



## The Evolving Role of the Corporate Treasurer

As global fiscal systems scrambled to overhaul their regulatory landscapes in the wake of the 2008 financial crisis, corporate treasurers were presented with vast and urgent workloads. They were also set upon a path that has led to a profound and ongoing evolution of their role. As we enter another period of economic uncertainty, a robust treasury function will be more important than ever.

We talked to a group of global treasurers and CFOs to explore where, and how, these changes in the job continue to emerge, and at what pace. As organisations recognise how fundamental treasury is to the health of the enterprise, treasurers no longer toil anonymously “somewhere in the building on the seventh floor”, as one of our interviewees put it.

This evolution means that treasury is no longer one, sometimes isolated, support function among many. As successful treasurers demonstrably add value to businesses, they are transitioning into roles that embrace, and initiate, strategic input. It is a sequence that in turn boosts the visibility, reputation, and stature of the job, as it establishes itself as one that demands the mindset of a progressive business partner.



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**A TREASURY AND TAX DIRECTOR  
FTSE 100**

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Before strategy, though, come the bedrock operational responsibilities of the treasurer's work; the imperatives that keep the ship afloat. As one group treasurer put it, "I don't think I've ever come across a company that has gone bust because it's got too much cash." But where these activities once might have been concentrated in liquidity and cash, Sacha Kenny, group treasury director at engineering conglomerate Smiths Group, said he would also expect any treasurer to keep on top of the ballooning area of risk, ranging from counterparty to foreign exchange to interest rate risk management.

Treasurers also oversee complex currency hedging or commodity risk arrangements. At Heineken, for example, that includes protecting core requirements by trading in aluminium on which the business depends for its beer cans, said Niels van Popta, the company's senior director, global treasury and insurance.

And, van Popta noted, where an organisation such as Heineken has global operating companies, then treasury can find itself not only monitoring but also "supporting your [overseas] operating companies in emerging markets to comply with your hedging policies for foreign exchange".

Treasury engagement with often disruptive technological advances is ongoing, in areas ranging from business intelligence tools and data visualisation to AI and emerging blockchain tech. Technology is also seen as a key part of helping to shift the treasurer role from one that is purely transactional to one that also embraces strategy: "IT helps release treasury capacity to put us into problem-solving across the organisation and acting as more of a business partner," argued Ignacio Mosquera Vázquez, group treasurer and senior vice president at Philips. But care should be taken not to overestimate the speed of this process (see sidebar).

## THE TECH SURPRISE

Given the range and complexity of treasury detail, we expected confirmation when we went into our discussions with our group of treasurers that technology has precipitated enormous changes on the treasury function and its future role.

As Bruné Singh, vice president, group treasury at DSM, said, "Treasuries are well-placed to play a key role in leading the digital revolution. So much flows through our veins and the connectedness to the financial ecosystem is controlled by treasury."

Yet our research indicates that treasury functions have not yet experienced the same scale or pace of technology transformation as other finance teams, for example those involved in front office work. One treasurer commented on how hard it was to get timely information because so much data was still being processed manually. Others argued that, in any case, treasury work demands subtleties of judgment that technology cannot replicate.

"I don't think we've even scratched the surface," said AstraZeneca's group treasurer, Jono Slade. "It's probably a slow, steady progress, as opposed to some massive jump."

"At the end of the day, you've got a decision to make – you can collect the data, but you've still got to make the call. Tech will play a role but it will be evolutionary rather than revolutionary."

## FUTURE-PROOFING BY RELATIONSHIP-BUILDING

With even the signature processes of the treasury role growing more sophisticated, the expanding version of the role is more critical than ever. Volatile financial markets and political uncertainties, allied to a post-crisis legacy of a heightened appetite for compliance and transparency, indicate that treasurers will continue to become more prominent as boards seek to future-proof their organisation.

Depending on the nature of the business, a treasurer's focus must pivot between internal operational essentials and a more external, relationship-building role. The majority of our group of treasurers believe that the role will consolidate into that of a trusted business partner to the CFO, the finance director, and the board, and will be increasingly rooted in strategy – initiating it, developing it, explaining it.

## UNDERSTAND THE NARRATIVE

To Erik Swelheim, CFO of KLM, the treasurer is the obvious person in the company to develop the financial strategy. This includes setting financial targets for the businesses taking into account capital requirements and business risk. The treasurer is also involved in numerous investment and financing decisions – in KLM to invest in new fleet, for example. “The treasurer is often an important person to develop the story and to communicate with the financial markets,” he said.

Responsibility for an organisation's appetite for risk, for example, lies with the board, and treasurers increasingly are taking the initiative in engaging boards to ensure their board and associated committee colleagues understand and can quantify what that appetite – and exposure – is.

This calls for treasury to drive policies and processes that are embedded in and align with strategic aims. Insight like this sets up an organisation to be in a position to deliver a nimble response when risk becomes actual threat. Several treasurers among our

group noted that they had addressed rating agency concerns, either around political turbulence or a perceived financial risk, and were comfortable explaining business strategy in the context of responding to periods of heightened risk.

