

# The Treasury 3.0 Framework: Deploying a Model of Best Practices

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# Agenda



- Treasury: The Future State
- Successful Treasury Traits
- Moving to the Ideal State: Strategic Initiatives
- Building the Treasury Roadmap





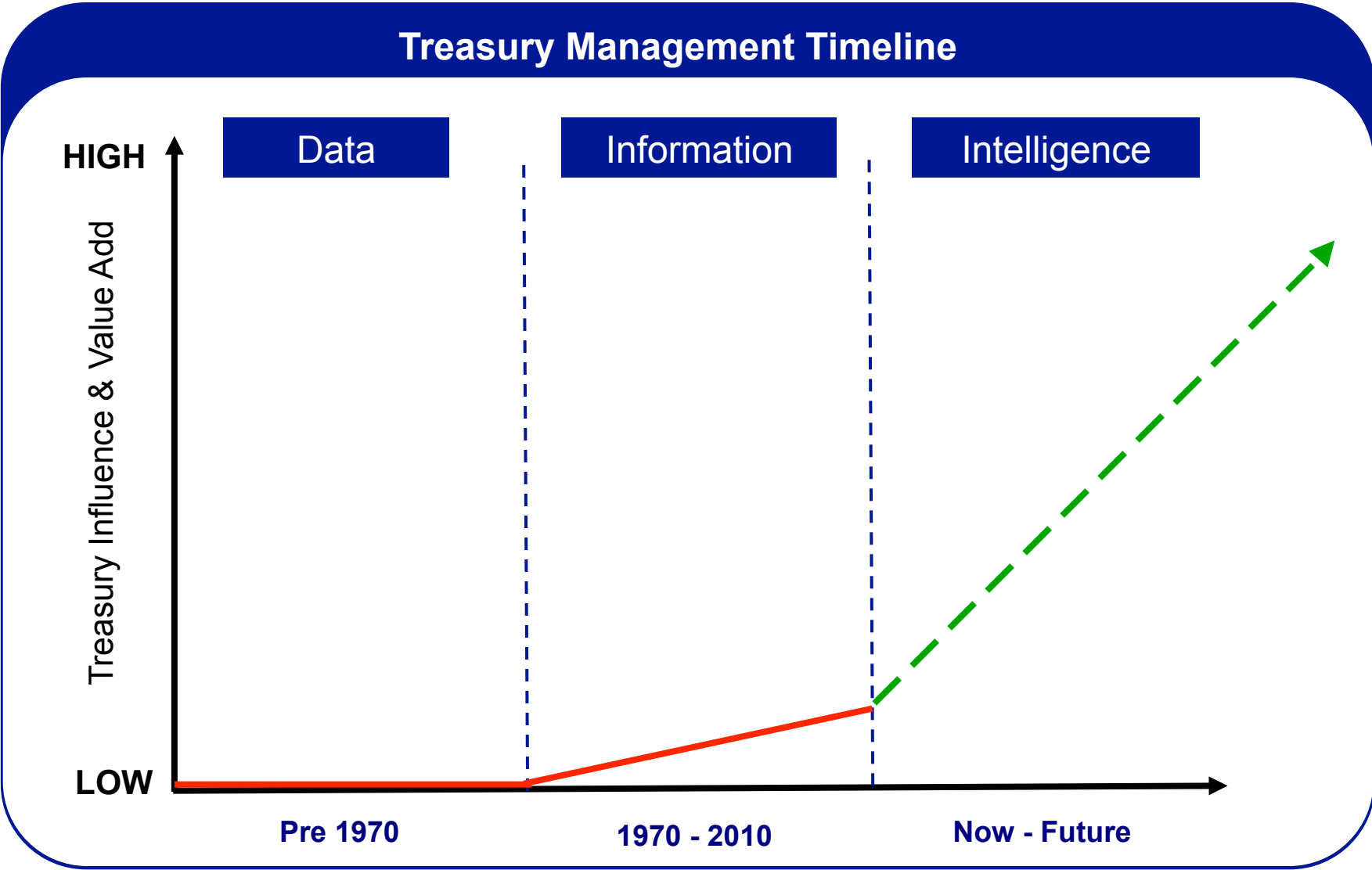
# Treasury: The Future State



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# Corporate Treasury Timeline

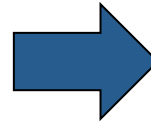
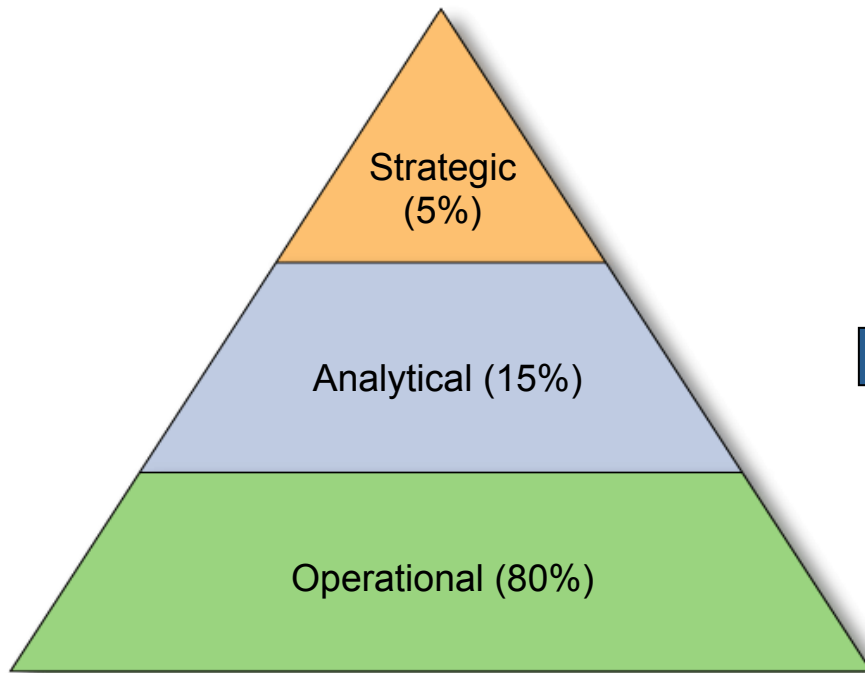




