

# Treasury change: the design and implementation of a dynamic treasury framework

## Corporatetreasury solutions

Are your treasury processes aligned to meet the changing needs of your business and external regulation?

How does your treasury's performance compare to that of your competitors and peers?

Are you utilising the latest developments in banking services and treasury systems to improve efficiency?

Which of your processes/activities contribute to the company's shareholder value objectives and how do you measure it?

The environment within which corporates must conduct their day-to-day business is continually changing. The pace of change and the challenges from difficult market conditions have never been greater than now. In order to stay competitive and deliver the required value to shareholders, managers must assess the impact of these change factors across the organisation's entire value chain.

Examples of some of the key change factors or drivers impacting all industry sectors are:

- Globalisation of markets;
- Challenging economic and credit environment;
- Changing regulatory requirements (e.g. Sarbanes-Oxley, IAS 39, IFRS 7, FAS 133);
- Evolving technology solutions;
- Consolidation across and within industry sectors – mergers, acquisitions and divestments;
- Emphasis on shareholder value; and
- Continued push into new markets.

These external drivers have both a direct and indirect impact on Treasury. As other areas of the

organisation, particularly the business units, react to these external change drivers, the projects that they initiate will often impact other process areas creating internal change drivers.

The challenge for the Treasurer is to assess the impact on the existing financial risks generated by the business and the treasury framework used to manage them. In addition, advances in banking products/services and treasury systems constantly alter what is recognised as best practice or leading edge in terms of treasury standards.

All of the above places an expectation on the treasurer to reassess how effective the existing treasury processes and activities are in meeting the changing requirements of the market, the business and its stakeholders.

At PricewaterhouseCoopers our treasury specialists can assist you to assess the impact of these drivers on your existing treasury operations. Drawing on our knowledge of best practice standards developed from working with many of the world's leading corporations, we help you design and implement a new dynamic risk management framework to meet the existing and future requirements of the business.

# Treasury change: the design and implementation of a dynamic treasury framework

## A new vision for Treasury

What we define as ‘best practice’ standards in treasury can vary significantly from one corporation to another just as their size, geographical spread, industry sector and management’s risk appetite vary. However, there are some common fundamental objectives in terms of treasury processes and practices that all corporates should be seeking to achieve.

The move by corporations to centralise their transaction execution activities around structures like Shared Service Centres, while still attempting to provide the necessary decision support to the business, has created an interesting dynamic for Treasurers. Long gone are the days when treasury was viewed as an ‘ivory tower’. The challenge for the Treasurer is to find a balance between cost effectiveness and value added support to the business.

The introduction of a truly global service capability, and cash management structures by a number of leading banks, means that many corporations are still over-banked and destroying value through high bank charges and inefficient cash management practices.

The advances in the sophistication and functionality of package treasury management systems in recent years have been significant. Such systems are key enablers to achieving significant enhancement in efficiency through the automation and integration of processes. We have also seen the evolution of treasury system functionality from enterprise wide system vendors.

Many corporations are beginning to utilise tools like a balance scorecard to monitor and measure treasury’s contribution to the organisation’s shareholder value enhancement objectives/targets. A balanced set of key performance indicators (KPI’s) provides financial and non-financial benchmarks for treasury.

## Design and implementation of a new treasury framework

We have worked with many of the world’s leading corporations to redesign their existing treasury risk management operations in order to meet the changing requirements of their business. Our proven methodology involves three distinct phases.

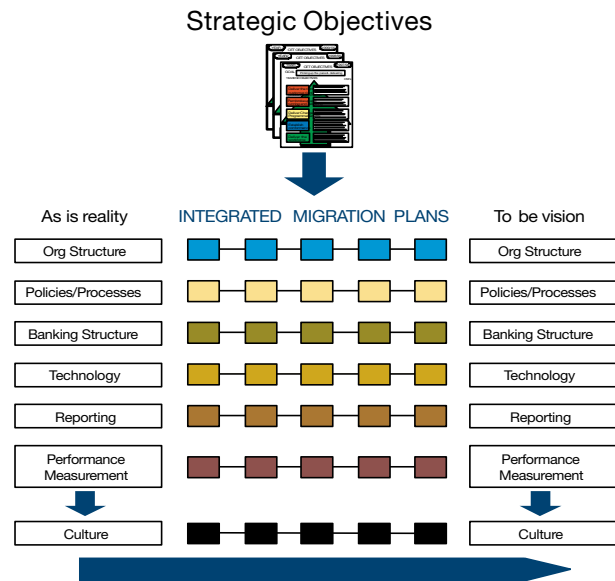
**Phase 1: Analysis and High Level Design** – in which we will support you to review and reconfirm the treasury requirements for your business, this leads to a high level design of an organisation (i.e. policies, processes), systems and banking solutions to meet those requirements. This phase generally involves the following steps:

- Confirm existing risk profile of business and treasury practices;
- Understand internal and external change drivers;
- Develop alternative models taking account of the best practice standards applied by the world’s leading corporate treasury operations, focusing on aspects of policy, organisation, process, technology and banking solutions;
- Evaluate models based on criteria set by yourself (ie control, cost/benefits, etc); and
- Develop high level design for the preferred model.

**Phase 2: Detailed Design** – in which we expand the high-level design into a detailed solutions definition which will form the basis of the implementation plan. This involves performing a gapping analysis of the high level design against the current state at a detailed level and consideration of regulatory, tax and legal requirements.

**Phase 3: Implementation** – in which we will support you to undertake the work necessary to set up the new organisation, processes, systems and banking arrangements.

In this phase, we work closely with the system and banking vendors and apply best practice project and change management standards to ensure an efficient migration to the new structure. This includes the use of project plans, status reports and the development and delivery of communication and training plans to ensure that new processes are understood, accepted and acted upon at all levels.



At PricewaterhouseCoopers, our treasury design and implementation specialists assist you in the efficient migration from where your treasury is today to where the business and you as Treasurer need it to be tomorrow.

## Our experience

In Europe, the Corporate Treasury Solutions Group comprises over 300 professionals, with a broad range of complimentary treasury, banking, technology, taxation, accounting and program management skills. Our team has worked with many of the world’s leading corporations to support change in treasury practices and has an enviable track record of successful, solutions-based project work.

Over the years, our team has established an extensive knowledge base of the treasury standards of the leading corporations, and by combining this knowledge with the multi-disciplinary skills of the team, we provide creative and practical solutions to meet the requirements of our clients.

## Contact details

For more information on our Treasury Change services, please contact the following:

Belgium	Damien McMahon	+32 2 710 9439
Finland	Urmaz Rania	+35 89 2280 1746
France	Mariano Marcos	+33 1 56 57 8885
Germany	Thomas Schröder	+49 211 981 2110
Ireland	Ronan Doyle	+353 1 792 6559
Italy	Luisa Milletti	+39 06 57083 2493
Netherlands	Joukje Janssen	+31 20 568 6538
Spain	Javier Oliva Castro-Palomino	+34 6 355 206 80
Sweden	Anders Akner	+46 8 555 342 59
Switzerland	Sebastian di Paola	+41 58 792 9603
UK	David Stebbings	+44 207 804 2323

<http://www.pwc.com>