

THE STUDY OF COMPLEX FORMS

Richard Abigail's tenure at design engineering consultancy Arup has been marked by a willingness to embrace technology and change. Arup, as well as its treasury function, is reaping the benefits. Liz Loxton reports

Words: **Liz Loxton** Photography: **Louise Haywood-Schiefer**

Design engineering firm Arup quietly dominates a small intersection in London W1. Occupying number 8 Fitzroy Street and the building opposite at number 13, Arup's headquarters also overlook the Sainsbury Wellcome Centre, a University College London research site, across the way on Howland Street.

The building is a worthy neighbour for an organisation like Arup, whose engineers worked on its design and construction. An exemplar of modern architecture with an undulating white façade and glimpses from the street into pristine lecture halls, it provides facilities for scientists working at the cutting edge of neuroscientific investigation.

Cutting edge is, of course, where Arup's experts live and work. Specialisms at the firm range across core structural and design disciplines right through to renewable energy, acoustics and audiovisual, and multimedia design. Some 12,000 employees are based across the globe in 92 offices.

Arup is owned by trusts. The beneficiaries are employees, and the idea behind that is to ensure that the culture set out by founder, engineer and philosopher Ove Arup in 1946 is adhered to. The organisation's structure is a conscious act of design, too. It's there to ensure that the company cannot be sold, which, in turn, protects independence, limits external influence and ensures Arup engineers don't have to confine themselves to bread-and-butter assignments, and can concentrate on addressing the more interesting and complex challenges the built environment has to offer.

Still, the Wellcome building is only one manifestation of Arup's achievements globally. The firm is famous for its work on such architectural and engineering flights of fancy as the Sydney Opera House, Lloyd's of London, the Beijing National

Stadium or Bird's Nest, Coventry Cathedral and the Allianz Arena, the first stadium in the world with an exterior that can change colour, and home to FC Bayern Munich since 2005.

A quick recap

Group treasurer Richard Abigail passed his CertICM and AMCT while setting up a new treasury department at Arup. He is keen to ensure that Arup's treasury function is as supportive as possible of both the firm's ethos and its projects. His route into treasury is a well-trodden one. He studied Economics at the London School of Economics and Political Science from 1993 to 1996. On graduating, he joined Coopers & Lybrand, which was to become PwC in 1997, and stayed at the firm until 2002.

By that point, dotcom fever had come and gone, but still had brought a change of direction for many. But rather than joining an overheated start-up, many of which had in any case fallen by the wayside, Abigail joined premium rate telephony and information company iTouch, which, among other things, provided ringtones during what might be described as the Crazy Frog era. iTouch also provided the WeatherCall phone-in service – a service that was ultimately to be killed by the advent of the smartphone.

The five years Abigail spent at iTouch provided solid corporate finance experience: the company delisted by means of a management buyout in 2007. When he joined Arup in 2008, having been recruited to the central finance team by FD Matt Tweedie, his initial focus was once again corporate finance. Arup was going through a number of mergers with affiliated companies, as well as purchasing its head office building. In 2011, however, Tweedie set about reorganising



VITAL STATISTICS

10,000

the number of Arup projects under way at any one time

2,194

the number of pre-cast concrete shells that make up the Sydney Opera House sails. They are held together by 350km of tensioned steel cable

42,000

the amount of steel (in tonnes) that went into the construction of Beijing's Bird Nest

15,500

the number of light bulbs that are changed every year in the Sydney Opera House

\$888m

the amount spent to update New York's Fulton Center, bringing together six subway stations and 12 underground lines in Lower Manhattan

12,000+

the number of people who are employed by Arup, in 92 offices across 40 countries



RICHARD'S CV

2011-present

Group treasurer, Arup

2008-2011

Financial controller, Arup Middle East and Africa

2002-2007

Group financial controller, iTouch

1996-2002

Manager, PwC

QUALIFICATIONS

AMCT (2012), FCA (1999), BSc in Economics from the London School of Economics and Political Science (1996)

the finance team and asked Abigail to become head of a newly established treasury function.

At this point, treasury at Arup was a blank canvas, says Abigail. "It was about cash for bills and salaries; it was reactive, there wasn't a mandate. We had talked about cash pooling, but nothing more than that."

Creating a central cash pool

So what followed was a steep learning curve, inside and outside of the day job, as he familiarised himself with treasury operations and worked his way through ACT qualifications, passing CertICM and then the AMCT with distinction.

Abigail liked treasury from the start: "I really enjoyed the fact that it made for a more interesting dialogue with banks and technology providers. My early experience was shaped from nascent technologies. I try and use that experience of change and lack of fear of change," he says.

Preoccupation number one was liquidity and visibility of cash. Members of Arup's dispersed network of entities worldwide were used to controlling their own cash and, while they were quite good at reporting on their cash position, they also had a tendency to hold on to the stuff. Pooling and sweeping were new habits and required an educational exercise.