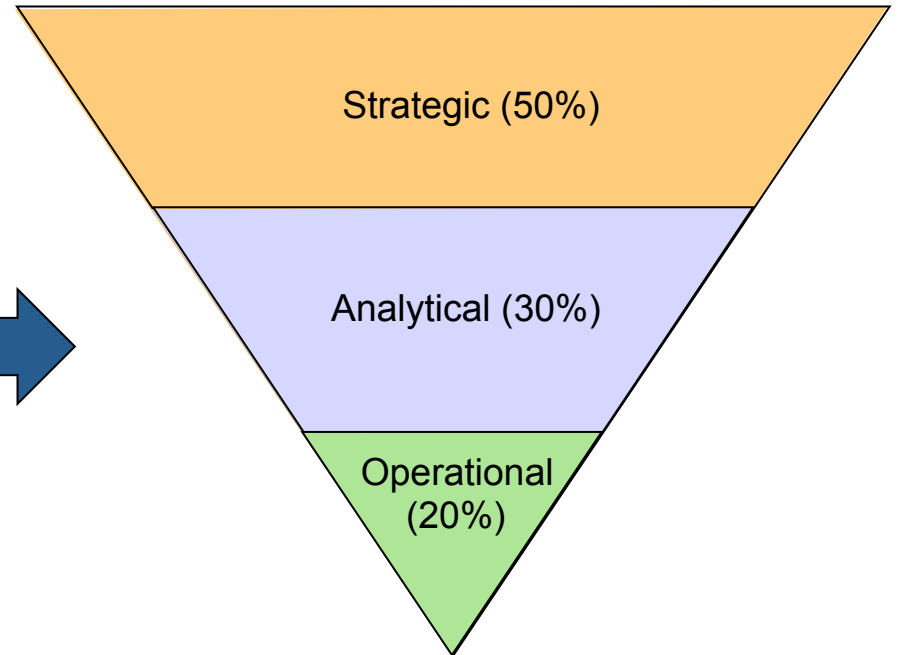
# Operational to Strategic Transition



**Typical Treasury Department**



**Best Practice Treasury Department**



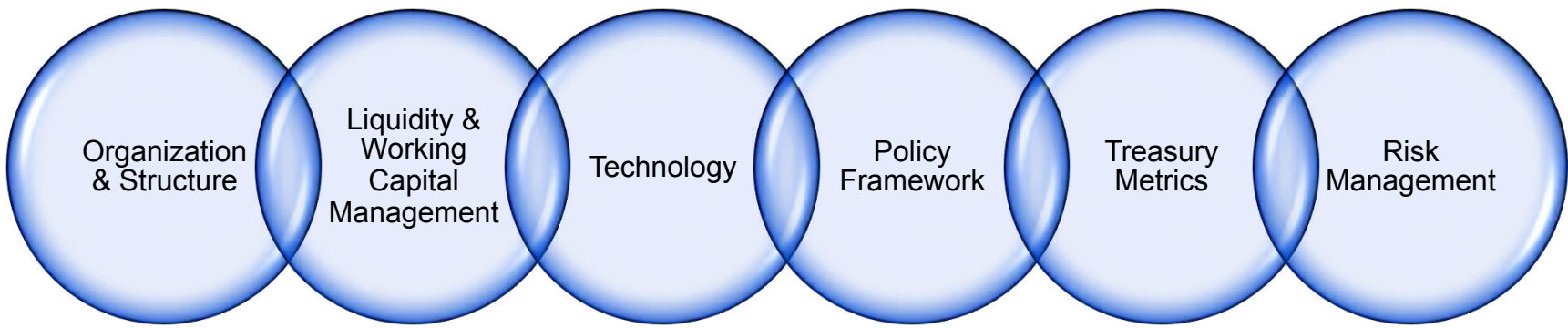


