



DEBORAH THOMAS LOOKS AT STEPS REQUIRED TO MOVE FROM THE ROLE OF TREASURER TO FINANCE DIRECTOR.



To be the finance director

The debate about treasurers becoming finance directors seems to be a constant one. As treasurers broaden their roles the argument in their favour grows stronger, however there are still a number of challenges to be faced.

One individual who has made the move from treasurer to finance director noted that: "To be an effective finance director, you need to be able to demonstrate knowledge beyond the direct impact of treasury issues and hence be able to add wider value."

Similarly, the key difference highlighted by almost every finance director has been the breadth of the role, which encompasses not only treasury and financial control but also broader commercial responsibility. Many finance directors felt the typical treasurer has comprehensive knowledge of financial risk but less experience of broader commercial risk and negotiation.

WIDER REMIT OF FINANCE DIRECTOR

They emphasised that the finance director role also focuses on all accounting, tax, reporting and legislation issues, particularly those resulting from the introduction of Sarbanes-Oxley Act (SOX) and International Financial Reporting Standards (IFRS). As part of the senior management team, the finance director has greater involvement in commercial negotiations, and the strategic direction of the group. They are also more likely to be a director of one or more group companies and may be required to deputise for the CEO. Another important aspect of the role is the greater involvement in and leadership of both internal and external relationships, spanning country management, sales and marketing, and shareholders.

The finance director's reporting line (and indeed other members of the senior management team) may not possess a finance background, therefore the ability to explain complex matters, condense financial information, and to highlight key issues is

essential. The finance director needs to be able to explain financial matters to non-financial people and address non-financial issues such as new business decisions, HR initiatives, IT issues, and arbitrate between divisions.

HAVING ACCOUNTING QUALIFICATIONS

In light of developments in accounting standards legislation and recent focus on accountability and corporate governance issues, it is more likely that a finance director will come from a traditional accounting background and be at least ACA (or equivalent) qualified. Finance directors with the AMCT or MCT qualification have found their studies to be useful and relevant, particularly with respect to funding, deal creation, bank negotiation and relationship management and investment appraisal. The majority of treasurers who have made the move to finance director began their career in finance prior to entering treasury or were subsequently supported by the group to move into a commercial role in an operating company.

Others have moved from treasury to smaller non-quoted companies, but again, almost without exception, they carried an accounting qualification as well as a treasury qualification. Given the responsibilities of a finance director's role and the current business climate, what can aspiring finance directors with a treasury background do to improve their prospects?

As one finance director noted: "To make the transition from treasury, you need to emphasise qualities as a generalist and work closely with the finance director and CEO, and interact with operating companies wherever possible in order to demonstrate the added value that a treasury professional can bring." Having spoken to a broad spectrum of senior finance personnel, additional advice for those seeking to make the move from treasury to finance director level included the following:

- Adopt a hands-on approach with the business and commercial divisions. This will raise your profile and counteract the perception of treasurers as being specialists who are remote from the business.
- Stay close to the CEO, group finance director, operating company finance directors, MDs and commercial directors. This will give broad commercial and strategic exposure and enhance relationships (particularly with the group finance director and CEO).
- Get involved in projects that will enhance your understanding of the broader issues for the group and its operating companies. Use such opportunities to influence and demonstrate your broader skill set and ability to add value.
- Market yourself as effectively as you can, networking and leveraging off your internal and external relationships to heighten your visibility as a key decision maker within the organisation and within the market.
- Be realistic and resilient in your approach to achieving your goal; sometimes a sideways move is necessary to facilitate a larger step up in the longer term.

The skills of experienced treasury professionals have an increasingly significant role to play in the wider organisation, and individuals with such backgrounds are slowly being recognised for the value they are able to add in senior level decision making. We, as recruitment professionals and treasurers alike, challenge and change people's perceptions of who a finance director should be.

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