



The Interim Treasurer

**Examining the techniques needed for
managing a range of treasuries -
different solutions for different
companies**

- **What is Interim Treasury Management?**
- **How do the Interim roles come about?**
- **What does it normally encompass?**
- **The general techniques and skill-sets required for success as an interim**
- **Case Studies -**
5 different assignments I have undertaken over a 14-year Interim Treasury career and 19 different assignments in 7 countries

What is Interim Treasury Management?



1. What is Interim Treasury Management?

- i. Typically, the short term provision of skilled treasury executives to manage projects involving transition, project management or systems development, often during times of uncertainty or change in the organisation

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- ii. Assignments generally run from 3 to 9 months
- iii. To be effective, interim treasurers should build up a strong and continuing track record of successful interim management over several years in varying companies
- iv. Ability to step in at short notice and be expected to add value quickly: “hit the ground running”

1. What is Interim Treasury Management?

v. Interim vs. Consultant

Interims are not consultants. Management consultants typically advise on alternative strategies for improvement, pursuing standard in-house methodologies. They therefore provide valuable analysis and will be aware of latest management techniques. However, implementation of such recommendations and acquisition of the necessary skills will be the client's responsibility, which is where interims will sometimes become involved

1. What is Interim Treasury Management?

- vi. Interims work closely with their clients during the time of an assignment, usually operating at the client's premises, acting as a "hands-on" treasury team member but
- vii. Not a member of staff:
will act independently, typically through a limited co., invoicing clients on a daily fee basis. This allows an objective and forthright view of required actions to be taken

1. What is Interim Treasury Management?

viii. Although not a consultant, interims may implement and operationalise a consultant's strategy or planned change. Management consultants may introduce suitable interims to their clients

How do interim roles come about?



2. How do interim roles come about?

Catalysts could be:

- i. A major acquisition or divestment
- ii. Re-financing
- iii. Re-structuring
- iv. Cash crisis
- v. Departure or illness of key staff
- vi. Default of covenants and withdrawal of finance
- vii. Transfer of bank relationship to restructuring group (“intensive care”)
- viii. Private equity takeover

2. How do interim roles come about?

Sources of roles:

- i. Recruitment agencies: c. 45%
- ii. Network contacts: c.45%
- iii. Financial consultants: c.4%
- iv. Banks: c.2%
- v. Management consultants: c.4%



What does Interim Treasury Management Normally Encompass?

3. What does Interim Treasury Management Normally Encompass?

My experience has involved the following:

- i. Specified project management or systems implementation - managing RFIs and RFPs: typically new cash management and pooling systems, TMS or bank relationship – select only or select and implement
- ii. Reviewing alternative and appropriate sources of short or longer term finance

3. What does Interim Treasury Management Normally Encompass?

- iii. Negotiating new bank or capital market financing
- iv. Re-negotiating loan agreements and covenants after a default, major fraud or de-listing of company from stock market
- v. Foreign exchange and interest rate risk management: an initial review, implementation and subsequent monitoring

3. What does Interim Treasury Management Normally Encompass?

- vi. Bringing re-assurance to the lending group after a transfer to the lead bank's restructuring group: close monitoring of covenants, frequent cash flow forecasting, various other complex and time consuming reporting and monitoring requirements including monitoring permitted baskets - proof of a 'safe pair of hands' until a normal bank relationship can be re-established

3. What does Interim Treasury Management Normally Encompass?

- vii. Integrating a major new acquisition into the current treasury structure: policies, procedures, bank accounts, cash pooling, intercompany netting, cash flow forecasting, foreign exchange risk management
- viii. Starting up a treasury organisation for a company being divested from its parent and/or integrating into the new owner's structure

3. What does Interim Treasury Management Normally Encompass?

- ix. New first treasury department start-ups for fast-growing companies (either by acquisition or organically)
- x. Integration and migration of treasury services into a new shared service centre

Where appropriate, manage a smooth transition to any permanent staff by mentoring, transferring knowledge and skills.

- 17 Take active involvement in the recruitment of any new permanent treasury staff.



**General techniques and skill-sets required for
success as an interim**

4. General techniques and skill-sets required for success as an interim
 - i. Broad ranging treasury experience at all levels including operational day-to-day management, project management and implementation as well as strategy
 - ii. The wider the range of industries, the wider the size and complexity of organisation, the more unlikely you are to encounter uncharted territory

4. General techniques and skill-sets required for success as an interim

- iii. Ability and willingness to make an easy transition between roles e.g. a defined project role in a well-established treasury department in a profitable and cash-generating business at one extreme to starting up a new treasury function with no staff, systems, policies, procedures or support with few ancillary finance facilities and existing treasury knowledge or awareness in a fast-growing organisation or one in financial difficulties.