# Treasury as the Financial Nerve Center





# The Goal



## World Class Treasury





# Success Treasury Traits

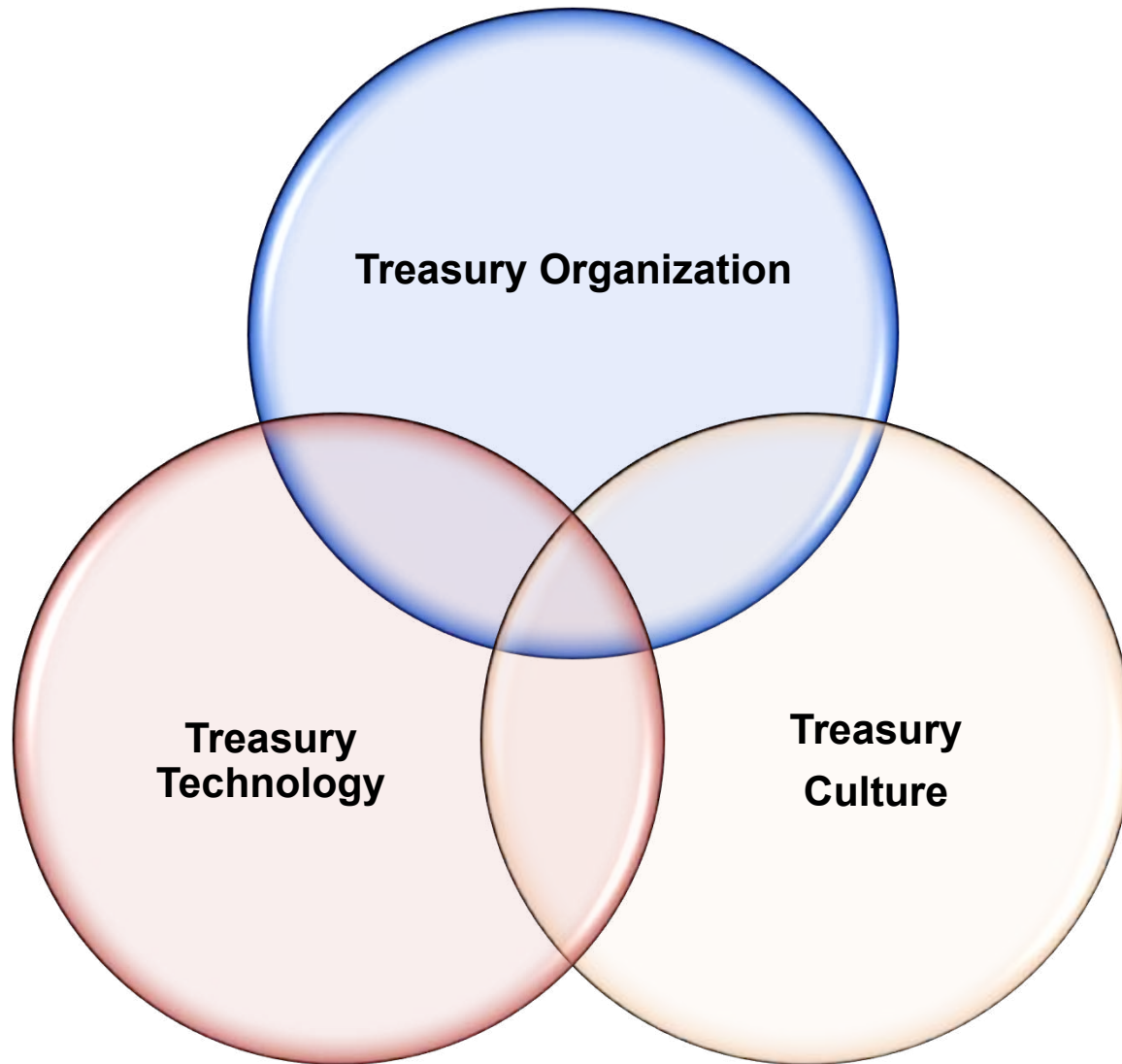


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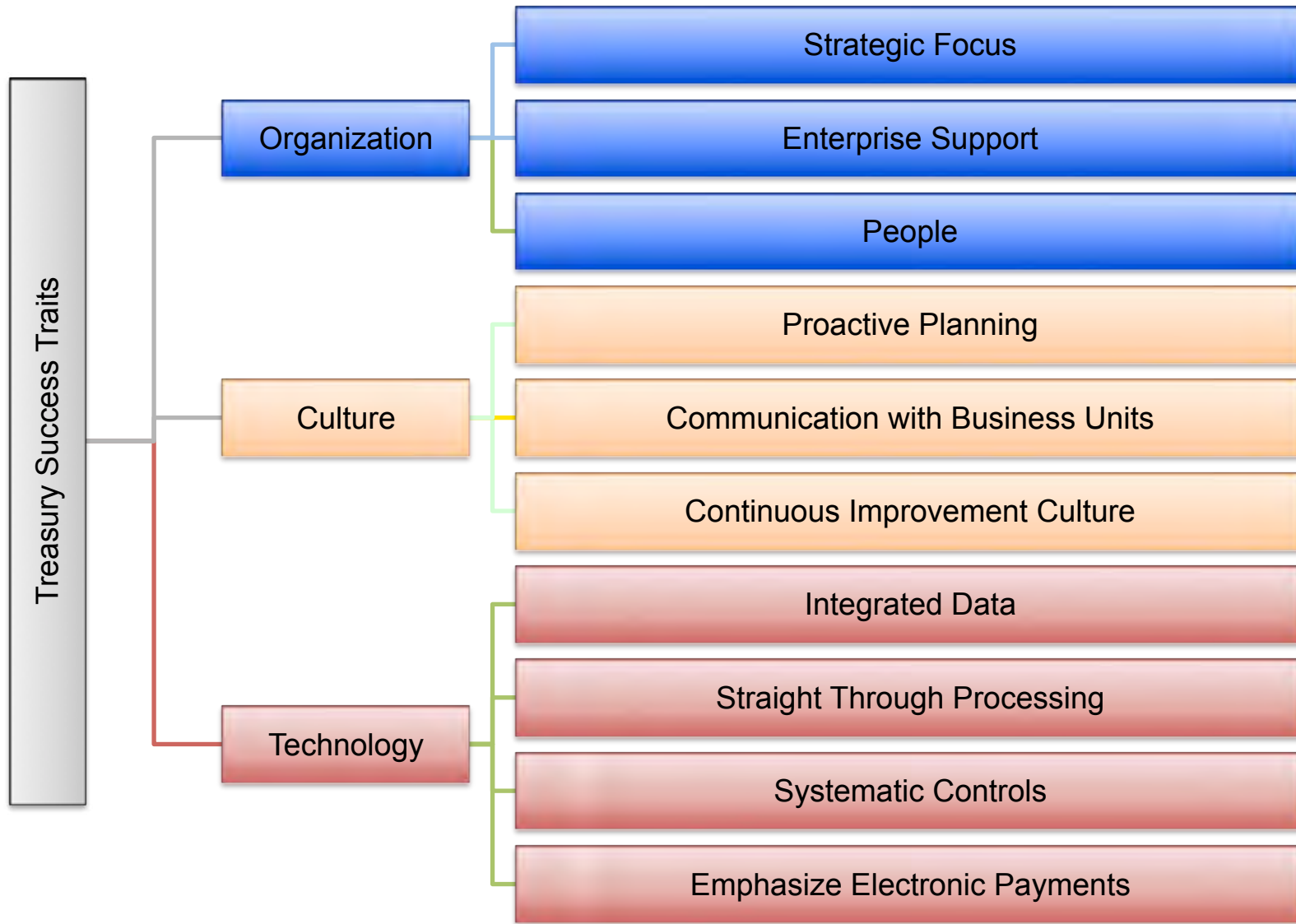


