Diploma in Treasury Management (AMCT)
Unit 3: The Treasury Manager
Exemplar

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Front Cover

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TREASURY EXCELLENCE AS STANDARD

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Chapter 1: Introduction

Treasury is becoming an increasingly important business function, especially amid turbulent economic times where proper cash and risk management is essential. As the business environment has become more complex and competitive, treasury will need to adapt accordingly. Many new technologies are appearing which can help treasury automate and streamline processes, increase cash and transaction visibility, comply with financial regulations and have easier access to internal and external financial data. Therefore, the treasurer will need to exploit these opportunities to ensure the treasury function is efficient and can meet the future needs of all stakeholders whilst protecting against risks arising from using the technology.

The aim of this paper is to explore the various ways ABC's treasury function contributes towards the organisation's corporate goals and its objective of exploiting technology opportunities. This paper will evaluate the role of treasury and highlight the importance of several skills and concepts involved in achieving the objective. In addition, the paper will discuss the application of relevant theories and models used by ABC's treasury. Where not referenced, points inferred in the paper about ABC have been drawn from the author's own experience.

It is important to note that throughout the paper, the term 'treasurer' will refer to a senior treasury professional at ABC rather than exclusively meaning the group treasurer.

Chapter 2: The role of treasury

2.1 Treasury Structure

ABC's treasury structure can play a crucial role in helping the company achieve its corporate goals by being set up in a way which benefits the business most.

With the 'dynamic balance' approach that ABC's treasury employs, it looks to reap the benefits of both centralisation and decentralisation in treasury organisation and authority (ACT, n.d.). In practice, this can be difficult to achieve without some tradeoff. At ABC, authority is centralised at group level. However, regional treasuries still have the autonomy to make treasury decisions at local level. Sometimes this can lead to confusion between group treasury and the subsidiaries regarding who oversees what. Therefore, clear communication between the parties is essential to make it work effectively.

ABC's treasury function has taken advantage of emerging technology to gain the benefits of centralisation and aid dynamic balance. A new company-wide Kyriba treasury management system (TMS) was implemented in 2022 with the intention of group treasury having greater visibility and use of company cash balances. Information from numerous electronic banking systems was now in one central system leading to reduced time spent by staff manually consolidating cash data. In addition, Kyriba enables more robust financial controls, which helps aid compliance with internal audit and financial regulations such as Sarbanes-Oxley.

An agency role for ABC's treasury is appropriate as it allows ABC to benefit from the cost savings of centralised dealing whilst still allowing the subsidiaries the autonomy to manage their day-to-day treasury operations how it feels best. The group treasury department can achieve better rates from the bank for transactions by dealing in large volumes on behalf of the subsidiaries. This assists with the broader corporate objectives as the cost savings achieved allow funds to be used elsewhere, such as towards the production of new content or the investment of beneficial new technology.

Furthermore, with ABC's treasury operating an agency role, they can provide specialist advice to the subsidiaries on topics such as risk management and the regulatory environment. It must be stressed, however, that ABC's treasury must have a deep underlying understanding of the business before providing such advice.

2.2 Reviewing and scanning for change

An abundance of new software tools has come on the market over the last few years with the promise of helping companies enable better utilisation of their financial supply chains and new treasury systems which can significantly support treasury operations (McCaw, 2018). This has created the need for ABC's treasury function to constantly assess the software market for the best available offerings that can provide significant competitive advantages.

The treasury team at ABC has demonstrated that they can apply environmental scanning in order to exploit the opportunity of machine learning and automation. In conjunction with the wider corporate finance team, ABC's treasury team collaborated with Arvato to build a bespoke solution which would automate various reports in minutes. When commenting on the use of this technology, the CFO at ABC stated: "Our people sit at the heart of what we do and this technology will not only help us in streamlining our reporting processes, but give hours back to our teams by removing the burden of data gathering." (Arvato, 2021)

Whilst the use of technology can drive efficiency and add value to the business, care must be taken as using these new technologies can leave the company exposed to increase risk. For example, the use of the new Kyriba TMS by group treasury may decrease risk at subsidiary level whilst simultaneously centralising the risk to group level. Treasury and senior management must be aware of this and make sure sufficient controls are in place, such as segregation of duties and assigned unique user authorities. In addition, the new technology can be expensive and burdensome to integrate. Therefore, a cost-benefit analysis should always be carried out by group treasury to ensure the proposed benefits outweigh the costs of the new system.

2.3 Participating in the corporate finance process

Being the cash managers of the business, ABC's treasury can contribute towards broader corporate goals by ensuring the business has enough funds in the correct currencies to pay liabilities as they fall due. However, the role of ABC's treasury has evolved significantly in recent years. Where the role used to purely mean cash and risk management, primarily related to interest rate and FX risks, regulatory changes and the speed and volatility of globalised businesses today have transformed the role into something much more extensive (Bloomberg, 2018). The breadth of responsibilities for the treasury department has expanded over the years, including being an internal advisor to the business and contributing to corporate strategic planning (Davis & Hsieh, 2016).

