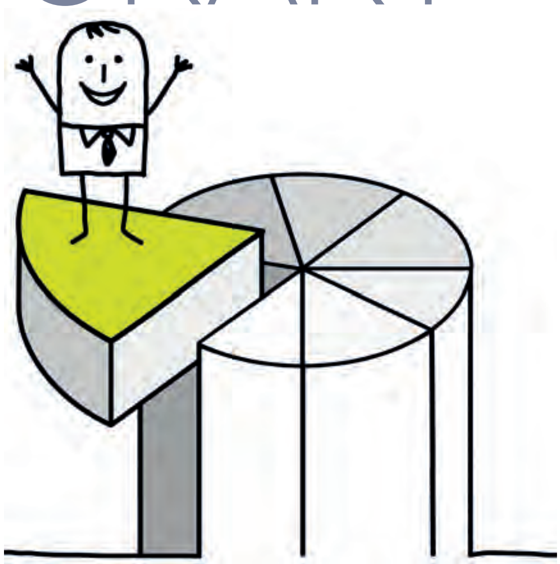
THE CONTEMPORARY TREASURER



Today's treasurers have their fingers in many pies, but their full strategic potential is still untapped, according to ACT research. Peter Matza explains

In many organisations, treasurers struggle to gain full acceptance of their capabilities. They are often seen as cash managers, not as contributors to financial and business strategy. What's more, the very definition of a treasurer varies significantly from company to company, and indeed from treasurer to treasurer.

Recognising this, the ACT decided to undertake a comprehensive survey of members' attitudes towards the evolving influence of treasurers on corporate strategy and business growth. The *ACT Corporate Treasurer Survey*, which was carried out earlier this year, is the first such research in the ACT's 33-year history.

By questioning a representative sample of treasurers from large UK corporates at various career stages, the research aimed to understand who the contemporary treasurer is, how he or she spends the working day and how he or she interacts with the board. It also investigated how treasurers source funding, their thoughts on regulation, their interactions with financial institutions and how their organisations operate in emerging markets.

According to the research, treasurers manage their time across a range of activities, with that time split between functional duties (for instance, between cash and liquidity management and corporate finance), geographies (between domestic, pan-regional and emerging markets) and governance activities (between those that involve the board, annual reports and audit reporting).

Treasurers spend on average 34% of the working day on functional matters, such as cash management, and 24% on strategic issues, such as capital structure or corporate funding policy.

The research found that respondents and their teams prepare reports for just over half of all board meetings, on average, and present at around a quarter of them. Board interactions take various formats, but, more often than not, boards act on the advice of their treasurers. Treasury plays a key role in determining an organisation's financial strategy, working out how to finance business policy and manage the ensuing risks. So boards are interested in key financial metrics: will the proposal contribute to shareholder value? How is it being measured? Will the projected return exceed the cost of capital? They are also concerned with potential risks and with corporate governance, legal and compliance issues.

Around 40% of business funding is through debt capital markets, with 33% from bank finance and 17% from equity capital markets.

Despite widespread vilification of banks and bankers, the vast majority of treasurers did not report feeling unfairly treated by financial institutions. Indeed, 73% claimed their business has been fairly treated, and 23% said treatment has been neither fair nor unfair.

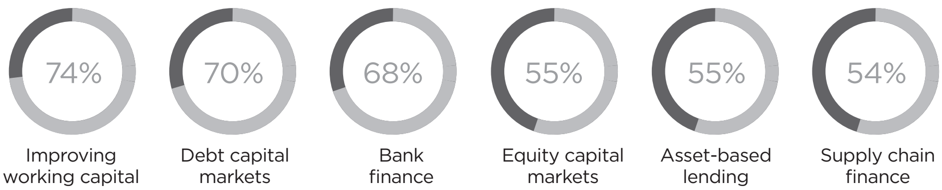
More than half of respondents (56%) said they believe there is too much regulation, while 41% felt regulatory levels are about right. Only 1% of those surveyed thought there was too little regulation.

The research uncovered that the questions treasurers should be addressing are: what do we invest in? How do we raise funding for that investment? And how do we control the risks associated with funding and investing cycles? Treasurers need to be clear and concise when discussing appropriate choices, execution practicalities and likely outcomes. Depending on an organisation's size and type, a treasurer may well need to respond to several different stakeholders, all of whom will need to be involved in the treasury process, on any given issue.

By demonstrating what, where and how today's treasurers are contributing to their organisations, the ACT hopes that it has gone some way towards redressing the imbalance in perceptions about treasurers, their capabilities and their influence.

TREASURERS AND THE BOARD

How much of the time does the board take your advice?



Peter Matza is engagement director at the ACT