# Treasury Best Practices Environment





# Best Practices Traits





# Successful Traits: Organizational



Strategic Focus

Enterprise Support





# Successful Traits: Cultural



Proactive Planning

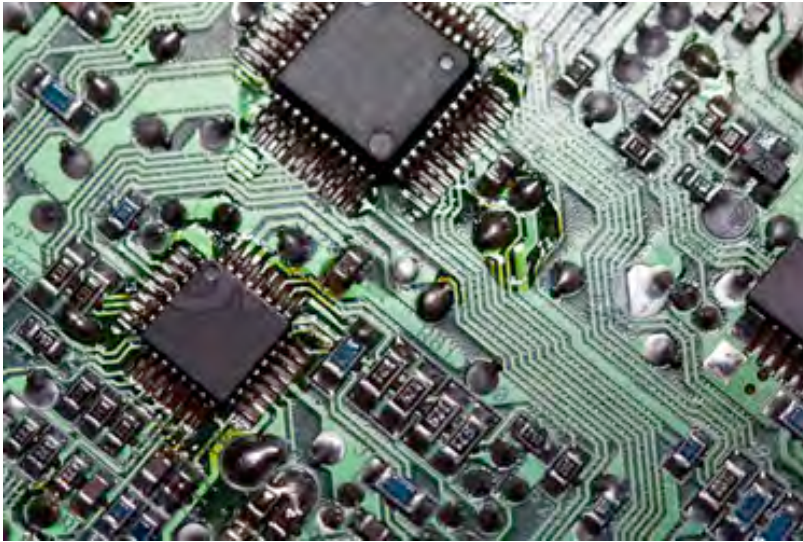
Continuous  
Improvement Culture

Communication with  
Business Units





## Successful Traits: Technology



Integrated Data

Straight Through Processing

Systematic Controls

Emphasize Electronic  
Payments





## Moving to the Ideal State: Treasury Initiatives

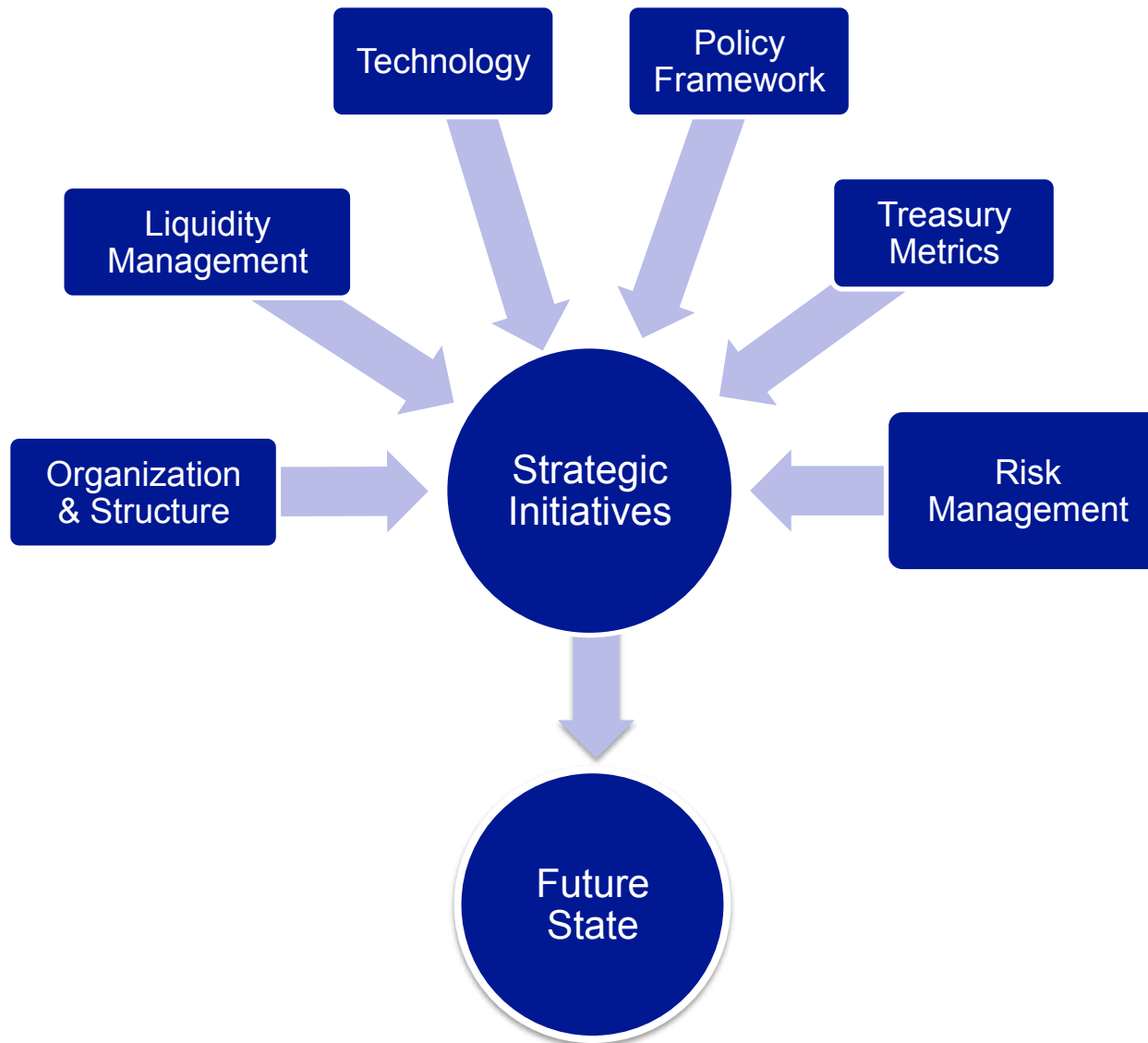


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# Moving To The Ideal Future State