Since the Covid-19 outbreak, corporate treasurers have taken centre stage in boardroom discussions, with their advice on access to liquidity, cash flows and cash forecasts sought on an ongoing basis by the senior management team (Salecka, 2021).

The board and senior management regularly utilise ABC treasury's specialist knowledge during acquisitions and mergers. In line with the corporate objective of growing the business organically and through acquisitions, treasury played a key role when ABC decided to acquire Element Pictures in 2022 (ABC, 2022). The board required the expertise of ABC's group treasury team to help plan how the acquisition would be funded and how it would be integrated into the wider business. After discussions with the board, it was decided that debt via an intercompany loan from RTL would be the most appropriate funding option. This was because it was cheaper to obtain, and the business would benefit from the tax shield.

ABC trades in the media industry, hence the business's strategy is risk averse when it comes to taking on financial risk. This feeds down to group treasury policy which does not allow the treasury function to partake in market speculation as the function's purpose is to operate solely as a cost savings centre looking to hedge operational exposures. For simplicity purposes in both trade execution and reporting, group treasury is only permitted to use spot deals and forward trades to hedge foreign exchange exposure arising from the various currencies used in ABC's global trade. Consequently, the treasury team at ABC continues to use their existing basic in-house City Financials hedging software without unnecessarily upgrading to more sophisticated software that would most likely not be worth the cost/benefit tradeoff. In addition, a new sophisticated treasury software could lead to an increased risk of errors if staff are not sufficiently trained on it.

Whilst treasury categorically plays a central role in ABC's business operations, and the function's advice and recommendations should be utilised by senior management. Caution should be exercised by the business not to have an overreliance on the Treasury department. When making decisions regarding corporate objectives and technology exploitation, ABC's senior management should consider all stakeholder factors, not just those relevant to the treasury department.

Chapter 3: Application of skills

3.1 Problem Solving Skills

ABC employs the use of various software applications in hopes of improving processes or gaining competitive advantages, but there are occasions where technology:

- Does not work properly or stops working completely
- Is not suitable for the organisation
- Does not yield the expected results
- Exposes the company to cyber attacks

A treasury professional at ABC is expected to use problem solving skills to deal with these situations. Problem solving is a vital skill involving a process of discovering, analysing and solving problems (ICAEW, n.d.).

A model that is widely used by ABC's treasury team to tackle the problems is the IDEAL method, proposed by Bransford and Stein (Bransford & Stein, 1993):

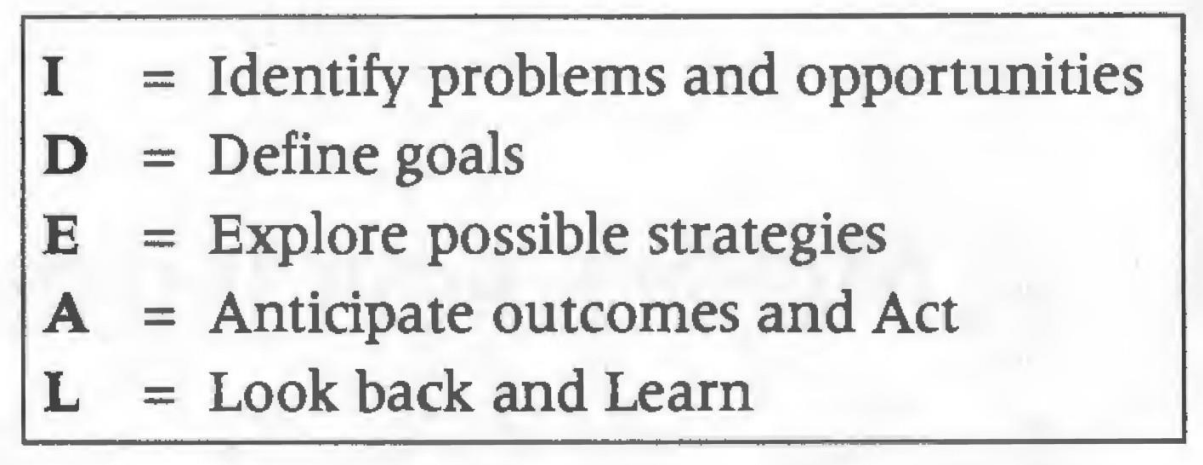


Figure 1- Ideal method, Bransford & Stein (1993)

For example, if the treasury team at ABC were using a soon-to-be obsolete version of an Electronic Banking System (EBS), the application of IDEAL could involve the following:

- Diagnosing the problem that the system will no longer be supported, and the scope of this problem would affect the treasury team and the other departments who use the software, such as the production accountants who view bank balances.
- The goal would be to implement a future-proof system. Either a new version of the EBS or alternate software such as a TMS.
- The strategy would be to consult stakeholders, research various system options, and then invest in and implement the most suitable software.
- The treasury team along with IT would then put the strategy into action and make sure they are prepared for all outcomes. Outcomes could be that the implementation of the new software runs smoothly and exceeds expectations, or adverse where the software does not work properly.
- The final step after implementing the new system would be to reflect on the process and learn from any mistakes made along the way. The team can ask itself questions such as "What went well during the process?" and "What could be done differently next time?". This step is essential in solving future problems and facilitating continuous improvement.

