically from one day to the next because of the media purchasing business within the group. The agency payments and receipts for media tend to be very large and vary depending on the client and current campaigns. (Big events, such as the Olympics and Christmas, have significant impacts.)

## **Borrowing**

Once the position has been signed off, I borrow the majority of the funds required, leaving a small overdrawn balance to cover any same-day receipts. OFP is a named borrower on the group's US commercial paper (CP) programmes, and from time to time CP is issued to fund the borrowing requirement.

While the sterling position is being calculated, I check the daily reports to determine the intercompany loans and deposits maturing with up to spot value. It is my responsibility to contact the finance directors or controllers at the agencies to determine their instructions for the maturing deals.

If new requests for funding are received, they are passed to the regional team which obtains approval from

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senior finance personnel in the group before I can proceed.

Once rollover or repayment instructions are received, one of the management team authorises the request and the hedge transaction and I proceed with the dealing required. OFP hedge currency exposure with the use of foreign exchange swaps to and from



Dolores Desjardins

## **Background**

Omnicom Finance plc (OFP) is one of the European treasury centres for the Omnicom Group, and is based in London. Founded in 1986, Omnicom Group is a strategic holding company that manages a portfolio of global, market-leading advertising and marketing services companies covering disciplines such as traditional advertising, speciality communications, interactive/digital media and media buying services.

OFP acts as an independent in-house bank for the group subsidiaries. The decentralised nature of the group means that there is no compulsion to use OFP, and so OFP competes against local banks (chosen by the entities themselves).

In addition to London, the group also has treasury centres in New York and Dublin. The London treasury centre is responsible for cash management in the UK, Europe (outside the euro-zone) and the Asia Pacific region, and the foreign exchange requirements of all the Omnicom entities worldwide.

It is also responsible for the multilateral intercompany netting and the management of the group's European and Asia Pacific working capital programme.

OFP is a team of 14, consisting of front, middle and back office personnel and a regional team dedicated to marketing OFP's services and assisting agencies with treasury-related issues.

I have been working at OFP for two years and was originally responsible for the intercompany netting and working capital processing before moving to a treasury audit role. In January 1999, I was promoted to the role of treasury dealer. ■

sterling. This strategy enables OFP to consolidate its position into one currency and so reduce the group's cost of borrowing.

OFP has a panel of banks and I compete the larger value trades between two or three of them. I use Reuters to benchmark the bank's prices.

Most of the trades involve short-term loans or deposits for the group companies, short-term being anything from overnight to one year. The need for overnight euro positions with OFP has reduced significantly this year with the advent of the Euro Cash Management programme, which is being run by the Dublin-based treasury centre and offers same-day automated funding and depositing across the euro-zone using a cash concentration structure. Any surplus positions in Dublin are consolidated into sterling in London, again, using FX swaps.

The other crucial job that has to be completed before lunch is payments. I download deal settlements from the TMS, and the Treasury Operations Administrator imports them into the electronic banking packages. Some requests are manually input into the relevant package. The payments are then authorised before being sent electronically. This can be a significant task, particularly if we are settling the bi-monthly intercompany netting, when in excess of

200 payments are downloaded. Obviously, this is one of the most important jobs of the day, as payments must be made with good value.

#### **Lunchtime**

On the odd occasion this can be a pleasant hour or so out at a restaurant, being wined and dined by one of the bank dealers. But a more likely scenario is a quick run down to the local sandwich shop followed by indigestion 15 minutes later from trying to munch quietly while answering numerous telephone calls at my desk.

Having completed all the prioritised tasks (the sterling position, payments and the overnight trades), the rest of the day is spent dealing spot and forward swaps and foreign exchange.

I receive several requests throughout the day for foreign exchange transactions – usually as settlement for third-party invoices. These can be urgent and therefore rushed through for same-day value – especially when someone has forgotten to forward an invoice for a big star who refuses to go on set until they have been paid – but are usually dealt for spot value in the afternoons.

OFP has a policy whereby no third-party transactions will be settled until someone from the agency has been called back to verify the request, so I am in regular contact with many of the

agencies each week.

When all the trades have been dealt and input into the TMS, I usually have a few moments to review queries. Queries are an ongoing task that can take from two minutes to two months to resolve depending on the currency and the bank I am dealing with.

Most of the issues are either about non-receipt of payments or non-recognition of funds. The UK subsidiaries also request information about their accounts, advice on the best way to send payments abroad and economic information.

Any spare time I have is filled with ad hoc projects, which can vary enormously. To date, I have been responsible for maintaining the OFP business continuation plan, several electronic banking package upgrades and the confirmation matching system.

#### **At the end of the day...**

Finally, I provide the management team, both in London and New York, with updated reports on the internal and external positions held by OFP and the cash forecast for the next month before leaving the office for a well-earned rest in preparation for doing it all over again tomorrow! ■

*Dolores Desjardins is Treasury Dealer for Omnicom Finance plc.*