# Treasury Organization & Structure Initiatives



## Strategic Initiatives

### Staffing

- Staff level
- Staff skillsets

### Treasury Structure

- Centralized vs. decentralized
- Regional vs. non-regional alignment

### Investigate additional treasury structures

- Regional treasury center
- In-house banking
- FX center







# Liquidity Management Initiatives



## Strategic Initiatives

- Cash Forecasting
- Netting
- Pooling
- Working capital management and oversight
- Reporting and metrics
- Banking structure





# Technology Initiatives



## Strategic Initiatives

Treasury technology needs assessment

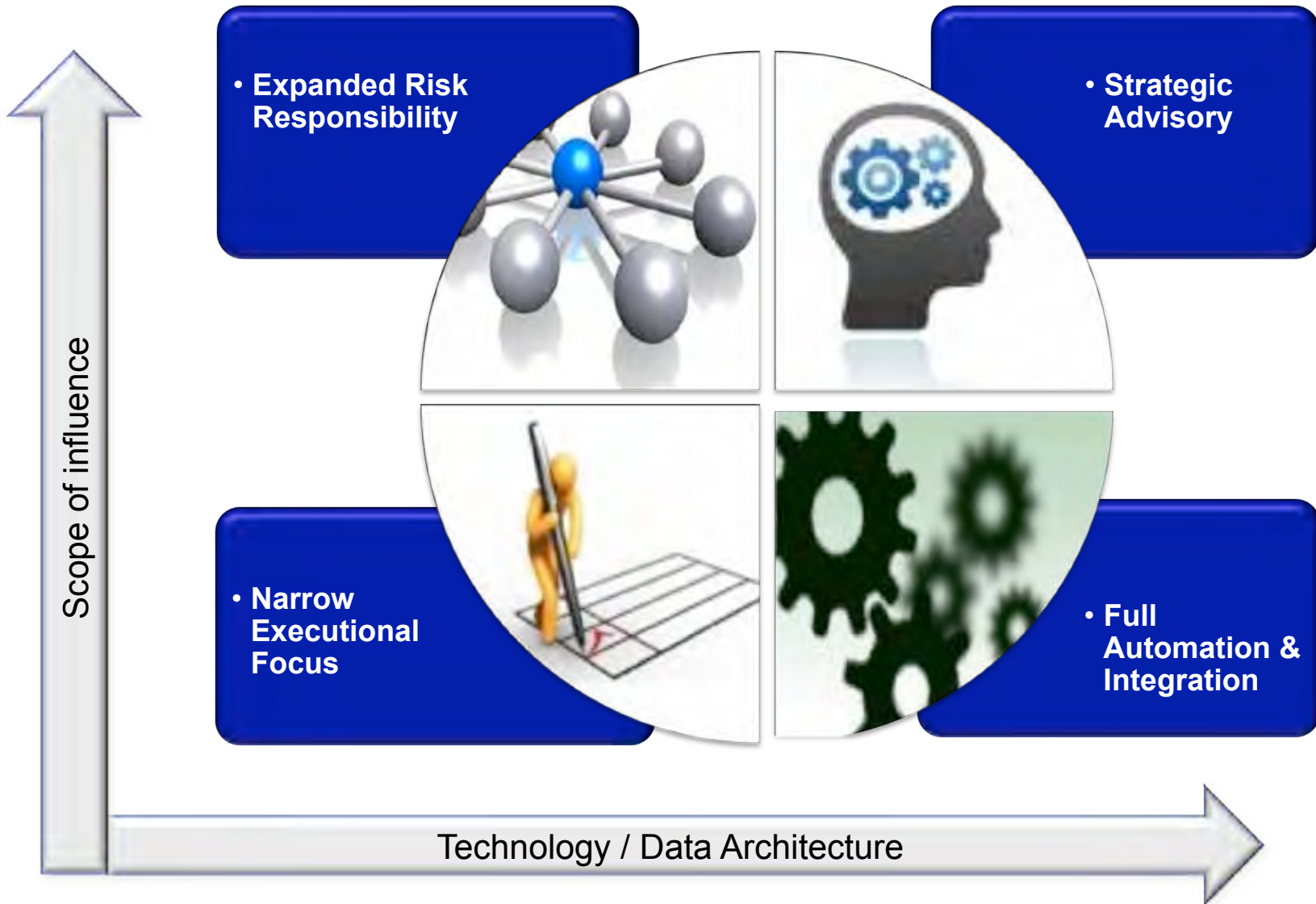
- Treasury Management System (TMS) selection
- Online trading platforms
- FX software
- Debt & Investment Systems