"Risk is a transformative project... we're trying to get the whole business to understand and transfer risk to treasury"

Abigail needed to do more than simply catch up with the rest of the corporate world, however. So while he started by putting in a basic pool, with his eye on the long-term goal of bringing all Arup's outposts into the fold, he had in mind a more sophisticated set-up. Arup's mortgage is a revolving credit facility and the pool also includes a captive insurance company. "It's about not being afraid to innovate," he says.

Arup Poland is the most recent affiliate to be brought in, so now the zloty sweeps into the central pool. Arup Japan has joined the fold, while Mexico is a work in progress. Arup was one of HSBC's first clients to introduce automated sweeping out of China, a complex task, and the organisation is now sweeping in every country where it is legally permissible. "There are countries where you can't sweep, of course – South Africa is a significant one for us, but other than that, the aim is for all outposts to hold cash at zero," he says.

There's been a significant upside. Pooling and sweeping saves Arup around £1m a year in interest costs, Abigail says. Importantly, the exercise has also brought the conversation within the wider finance and senior teams at Arup around to the issue of risk.

FX risk will be Abigail's prime focus for 2016, and addressing it will be very much an education and communication exercise. "It's about approaching an organisation that hasn't had formal FX risk management and taking it forward," he says. His

approach leans very heavily on ACT teaching, using the ACT framework right through to the exam material. "Risk is a transformative project in that we're trying to get the whole business to understand and transfer risk to treasury. It's less about derivatives and hedging, and more about hearts and minds. We've had situations where the project leaders deal with FX themselves and we've had projects that have recorded a loss because of the FX impact. Part of my job is to protect managers and also to transfer that risk to treasury people and the banks, who are equipped to deal with it and allow engineers the freedom to look to their core tasks."

Connectivity

Abigail's work has also included a treasury management system implementation and integration with the main accounting platform. As far as possible, he's aimed at a reduction in any manual keying-in of data and straight-through processing. The SunGard Integrity installation meant he could eliminate routine accounting tasks. On the FX side, the process has been cut down from five different steps to one or two.

Connectivity and being at the cutting edge of technological change is important to him, but with

a focus very much on simplicity and common sense. A change will be introduced only if it is intuitively the right thing to do. "It's the Apple model I'm trying to get to. I want to be able to take the data straight through," he says.

And while Arup might be famous for enabling the most flamboyant architectural ideas to take shape – a Garden Bridge or a Centre Pompidou – Abigail enjoys its more prosaic and useful iterations, such as London's King's Cross St Pancras station or the development of Crossrail. "I like these hidden projects," he says, "the useful ones."

That's not to say that he finds Arup's culture flashy. In fact, he consciously tries to ensure that treasury embodies that design-led ethos that is written through the organisation's DNA. "I want to have that ethos within treasury, to bring that same mindset into treasury," he says.

And true to the cross-disciplinary approach that is also a hallmark of the firm, he understands that relationships are key to project success.

Building relationships among suppliers, ensuring they are long-term suppliers, knowing your bank well, understanding what the pressure points are – these are an important part of the role, he says.

Building bridges, it seems, is not just for engineers. ♥

Liz Loxton is editor of *The Treasurer*



RICHARD'S TOP TIPS FOR SUCCESS

What are your top tips for other treasurers?

I heard someone say that the treasurer is the 'adult in the room' in a company. I've interpreted that to mean we are the sensible, level-headed ones, who try and find solutions while managing our remit in a conservative, but progressive, manner.

I also believe a treasurer has to be a visionary. Treasury is leading other parts of the finance function when it comes to adopting new technology and ways of working - for example, embracing software as a service. A treasurer needs to create a picture of the future in the minds of their colleagues and strive to obtain that future.

How has the AMCT qualification helped you to succeed?

As a new treasurer, the AMCT qualification provided a much-needed introduction to the building blocks

of treasury. It allowed me to speak with banks and other suppliers with confidence.

Even as I have 'matured' into the treasury role, I keep referring back to the learnings from the AMCT courses. Arup has just become an accredited employer with the ACT because I see the value in strengthening ties with the association. I also promote the qualification to all staff involved with, or have an interest in, treasury.

What is the secret to your career success?

I don't think I am successful in my career; there is always something new to learn, understand and develop. When I feel successful it will probably be the time to move on and try something new.

What is the most difficult question that your FD is most likely to ask?

The most difficult question my FD asks is: "How are we going to

convince others that this is the right course of action?" This means we revisit the problem and solution from first principles and ensure the communication and delivery plans are stress-tested.

What is your 'favourite gadget'?

My iPhone is my favourite gadget. My first computer in 1983 was a ZX81, so I am still amazed at the power and versatility of an iPhone. I use it to catch up on the daily news, answer emails, play games to while away the tedium of the London commute, and maintain contact with friends and family.

What's the best way to wind down after a stressful day?

A meal out with friends and family, or just vegging in front of the television. For a special occasion, I really enjoy a visit to a favourite restaurant with my wife and son.