4. General techniques and skill-sets required for success as an interim

- iv. Willingness and desire to explain, guide and mentor whenever required: sell the treasury role to others
- v. Be able to deal with a lack of clear, documented policy, procedures and guidelines—manage ambiguity
- vi. Be committed and fully dedicated to an assignment for its entire duration i.e. a career interim not looking to take on a permanent role elsewhere

4. General techniques and skill-sets required for success as an interim

- vii. Uninterested in the current role as a permanent job, allowing you to retain objectivity. Typically should be suitably over-qualified for the role to be credible and effective from day 1. Quality and extent of skill-set should be higher than any full-time position would warrant
- viii. Willing to step up or down in actual or perceived seniority or roles as required. Uninterested in personal or career status in an organisation

4. General techniques and skill-sets required for success as an interim

- ix. Be aware of but aloof to internal politics. Learn quickly who to deal with to get a job done.
- x. Don't overstay: know when to exit and plan accordingly so as to leave a sounder structure behind. Transfer knowledge and skills in a timely and orderly manner so as to leave a lasting legacy
- xi. Be able and willing to work away from home and to travel

4. General techniques and skill-sets required for success as an interim

- xii. Be prepared to work long and unsociable hours; whatever is needed to get the job done. You can (and should) take a rest at the end of the assignment to recharge your batteries!
- xiii. Keep extensive records from previous assignments: develop a “treasure chest” or “tool kit” to take to your next assignment: policies and procedures, cash flow forecasting models, loan documents, ISDA documents, RFP templates, inter-company loans, thin capitalisation and transfer pricing issues, tax and legal documents. Adapt to current assignment accordingly

4. General techniques and skill-sets required for success as an interim

- xiv. Develop your external network. Don't be shy of asking for advice, you can't be up to speed on everything. Can be lonely if there are no other Treasury peers in the organisation. Attend courses and conferences. Take time for CPD. Use the ACT technical guidance committee.

Case Studies



**Cover for key staff absence
in a global privately-owned
domestic appliances
manufacturer**

5. Case Studies: i)

Cover for key staff absence in a global privately-owned domestic appliances manufacturer

- Involved with both specific project management and management of a team of six: cover required for urgent time-critical projects (European cash-pooling and new refinancing via a US private placement)

5. Case Studies: i)

- Quickly realised a well-established and reliable treasury team could be left with minimal management and supervision
- In-house back-up and resource could be identified and were to-hand
- Able to concentrate on the two main projects
- Extensive contact with external advisers: financial and legal. Communication skills essential
- Critical time-management and project-management skills required
- Minimal supervision – left to get on with it

5. Case Studies: i)

- Essential to adapt to the corporate culture to ensure success
- Culture of consensus: Steering committee very influential for cash pool project. Buy-in of participating subsidiaries essential and ultimately influenced final decision

Case Studies

New treasury start-up for AIM-listed, fast-growing and acquisitive media company



5. Case Studies: ii)

New treasury start-up for AIM-listed, fast-growing and acquisitive media company

- No existing treasury infrastructure
- Partly funded by private equity
- New multi-currency syndicated credit facility with complex reporting requirements
- Material foreign exchange and interest rate exposure but with minimal ancillary facilities to support

5. Case Studies: ii)

- No staff or systems in place
- Necessity to take on all required daily duties as well as developing strategic goals for treasury: obtaining global daily bank balances by phone ahead of electronic bank balance reporting, obtaining credible cash flow forecasts from six recently-acquired overseas subs in a culture of high de-centralisation and independence; no uniform accounting or reporting systems
- Manually providing weekly and monthly time-consuming reports in line with loan agreements -dependency on subs to provide data
- Prepare business case for more interim assistance

Case Studies



**Crisis-management for UK plc
distributor of network computer
products and services**

5. Case Studies: iii)

Crisis-management for UK plc distributor of network computer products and services

- Withdrawal of bank facilities following major fraud and de-listing from stock exchange
- Transfer of bank relationship to bank's restructuring group resulting in extensive and intrusive reporting requirements
- Obtain buy-in, confidence and trust of existing, small treasury team-competent but lacking the required experience

5. Case Studies: iii)

- Daily actual and forecast cash reports for bank
- Need to communicate with and obtain co-operation of anxious staff
- Necessity to work long hours in close proximity to other interims and external advisers (lots of pizza deliveries at midnight then back to hotel at 1 a.m.) – team player
- Gain trust and confidence of the bank, leading to eventual re-negotiation of required lending line, ancillary facilities and re-listing on stock exchange

Case Studies

**Divestment of multinational Dutch
biopharmaceutical company from
large global Dutch parent
chemicals company**



5. Case Studies: iv)

Divestment of Dutch biopharmaceutical company (with 125 subs in 60 countries and €2.5bn annual t/o) from large global Dutch parent chemicals company and new establishment under an IPO

- Large, well-managed and established, parent co. treasury department with sophisticated systems, knowledgeable staff and in-house bank structure. Sub being divested relied on this

5. Case Studies: iv)

- Need to liaise closely with parent treasury dept. in order to ensure smooth and efficient handover and continuation of critical processes in accordance with set timetable
- Transition from an in-house bank structure with close support and advice to new manual systems with no TMS
- Set up a new relationship bank, a new cash pool, a new intercompany netting system, migrate bank accounts, set up new foreign exchange dealing lines
- Set up alternative optimal and tax-efficient financing structures for overseas subs to replace previous intercompany loans

Case Studies

Integration of major acquisition into current operations of a FTSE 250 plastic packaging manufacturer



5. Case Studies: v)

Integration of major acquisition, accounting for 50% of current turnover, into current operations of a FTSE 250 plastic packaging manufacturer, with 56 operations in 18 countries and £819m annual t/o

- Historically and culturally a highly decentralised corporation
- Manage integration of the new acquisition simultaneously with establishing a Treasury function for group

5. Case Studies: v)

- Amalgamate and rationalise existing local overseas debt facilities and cash pool structures into new organisation
- Lead and manage current debt refinancing of long term debt by conducting review of capital market alternatives
- Agree with senior management the appropriate form of financing
- Manage loan negotiation and cross-currency interest rate hedge via auction amongst relationship banks

Please refer to the website
www.cantytreasury.com for the full
version of the presentation