Straight through processing



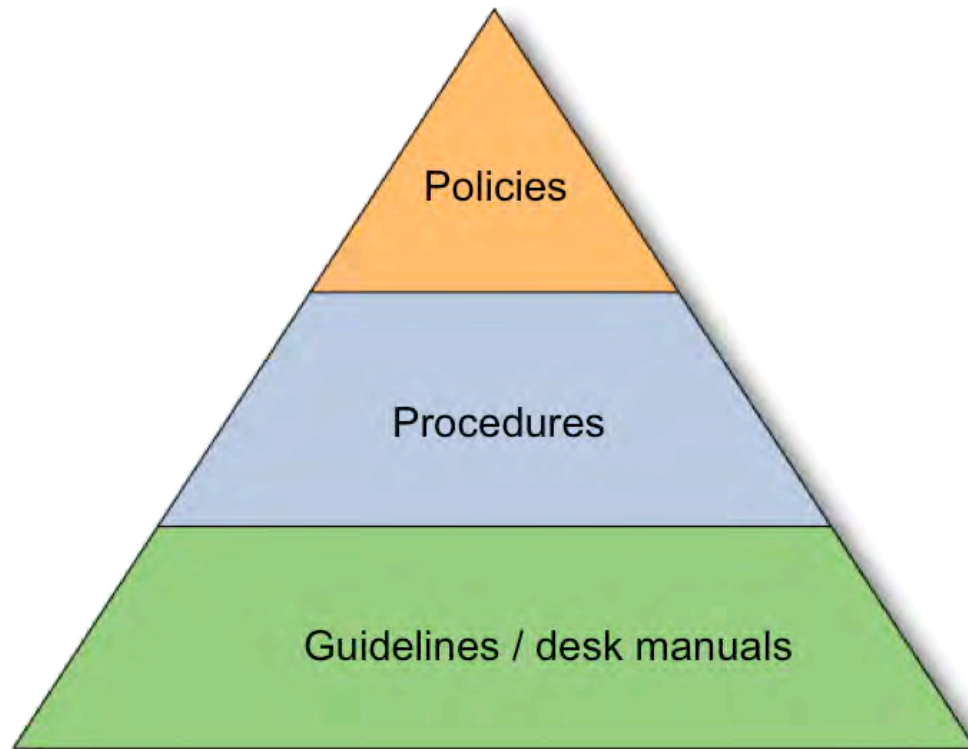


# Data vs. Intelligence





# Policy Framework Initiatives



## Strategic Initiatives

Create a formal and comprehensive set of treasury policies.

- Banking, cash management, debt, investment, etc.

Develop local procedures tying operations to those policies.





### Strategic Initiatives

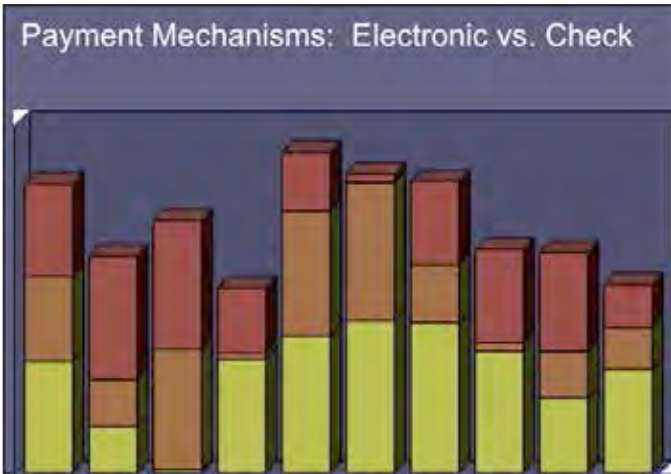
- Develop key metrics to gauge and analyze Treasury performance.
- Create a dashboard to provide a macro view of key Treasury metrics.







# Sample Treasury Metrics Dashboard

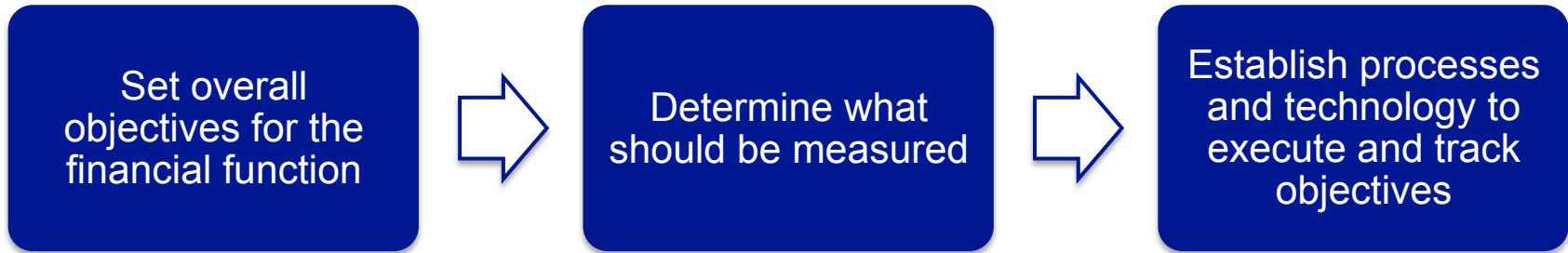


	This Month	Last Month	2 Months Ago
Days Sales Outstanding	XX	XX	XX
Days Payable Outstanding	XX	XX	XX
Initial Denial Rates	XX	XX	XX
Bad Debts	XX	XX	XX