The use of technology by various stakeholders around the business can cause 'Wicked messy problems' where there are disagreements between the stakeholders because they have different opinions and priorities (Rittel & Webber, 1973). Using the previous example, the production accountants may want a new, more user-friendly system; however, the treasury team would prefer for a new system to be more sophisticated with extra functionality. The treasurer will have to realise that there may be no solution which appeases all stakeholders. However, they can attempt to manage these situations by collaborating with the stakeholders and incorporating their opinions to achieve a 'big-picture' view before taking decisive action. Stakeholder management will be explored in more detail in chapter 5.

3.2 Project Management and other skills

Project management revolves around managing the elements of time, cost, scope and resources to achieve the project's objective (Wich, 2009). Implementing new technology for a large corporation such as ABC always involves a complex project. Therefore, the treasurer will need to possess the technical knowledge and project management skills to complete the project successfully. These skills include but are not limited to:

- Communication
- Organisation and planning
- Motivation
- Time management
- Adaptability
- Leadership

The treasurer at ABC will have to apply their technical competency to make sure the use of any new software is suited to the needs of ABC's operations and requirements. For instance, if implementing a new FX hedging software, the software must be able to handle the large amount of FX trades ABC carries out daily and support the numerous currencies. The software must comply with the 'four eyes' principle for fraud prevention purposes, as well as minimising the amount of human error which can be costly when trading FX. Also, the software should be able to support reporting in compliance with IFRS 9 Financial Instruments and be modifiable if reporting or treasury requirements were to change.

Risk management skills should be used by the treasurer to identify, assess and act on any new risks that would emerge from using new technology. When assessing software vendors, the treasurer can conduct market research to see whether the technology is at risk of a hack or data breach. If the security risks are deemed too high, the treasurer can opt to avoid the software or choose an alternative.

Being in the media industry, ABC has many repeat customers who they create, produce and distribute content for. As a result, ABC encourages the use of Agile project management by employees where applicable due to the method's customer focused approach.

The Agile development cycle involves the following stages:

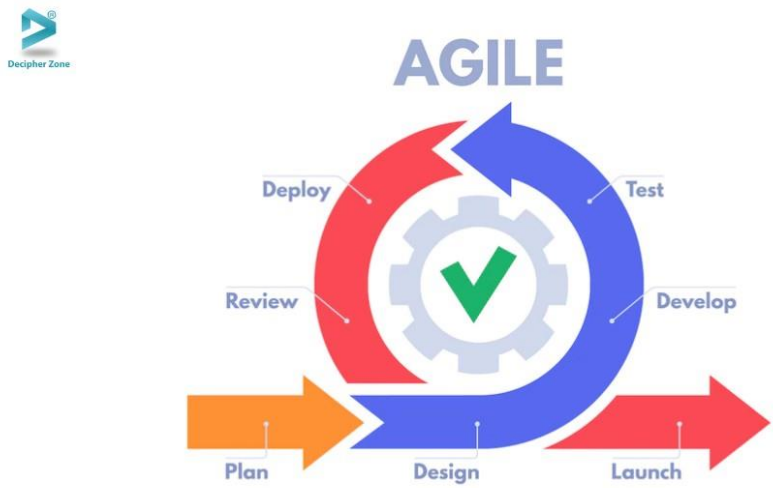


Figure 2 – Agile Development Cycle (Decipher Zone, 2022)

This approach is beneficial for complex technology projects as it promotes agility and adaptability by breaking down the various stages into smaller pieces on which the teams involved can work and improve processes as they go along (APM, 2021). In the ongoing implementation of SAP 4, weekly team meetings are booked to ensure all team members are updated on each other's progress and everyone knows what tasks they are assigned to. The key variables of time, cost and quality are to be tracked throughout the process by the product owner, and frequent adjustments must be made at each Beta phase if deliverables are not being met.

By frequent customer collaboration throughout the process, the use of Agile can make sure that the software is as suitable for the customers as possible. And in the context of ABC's SAP application, treasury and the wider business operations teams are the project's customers. This can ensure that the end product is in line with business objectives and/or treasury policy.

Implementing new technology can be very expensive for the business. In the Agile development cycle planning stage, the treasurer will need to decide how the project will be funded. ABC's treasurer can calculate using different proportions of debt-to-equity funding applied to the projected costs to see whether the resulting capital structure is still within the target for the business. As ABC's target capital structure is low equity and high debt, the treasurer can decide that fully funding the project by an intercompany loan from the parent RTL would be the most appropriate choice. However, the treasurer would need to make sure that thin capitalisation rules are still adhered to, and no existing covenants are breached as a result of taking on more debt.

