

FATHER AND SON SIR DAVID TWEEDIE AND MARK TWEEDIE MAY HAVE CHOSEN DIFFERENT CAREER PATHS BUT THEY STILL HAVE MUCH MORE IN COMMON, INCLUDING A CANNY ABILITY TO COMMUNICATE A MESSAGE. **PETER WILLIAMS** LISTENED IN.

PHOTOGRAPHER: ROGER HARRIS

# In stereo

Both Sir David Tweedie and his son Mark recognise the importance of communication and are highly skilled at selling their message. As Sir David puts it: "Ultimately, you have to sell your products, whether that is some sort of financial product or an accounting standard."

Sir David heads the International Accounting Standards Board (IASB) and is determined to keep corporate reporting on the straight and narrow despite the credit crunch. His son, Citi banker Mark Tweedie, has passed his AMCT exams with flying colours and is helping his clients find liquidity management solutions to the current crisis. Both in different ways are involved in coping with the aftermath of the credit crunch.

Sir David's long and distinguished international career has been hallmarked by a feisty approach where humour is used both to defuse conflict and to make a point.

The French recently called for changes to the IASB, including setting a limit on the chairman's time in office. When it is suggested the French wants to get rid of him, Sir David replies that he wants to get rid of the French. But don't take offence. This is the man who, in a row over brand accounting, told Americans that some of the brands still thriving today are older than their country.

**THE CALL OF COMMERCE** Of course, standard setting is removed from the commercial world and Sir David admits to missing that world. He looks back particularly to his time as an audit senior in an accountancy firm running the jobs when he was involved with client issues on a daily basis. He also says he misses the interaction with partners and the ability to discuss issues openly. He adds: "Whereas here, you are meant to come up with the answers."

While Sir David does not regret his career choice it seems Mark is not destined to follow his father into standard setting. At one point in his academic career Mark chose to study accounting. He described the experience to his father as "terminal", adding, for good measure: "How can you spend your life doing this?"

However, his view has been changed both by time and by the course of study laid down by the ACT syllabus. He now says: "Part of the syllabus within the AMCT encompasses accounting. It was with great satisfaction that I got through that with the help of a good tutor. I now appreciate a little more what dad does."

Too modest to make the point himself, Mark gained two distinctions in the AMCT pass in the April 2008 sittings. One was in, appropriately enough, Financial and Management Accounting (FMA) while the other was in his day job of International Cash Management (ICM).

Clearly doing well in his career, Mark says he fell into banking slightly by default rather than design. Studying history at Edinburgh for four years, he went to the US to study the American Civil War. The US visa allowed him to work as well as study and he applied to various US companies including the Wall Street banks. He was offered an internship at Citi and then an associate programme after university.

His Citi career began in operations management where he was involved in a variety of different functions such as procurement and human resources. From there he moved into a banking role.

He says: "One of the reasons that I decided to do this postgraduate diploma in treasury was a little bit of catch-up. The early part of my career was in middle office/procurement and I wanted to supplement the on-the-job training in my new role with the academic stuff."

"As far as the ACT is concerned, the attraction there was that as part of my day-to-day role I face off against treasurers and it has always been a principle of mine that I have tried to adhere to that you always seek first to understand before being understood. So it is always good to understand it from the perspective of the client."

## SIR DAVID TWEEDIE: "ON IAS 39 I ATTENDED THE ACT ANNUAL CONFERENCE AND SAID TO TREASURERS, 'DON'T COMPLAIN ABOUT THE STANDARD; HELP US FIX IT.' THAT INVITATION IS STILL VERY MUCH OPEN."

"The way that the course is taught and the way that the curriculum is structured is very much from the perspective of the treasurer. It is good to understand the challenges and the needs before you start selling products which serve as solutions."

"The other key point is that as a father with a young family, the fact that a lot of the study is home learning makes it altogether more flexible, so you can structure it around your work and family life; that was a key consideration as well."

**THE ACT EDUCATIONAL PROGRAMME** Overall, Mark speaks highly of the ACT educational programmes: the foundation courses that give a good grounding in business principles in areas such as tax, accounting and law. It was a stage that Mark describes as "very helpful" in refining his general commercial understanding. He goes on: "But where the rubber really hits the road is in the associate papers with the topics of finance, funding, risk management and international cash management. The last one I was familiar with because it comprise 60%-70% of what I do, so that was easy enough to understand."

He admits to being more stretched in risk management, though, and getting to grips with topics such as interest rate risk, foreign exchange risk and the use of derivatives. But Mark sees the knowledge gained as incredibly valuable. "Having the qualification under my belt gives me a fairly strong position as I seek to develop my career," he says.