# Establishing Metrics

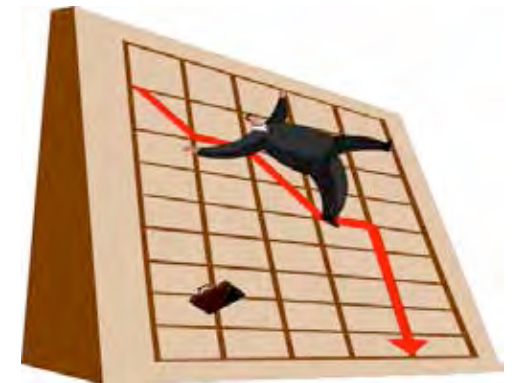
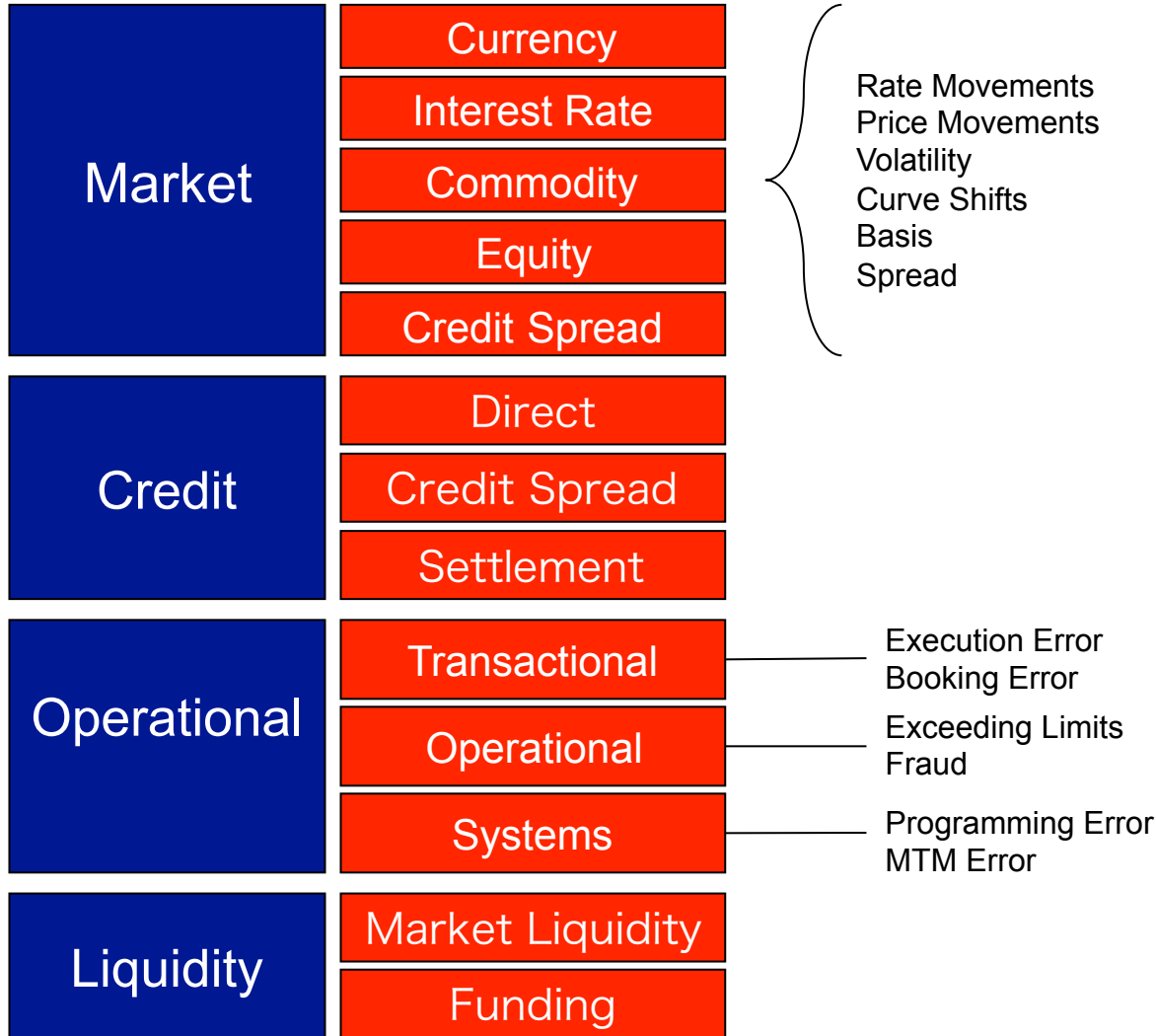




# Risk Management



There are several financial risks that Treasury may encounter:







# Risk Management Initiatives



Strategic initiatives	
Counterparty Risk	<ul style="list-style-type: none"><li>• Implement financial risk management policy</li><li>• Establish limits for counterparties</li><li>• Evaluate risk for counterparty banks</li><li>• Report frequently</li></ul>
Investment Risk	<ul style="list-style-type: none"><li>• Implement notional limits by instrument and fund</li><li>• Implement concentration limits by fund</li><li>• Monitor performance</li></ul>
FX Risk	<ul style="list-style-type: none"><li>• Ensure FX policy up-to-date</li><li>• Standardize formats and submission channels for FX exposure</li><li>• Sign ISDA agreements with trading partners</li></ul>



Risk Management keys to success:

- Identify risks
- Measure risks
- Manage risks





# Building the Treasury Roadmap



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## Establish a Roadmap to Evolve