Throughout the project cycle, the treasurer must apply their organisation skills to ensure the project runs according to the schedule and the new technology is ready for the go live phase. This is usually aided by a Gantt Chart such as the one in figure 3 below:

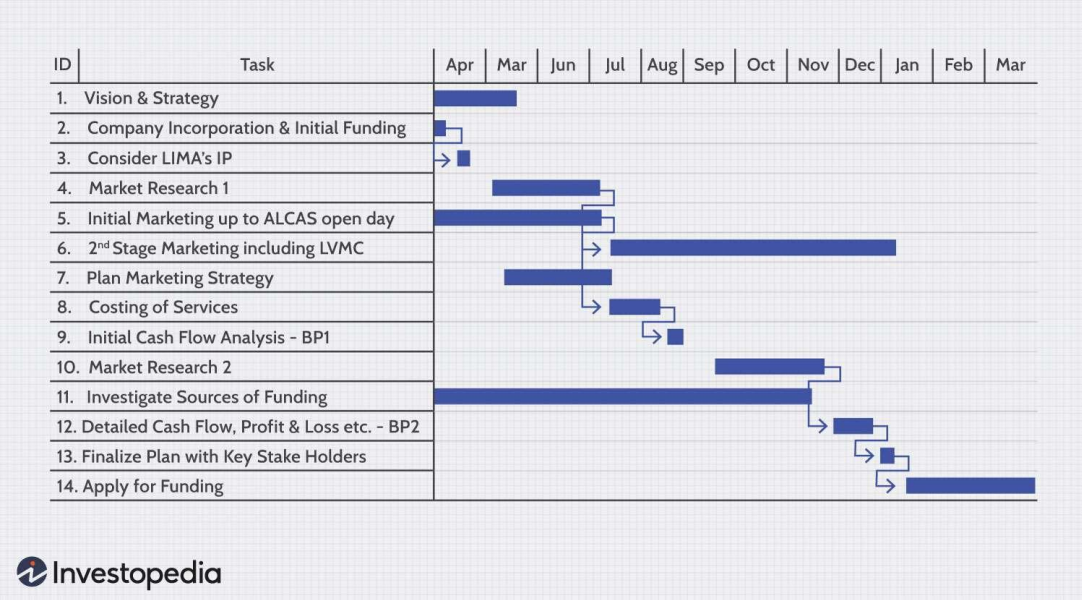


Figure 3 – Gantt Chart (Investopedia, 2022)

Gantt charts can be used by the project manager to communicate the various tasks which need to be done and when they should be done by. As a result, team members can experience more clarity and better manage their time and resources. (Kashyap, n.d.).

Once the new technology is launched, the treasurer should conduct a review of the project to analyse what went well and what needs improving for next time. Many new innovative technologies are emerging in the market and implementing a new software would be a matter of when, not if. Therefore, the treasurer should draw on their experience to facilitate continuous improvement and improve the ever-going process of implementing new technology.

Chapter 4: The importance of benchmarking and data management

4.1 Benchmarking

Benchmarking can help ABC's treasury to demonstrate that performance targets are being achieved, accelerate and manage change, and enable process improvement. It can also help them to maintain focus on external business environment factors and generate an understanding of industry leading performance (CIMA, 2013).

The media industry is hugely competitive, and ABC's treasury function should look to benchmark itself to treasury at successful and similarly sized companies operating within the industry. Factors that ABC's treasury team can benchmark themselves on includes treasury structure, policy and performance. Also, with technology application being a critical corporate objective, the team can benchmark whether ABC's systems are up to standard with those used by industry leading competitors.

For ABC, benchmarking in practice is challenging due to the lack of publicly available information on other similar media businesses, especially information which is treasury relevant. Whilst they are not currently used, external consultants with knowledge of treasury within the media industry could be able to provide information for ABC's treasury. ABC's treasury team can use the information gained to benchmark itself and, if successful, drive improvement in areas not up to par.

ABC's treasury team must be aware that just because a benchmark is widely used in the media industry, it does not necessarily mean that it is a suitable measure which should be targeted. Benchmarks must be specifically applicable to achieving ABC's goals and reflect its risk appetite.

In line with changing consumer tastes and its main competitors, ABC has decided to change its strategy and invest more in creating scripted content which can be found on popular platforms like Netflix or Amazon Prime. By looking to penetrate the scripted content market and exploit technology opportunities, the board has given the business approval to be more risk tolerant to business risk. ABC, therefore, is exposed to higher risk, and the treasury function will have to play its part in managing the exposure.

The treasury team at ABC can set key performance indicators (KPIs) to measure risk and treasury performance objectively. These KPIs must be realistic, forward-looking, trackable, endorsed by all stakeholders and reflect ABC's corporate objectives (ACT, 2022).

After consulting various members of ABC's treasury team, a generalised set of KPIs were produced in the table below to reflect standard ones which are usually applied when implementing a complex new software. The comment section column provides justification for the KPI:

KPI	Target	Comment
Project cost variance	Less than 15%	This is a realistic goal and costs should not negatively exceed that amount otherwise total value created will be drastically reduced.
Time taken to implement software	2 years from selection process to go live phase	Benefits of the software are needed sooner rather than later, therefore 2 years should be the maximum time required to implement the software.
Compliance with regulations, or breaches	Full compliance with 0 breaches	The new software should have built in functionality which already complies with current regulations.
Costs savings achieved as a result of using the new software	Greater than 20%	20% should be the minimum to warrant the use of a new software.
Satisfaction of software by business units	Over 60% positive satisfaction	Most users of the new software should be able to perceive its benefits.