“The days when the treasurer was seen as a sort of factotum cash manager raising debt, the traditional treasury stuff, those days have definitely gone,” said a FTSE 100 treasury and tax director. “What's been accelerating over the past few years is that you're having to go to the board, you're having to explain enterprise risk. You're having to explain how the financial markets can close at the drop of a hat. And then how are we going to manage our way through that?”

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**GAYLENE KENDALL**  
HEAD OF TREASURY AND TAX AT  
KINGFISHER

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AstraZeneca's group treasurer, Jono Slade, had similar views: “When you look at what could happen geopolitically, what could happen in the banking sector, what could happen to your customers ... I'm always thinking through different scenarios going, ‘well, if this happens this is what I'll do.’”

Similarly, treasurers are not just sitting back and waiting for instructions to, say, secure funding for projects in which they have had little or no input. When Gaylene Kendall arrived as head of treasury and tax at Kingfisher, she set about a treasury reform programme, supported by an insistent drive to ensure that fellow-decision makers outside treasury not only had the relevant information, but that they truly understood it.

“You’ve got to make Treasury real to the business and explain why you are going out to get funding on the basis of their budgets,” she said. “What is the business need for that funding? Can you change the shape of that business need with funding in mind? The last thing I want to do is to be securing funding because the business says it’s going to spend X, Y and Z if in reality the probability is it’s not.”

As Wolters Kluwer’s executive vice president, treasury and risk, George Dessing remarked: “I always define treasury as the nexus for money and information.”

### SOFT SKILLS ARE LEADERSHIP SKILLS

A treasurer comfortable with pursuing this more outward-facing approach will have outstanding personal and communication skills to navigate and thrive in an environment that exposes them to senior people on boards, as well as other stakeholders outside the organisation. It is no coincidence that these soft skills, vital to this kind of engagement and connectedness, are core leadership qualities.

We are seeing these growing in relevance and demand as the treasury function evolves from pure functional specialism towards being seen as one that provides leaders and strategic partners.

As AstraZeneca’s Slade said, “One of the big things that treasurers bring is being able to communicate relatively complex issues in relatively simple language.” This informational-educational aspect of modern treasury was a recurring theme among our group – that knowing how best to educate the board about highly complex treasury detail is now embedded as a core part of the role, or ought to be.

Bruné Singh is vice president, group treasury at DSM, a global science-based company active in nutrition, health and sustainable living. He outlined to us a nuanced set of leadership skills he believes are shared by successful treasury leaders and which flow first from insight, he said. “You need an excellent understanding of your people, yourself, your environment, your stakeholders

## KEY CONCERNS FOR THE TREASURY FUNCTION

- » Cash management
  - » Cashflow forecasting
  - » Cash management optimisation
- » Robust capital structure
- » Counterparty risk assessment/management
- » Debt management
  - » Refinancing/funding requirements
  - » Strong banking relationships
- » Liquidity risk
- » FX management
- » Treasury operations
  - » Treasury management system
  - » Technology
- » Governance/controls
- » Security/fraud

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**ERIK SWELHEIM**  
CFO OF KLM

– an ability to read the landscape. This feeds into shaping the function by charting an inspiring course that brings people around to how to get there.

“Then, connecting – being able to connect with multiple internal and external stakeholders, understanding their needs and influences, and responding to them. And of course that means Delivering – you can’t just create beautiful visions for things; you have to deliver through rigorous execution. And finally, you have to be future-proofing the organisation by Developing the capacity and capabilities of the function and its people. More than ever, treasurers need to actively shape the future of their functions and the wider organization.”

At Wolters Kluwer, Dessing also sees his role at the global professional information provider as incorporating a duty to mentor and develop talent by encouraging colleagues to look further than the traditional treasury role. “I always tell my team, ‘you cannot earn it behind your PC, we need to get out,’” said Dessing. “By engaging the team and facilitating a platform for them, you could even say we allow the team to enlarge their radar.”

Toggling between operational and outward-facing elements “allows the team to create career opportunities, and to make those folks even broader, hopefully with Wolters Kluwer, but also for external roles.”

The treasury leaders encouraging colleagues out of the profession’s ivory tower – or cupboard, as one treasurer put it more bluntly – are putting themselves out there too: “You need to make a conscious effort to reach out, speak, and engage – don’t just sit in head office,” said Smiths Group’s Kenny.

The result of engaging with internal customers and showing how you deliver value is a seat at the table: “Your visibility has to step up, your impact has to step up to secure a seat at the table,” said DSM’s Singh. “You don’t lose focus on the operational aspect, but now you’re part of conversations that are not traditional treasury conversations, and where your expertise, your perspective is valued on strategic matters. That’s the evolving world of the treasurer.”

## TOP 10 CHARACTERISTICS OF TOMORROW’S TREASURER

- » Strategic thinker and advisor
- » Excellent communicator
- » Presence and credibility at board level
- » Excellent business patterning ability
- » Operating partner to the business
- » Technical/functional excellence
- » Ability to play a meaningful role within broader finance leadership team
- » Willingness to embrace technology as a way of streamlining operations/processes
- » Increased efficiency within team as broader finance transformation continues
- » Leadership capability/relationship savvy

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**BRUNÉ SINGH**  
VICE PRESIDENT, GROUP TREASURY  
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