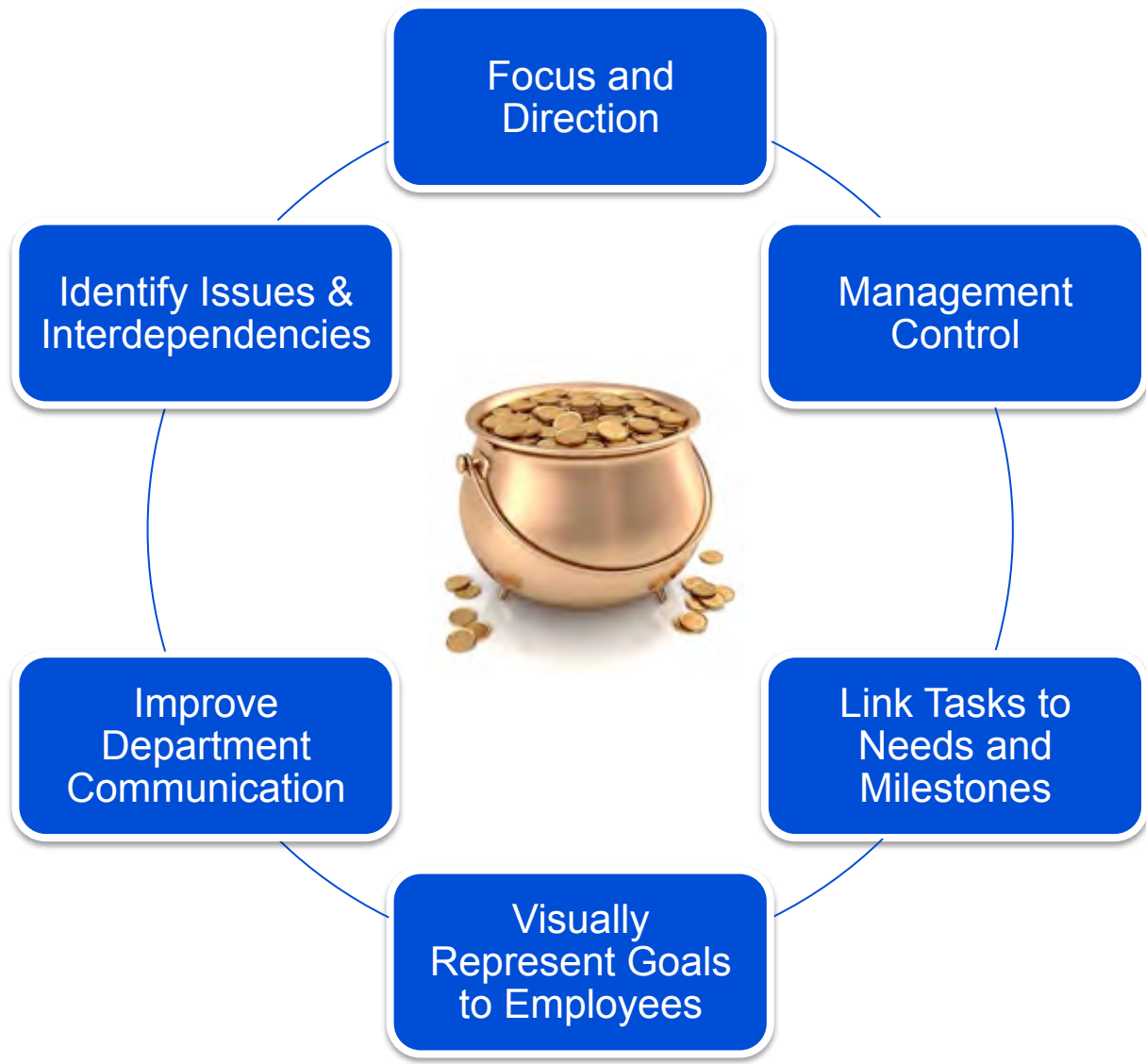


- Prioritization → Resources
- Dependencies → Risks
- Timelines → Milestones



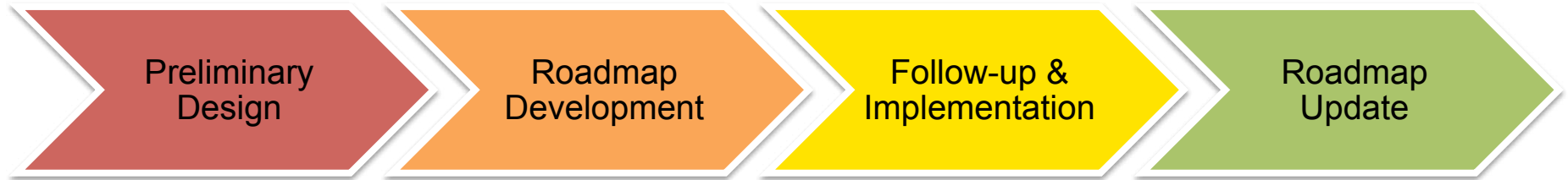


# Roadmap Benefits



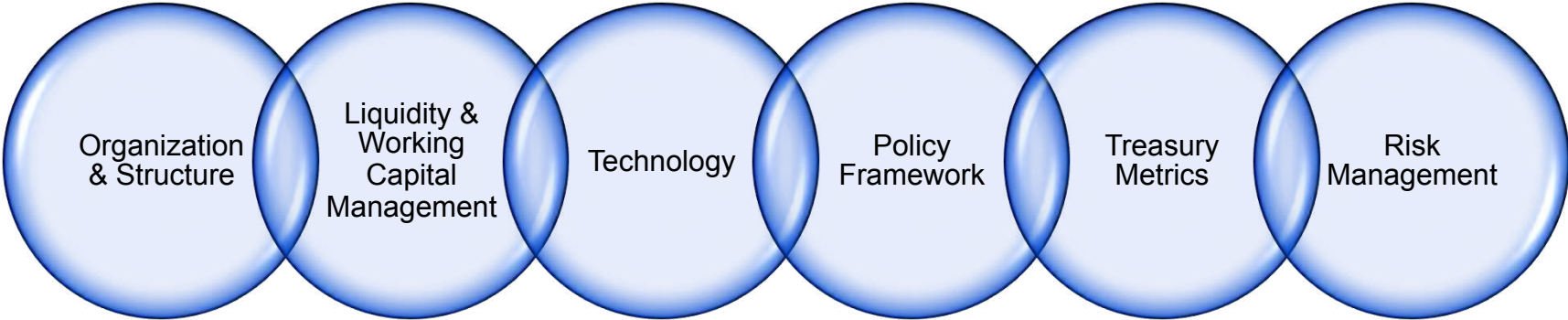


# Treasury Roadmap Process





# Roadmap Results



World Class Treasury



# Questions





# Discussion Leaders



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- Corporations
- Not-for-Profit Organizations
- Public Sector Organizations

### Solutions

- Global Cash and Liquidity Management
- Working Capital Management
- Best Practices Review and Benchmarking
- Risk Management
- Treasury Organization





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