Figure 4 – Standard set of KPIs for a ABC treasury technology project

The application of the KPIs mentioned above aims to encourage best practice by the treasury team and hopefully have a motivating effect on the team to achieve the targets. Tracking the KPIs requires substantial data collection and analysis. As a result, it is encouraged that the treasury team employ the use of their Kyriba TMS to monitor and report the KPIs (ACT, 2022). The results of the KPIs should be communicated to ABC's senior management in order to justify the use of the new system and to exhibit the success of ABC's treasury as a cost savings centre.

4.2 Data Management

The management of both qualitative and quantitative data is considered instrumental for the success of ABC's treasury function in achieving its objectives. Data is at the heart of treasury decision making and process automation, so the treasurer will need to be assured that the data they use is timely, accurate and complete (Deutsche Bank, 2022).

ABC applies the use of various software in order to collect, store and interpret data for treasury purposes such as cash and liquidity management, risk management, compliance

and technology implementation. In addition, ABC's treasury uses data to both inform and influence senior management.

Using the primary treasury activity of cash management as an example, ABC's treasury team collates and analyses quantitative cash flow data from the business units. Cash flow data is downloaded from the centralised Kyriba TMS and analysed to identify any seasonality and historical trends in cash flow movements. Then, the findings would be collated with bank balance data and forecasted cash flow movements to update the various term cash flow forecasts. Variance analysis is also carried out to investigate any errors and to make adjustments, so the forecasts are more accurate going forward.

The cash flow forecasts contain a large amount of quantitative data, which will be used to drive efficient decision-making regarding cash management. ABC's treasurer will use the data in the forecasts to ensure the business is liquid, adequately funded and has enough headroom to deal with any shocks.

This was of significant importance during the Covid-19 pandemic when there was a sharp fall in demand for new content coupled with some of ABC's debtors being unable to make payments to ABC on time, causing cash flow pressures. Cash flow forecasts were updated much more frequently, with new, relevant information incorporated to reflect the current cash flow status of the business.

On numerous occasions, the data from the forecasts would be presented to senior management. This would have been in combination with qualitative data to provide a recommendation, and then the decision would be made on whether to request more funding and, if so, how much and from what source. The treasurer would draw on their knowledge of the business and economic environment, as well as from the statistical data in the forecasts, to form a qualitative description and recommendation to senior management encompassing all factors.

When looking at new technology ABC can implement, ABC's treasurer would analyse market and internal data to see which systems would be an appropriate fit. Internal data would be scrutinised to identify areas which can be improved by new or upgraded systems. The treasurer would also use data management to identify risks which could arise if a new software were to be implemented.

Data can be presented to senior management in order to persuade them to invest in a new system. In choosing to potentially implement the Kyriba TMS, the treasurer had to create a business case to justify to the board why it was needed and what benefits it would bring. Evidential data gathered from current systems exhibited a high cost for using several systems when a single TMS would have the same functionality but with the benefit of being on one central system.

Another factor considered was that Kyriba could automate current manual processes. Qualitative data collected from the treasury team found that most members felt they spent too much time carrying out manual processes like cash reconciliation, which Kyriba could automate. In addition, there was a consensus among team members who favoured modernising the treasury function through implementing a TMS.

Each portion of data collected gave the treasurer an extra argument in favor of implementing Kyriba, which would be used to persuade senior management that the new system could help cut costs and add value to the organisation. It must be stressed, however, that the data would not have been helpful unless it was presented by the treasurer in a manner well understood by all of ABC's senior management, including those who may not be well versed with the intricate workings of the treasury function.

Chapter 5: The importance of leadership and the role of stakeholder management

5.1 Leadership

It is vital ABC's treasury team is led effectively in order to accomplish its objectives as a cost savings centre and support the business to produce outperformance. In order to do so, the treasurer must build and motivate a high-performing team.

The treasurer must make sure that team members are adequately trained on their roles and that any shortcomings in skills are addressed. Additionally, the treasurer must promote commercial acumen in the team so that members are able to identify good deals within markets.

ABC's treasurer should look to motivate the treasury team to create an environment that fosters teamwork and collective initiatives to reach common goals, such as the implementation of a new system (Peterson, 2007). A motivated team can result in improved performance, reduced staff absence rates and a positive attitude towards work and the business. In turn, staff turnover should be low, and the diversity and dynamic of ABC's treasury team should be protected.

Diversity is embedded into ABC's corporate culture, and this is reflected in the treasury team with members coming from a variety of backgrounds (ABC, n.d.). Research suggests that diverse groups are more likely to possess a broader range of knowledge, skills, abilities and viewpoints that are distinct and non-redundant compared to those in homogenous teams (McLeod et al., 1996). Thus, diversity in the team can encourage creativity and innovation and reduce the risk in collective decision making. Consequently, the treasurer should look to preserve the diversity in the team if new members are to be hired.