As every ACT student knows, the exams are stretching. Mark admits that the studying was hard, with early mornings, weekends dedicated to hitting the books, and Sundays sacrificed as well.

"It was tough and it does put pressure on," he says. "But you have got to look long-term and see what purpose this part of your life is serving. Fiona, my wife, and I collectively took the decision to do it early on rather than later when the kids may need even more attention."

Another sacrifice he made for the study and work was London Scottish. Mark demonstrated considerable prowess on the rugby pitch. Sir David was a competent hockey player in his time but not to Mark's standard. Mark represented Scotland ("the navy blue") at under-19 and under-21 level and could have pursued a successful career in professional rugby. But at the end of his time at university, hard choices were called for and made.

Unlike his son, Sir David is not a member of the ACT, but he does acknowledge the help the standard setters have gained from the ACT over the years. He says: "In the UK, when we [the ASB] were working on financial instruments, we had a lot of contact with the ACT. On IAS 39 I attended the ACT Annual Conference and said to treasurers, 'Don't complain about the standard; help us fix it.' That invitation is still very much open. We have the proposal out at the moment on

how we amend and simplify 39 and we are looking forward to the treasurers' response. We are quite genuine about changing it but we do need input."

Sir David illustrates the weaknesses of the current situation: "How is it you can have a US treasury bond which can be treated in three different ways with three different outcomes?"

**THE STRENGTH OF THE QUALIFICATION** The IASB also recognises the strength of the ACT qualification. Various senior members of the staff over the years, notably those with responsibility for its capital markets, have held ACT qualifications. Sir David adds: "It strikes me as a wonderful qualification. You look at something like the MBA, which while dealing with various areas does not look precisely at finance and cash. That is what the ACT qualification does: and finance and cash is what drives business."

Perhaps Sir David has some affinity with cash. One of his first tasks as chairman of the UK's Accounting Standards Board in the 1990s was to produce a cashflow accounting standard to replace funds flow statement. And some years later the IASB is catching up with a standard which uses cash rather than cash equivalents. The board is also working on a document which proposes a statement designed to demonstrate to users the relationship between the income statement and the cashflow statement.

Sir David says: "This statement would be very useful for investment analysis. It is a big issue and shows that cash is king."

**MARK TWEEDIE: "THE WAY THAT THE COURSE IS TAUGHT AND THE WAY THAT THE CURRICULUM IS STRUCTURED IS VERY MUCH FROM THE PERSPECTIVE OF THE TREASURER. IT IS GOOD TO UNDERSTAND THE CHALLENGES AND THE NEEDS BEFORE YOU START SELLING PRODUCTS WHICH SERVE AS SOLUTIONS."**

Mark is involved with cash on a daily basis. He says: "Cash management is a critical part of what I do in terms of helping clients with their working capital. At a time when the capital markets are shutting their doors and proving more fickle, corporates are looking to use their own surpluses to fund internally."

Father and son make light of the well-documented dispute between the IASB and the banking sector since the onset of the credit crunch. In an effort to resolve differences over fair value an advisory committee was set up to look at how to value financial instruments in inactive markets. Sir David says: "Basically, the standards worked. Banks were taking market values until suddenly there were none. Bigger banks had a plan B: they switched to modelling while smaller banks struggled. We intend to put out a guidance which will show people where the judgements come in. It was a unique situation."

The credit crunch has changed many aspects of business. As far as Mark is concerned, the fact that the changes in the markets have pushed liquidity management high up the agenda for both corporates and banks is a good by-product of a bad situation.

He says: "Generally, the clients we serve are the multinationals that have an extensive geographical footprint, so they have headaches such as trapped cash and currency controls. They are aiming to concentrate their cash so they can fund both operating and capital expenditure. It has become a more topical discussion point. Whereas before it may have been secondary in consideration, it is increasingly coming up the priority list."

Amid all the current gloom and doom, Sir David provides interesting and wise counsel. He says: "I'm a firm believer in markets. You try to sell one of these sophisticated instruments right now and you will have great trouble doing so. And that is what will sort the markets out. There is a banking crisis every generation; basically, people forget as the old guys disappear. Mark has seen it at the beginning of his career. Before he goes he will probably be in time to cause the next one!"

Now the banks are going through a process of recalculating and repricing risk but the industry, Sir David says, will come back. And with an increasing number of people like Mark gaining formal qualifications with the ACT, as well as practical knowledge, maybe the industry can start to look to a better future, helped of course by a coherent financial reporting framework.

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