With two members of ABC's treasury team being with the company for less than a year, the team can be considered to be in the storming phase of Figure 5.

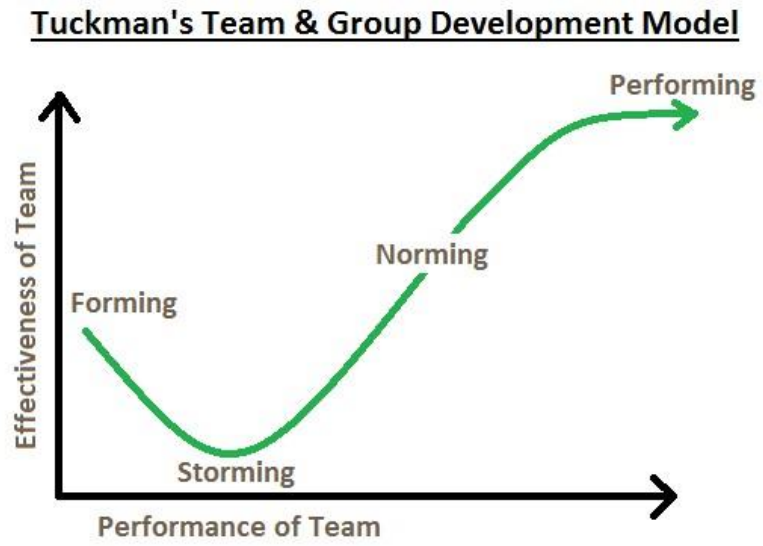


Figure 5 – Elsey (2022)

In this phase, team members begin to feel safer with each other, voice their opinions more and start to push against established boundaries. As a result, this can cause conflict or friction, and team members may challenge the authority of the treasurer (Tuckman, 1965).

It is essential that the team avoids getting stuck in this phase, as unresolved conflicts can mean group goals are not achieved, or group decisions made may be sub-optimal. Therefore, ABC's treasurer should adopt a suitable leadership style which will help the team stabilise and progress towards being a high-performing team. The coaching leadership style can be applied by the treasurer in this situation as its characteristics of collaboration, empowerment, and fulfilment can calm the working environment leading to team members beginning to trust each other more (Whitmore, 1992).

As per ABC's corporate culture, the treasurer should promote inclusivity within the team. In-person social events are frequently held to help new team members integrate. In these events, the new and older team members can get to know each other on a more casual basis. The improved relationships should translate to the workplace, resulting in greater trust being built amongst the team as well as improving team motivation and morale.

A study by Mastrangelo et al. found that leaders who establish the mission and vision of the organisation are likely to have willingly cooperative employees (Mastrangelo et al., 2004) For that reason, ABC's treasurer should clearly communicate the function's objective as a cost savings centre to the treasury team from the top down. This would provide an overall direction for the treasury team, so people, processes, procedures and infrastructure align with ABC's objectives.

5.2 Stakeholder Management

As discussed in section 3.2, the implementation of technology at ABC will always involve a complex project. There would typically be many internal and external stakeholders with differing views and requirements; throughout the process, the treasurer will have to manage them accordingly.

In a typical technology project at ABC, a stakeholder analysis would be carried out to identify stakeholders concerning the project and then prioritise them by their importance.



Figure 6 – Power/Interest Grid (Project Management Wiki)

A power/interest grid such as the one in Figure 6 can help map the identified stakeholders based on their power and interest in the project. ABC's treasurer will have limited resources at their disposal and hence should look to focus on stakeholders key to the success of the implementation who would be based in the 'high' sections of the grid.

A leading cause of project failure is the inattention to stakeholders with the greatest influence over implementation and sustainability (Kangas, 2011). By looking to target stakeholders who do not support the project but have the greatest influence, the treasurer can attempt to influence them to 'buy in' to the project, reducing the risk of failure.

Stakeholders such as senior management and the end users of the technology would be considered high priority and gaining their support would be instrumental in the success of the implementation. By positively engaging with senior management, the treasurer can gain important project resources such as more funding, manpower and time. On the other hand, research has demonstrated that the end users of a project are the most important stakeholders as it is they who decide the usefulness of the project results (Karlsen, 2002).

Therefore, a strong relationship must be formed to ensure that their expectations for the technology are met as closely as possible.

The treasurer must gain a clear understanding of stakeholders' priorities in order to figure out how best to manage and communicate with them. Naturally, parties will have opposing views which may cause tension. For example, senior management may want the cheapest 'off the shelf' version of a new software in order to keep within budget, but treasury staff may think that a more expensive bespoke software would fit their needs better. In this situation, both stakeholders can be perceived as high priority. Therefore, the treasurer will have to establish clear communication with the parties to see if they can overcome their differences. With the use of effective communication skills, it will be more likely to reconcile stakeholder conflicts earlier in the project, which can minimise the chance of failure (Sutterfield et al.,2006).

Furthermore, (Eskerod & Vaagaasar, 2014) found that project management teams can exploit stakeholder relationships to build trust among subjects and manage project related risks. In the ongoing implementation of SAP 4, ABC's treasurer can draw on the knowledge and expertise of the external consultants and other business functions, such as Internal Audit, to uncover and mitigate risks arising from the upgraded system. These can include risks of which the treasurer was unaware of having not previously used this version of the system. Also, the treasurer can collaborate with these experienced stakeholders to better grasp the system's workings and alleviate any concerns.

Chapter 6: The relevance of negotiation and communication skills

6.1 Negotiation Skills

"For treasurers, negotiation often has crucial financial impacts on the business, meaning successful negotiation is vital" (Treasury Today, 2020). This statement rings true for ABC's treasurer who is frequently required to negotiate with parties internal and external to the business in order to reach a mutually beneficial agreement. Situations which require proficient negotiation by the treasurer include bank negotiations, vendor negotiations, negotiating with senior management and negotiating with project stakeholders.

Essential skills required during the negotiation process include effective communication, listening, reducing misunderstanding, rapport building and assertiveness (SkillsYouNeed, n.d.). These skills are tightly interrelated with each other. By communicating clearly, the treasurer can convey their points in a way which is understood by the other party, hence leading to reduced misunderstanding. And by listening intently to the other party when they are explaining their views, the treasurer can acknowledge their perspective and prepare a suitable response.

When implementing an innovation-driven change such as a new company wide TMS, there are likely to be resistors to the new system. For example, a manager of one of the subsidiaries may have the viewpoint that their entity is working fine without using the TMS, and the implementation would cause a lot of extra work for their staff. This can lead to internal conflict between the treasurer (project manager) who wants to introduce the new system, and the subsidiary manager, who is opposed to it. In turn, the treasurer must use their negotiation skills to convince the manager that the TMS is necessary for future operations and to get them to 'buy in' to the project, increasing the chances of a successful implementation.

The treasurer should look to adequately prepare for the negotiation. In this scenario there is likely to be some common ground between the treasurer and opposing manager, and this can be utilised by the treasurer to help the parties gain a mutual understanding of one another from the offset. In addition, an insightful presentation about the TMS can immediately capture the manager's attention, and by including some statistical proof of the benefits of the TMS, the scope of the opposing manager's arguments can be reduced.

The treasurer can apply the Borisoff and Victor model in conflict management to set up a process to resolve the conflict and negotiate with the opposing manager (Borisoff & Victor, 1989):

Assessment	The treasurer should look to find out the reasons behind why the subsidiary manager does not want to implement the new TMS. In this scenario, they do not want to change to a new TMS because they are accustomed to their current systems and do not see any reason to replace it. Also, they are worried that staff do not have the capacity to take on the extra work in implementing the system.
Acknowledgement	The treasurer should take on board the manager's perspective whilst explaining their views as to why the TMS is key to and modernising the function and supporting treasury and corporate objectives.
Attitude	An attitude of cooperation should be assumed by the treasurer and manager. Also, the parties look to make sure any differences in communication styles does not lead to escalation of the conflict.
Action	Here, the treasurer will apply their conflict handling approach. The treasurer can collaborate with the manager and provide reassurances to them that they will aim to make sure the implementation goes as smoothly as possible, and they will be given any necessary support and training they may need during the process.
Analysis	In this step, the treasurer and manager would decide on their actions. For the treasurer, this must include a contingency plan if there is still high resistance by the subsidiary manager during the process. Possible contingency plans could be choosing an alternative system that the manager would be happy with, or extending the go live date of the TMS until the subsidiary is fully ready.

Figure 7 – Borisoff and Victor 5 Step Conflict Management Process

Whilst the model in Figure 7 sets out a process which can be followed, it does not fully encapsulate the rationale that humans can be irrational. The model can only be successful with the acceptance and participation of both the treasurer and the opposing manager.

In situations like the TMS implementation where it is crucial that the project goes ahead in the company's best interest and to achieve treasury objectives, ABC's treasurer will need to be assertive in their approach to negotiating. Ideally, conflicts would be solved with

a win-win situation; however, this is not always possible, especially when the opposing party refuses to budge on their demands. This may leave the treasurer with no choice but to take an alternative competing style of conflict management where concern for the treasurer's goals is maximised, and empathy is minimised (Thomas & Kilmann, 2008). However, it is a high-risk approach and may burn bridges with the other party, and this can be detrimental in the long term. Therefore, this conflict management style should only be used in critical situations where negotiation is unlikely to yield a positive result.

6.2 Communication Skills

With the nature of the role requiring building and maintaining many relationships with stakeholders, strong communication skills are vital for ABC's treasurer. ABC is a global business with stakeholders from different backgrounds. Thus, the treasurer must possess the ability to communicate in various ways, such as oral or written and adapt the way they communicate depending on their audience and the situation. Strong communication skills can be the difference in whether a project is accepted by senior management or not.

Communication skills are crucial for ABC's treasurer to convey their message to stakeholders. The receiver must understand the message's meaning and indicate it to the sender through expected reactions (Ivancevich & Matteson, 1990). Therefore, the treasurer should apply an appropriate communication form depending on the situation. For example, if trying to get senior management to support the implementation of a new software, an in-person presentation would be a much better option to persuade management to 'buy in' rather than sending an email. By choosing and applying an appropriate form of communication and acquiring feedback, the treasurer can be confident that the message they are trying to get across has been received and understood.

In implementing an innovation-driven change, communication can be an effective tool for motivating employees involved (Luecke, 2003). The treasurer can present the benefits of a new system to employees clearly and confidently and apply techniques such as storytelling and humour to keep the audience engaged. If communicated effectively, the treasurer can change the mindset of the employees to one of optimism rather than anxiousness at the prospect of change.

Strong communication skills are highly important in preventing conflict. A study by Zia and Syed found that poor communication is one of the leading causes of conflict within the workplace (Zia & Syed, 2013). This can be referred to the TMS implementation example in section 6.1, where there was conflict between the treasurer and a subsidiary manager resisting the new system. The manager mentioned in the example may only be opposed to the introduction of the TMS having misinterpreted the reasons for introducing the new system from the treasurer. Or they could be opposed to the implementation as they felt

there was a lack of dialogue, and their concerns were not heard. Therefore, the treasurer must clearly communicate their views and intentions to stakeholders to mitigate potential conflicts.

Furthermore, a communication skills focused approach is needed to apply Borisoff and Victor's conflict management process in figure 7. In the action phase, the treasurer should look to use verbal and non-verbal strategies to create a supportive environment for the negotiations with the opposing manager. Verbal strategies include speaking with empathy, honesty and spontaneity. And non-verbal would be the use of body language. In addition, the treasurer should be aware of any gender and cultural differences between the opposing manager and themselves. Different genders and cultures employ different communication styles. Hence, the treasurer would need to navigate them carefully to not cause misunderstandings (Borisoff & Victor, 1989).

Chapter 7: Conclusion

The goal of this paper was to delve into the ways ABC's treasury function can contribute towards the organisation's corporate goals. It was deduced that ABC's treasury could play a key role in assisting the organisation by operating an appropriate treasury structure and using its specialist knowledge to advise senior management on subjects such as exploiting technology opportunities.

The study also investigated how benchmarking is essential in ensuring that ABC's treasury performance is in-line, if not better, than the rest of the media industry. In addition, data management is vital for ABC's day-to-day treasury operations and can assist in creating an argument for implementing new technologies.

Skills including problem-solving, project management, negotiation and communication are valuable tools for ABC's treasurer in achieving corporate goals and objectives. By using these skills, the treasurer can help mitigate issues during technology implementation projects, thus increasing the chances of successful outcomes. Additionally, negotiation and communication skills can be the difference in whether technology projects are accepted or not. Furthermore, these skills and leadership can assist the treasurer in effectively managing stakeholders.

Further Work

A considerable limitation of the study was the lack of publicly available information about ABC. Also, information gained about the company from the author's experience was from a short but recent 19-month period. Further studies must be conducted to substantiate the long-term success of technology implementations at ABC.

Despite the limitations, this paper has achieved what it set out to demonstrate, namely an understanding of the contribution of ABC's treasury in achieving corporate goals and the objective of exploiting technology opportunities.

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Appendix

Organisation Background Information

Name of organisation: ABC

Type of organisation: For-profit, private limited company in the Media industry.

Main Products/Services: ABC creates, produces, distributes and invests in media content, mainly for television.

Size of organisation: Over 6000 employees working in 26 countries.

Main customer markets: ABC is a global business with the main customer markets located in Europe, Australia and the US.

Main supply markets: ABC's main supply markets are generally located in the same location as the customer market: Europe, Australia and the US.

Financial reporting currency: Being a UK-based company, the financial reporting currency for ABC is GBP.

Treasury Structure: ABC's group treasury conducts an Agency role and is a cost savings centre. The function is set up with a 'dynamic balance' approach regarding treasury centralisation. ABC's treasury team consists of 6 team members reporting to the treasury manager and the group treasurer. Two members of the team have worked for ABC for less than a year.

Any other relevant information:

- ABC is a subsidiary of RTL Group based in Luxembourg and is mainly funded through intercompany loans from RTL.
- ABC looks to grow both organically and through making acquisitions.
- The business has recently adopted a new strategy of disrupting the scripted content market.
- The business promotes a culture of diversity and inclusivity.
- Target capital structure for the business is low equity and high debt.
- ABC's treasury team has recently completed the implementation of a new Kyriba Treasury management system in 2022.
- The business is currently upgrading to SAP 4 from an older version of SAP, using an Agile project management style for implementation. Consultants from Deloitte have been hired to help with the process.
- Together with Arvato and other finance teams, ABC's treasury built a bespoke technical solution to automate reports.

Selected Theme: Technology Application

Relevance of selected Theme: ABC frequently takes advantage of various technologies for its operations. This includes using an Enterprise Resource System, Treasury Management System and in-house hedging software to benefit the organisation.