

Forward and Upward: Changing KPIs Force Treasurers to Improve Their Risk Technology

February 28, 2020 Executive Summary:



Corporate treasury, the guardian and anchor of the financial health of the corporation, is undergoing significant change. Greenwich Associates has conducted a study of corporate treasurers from major multinationals and other corporations and looked at how their roles are changing and how they are adapting. Key performance indicators (KPIs) for the great majority of treasury departments have changed over the past five years. Treasurers are being asked to look further forward into the future and upward to address more strategic concerns. They are seen as centers of analytic excellence and are being asked to play a role in transforming as well as securing the firm.

This is clear from what treasurers say and do. They have been increasingly focused on projects and one-off assignments at the behest of management, rather than the day-to-day management of the treasury department. These projects are driven by strategy, risk or by the need to routinize the processes of treasury in order to free up more time to focus on strategy and risk.

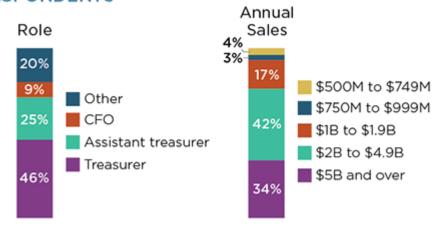
Though managing and measuring risk rank highly among treasurers' priorities, there is little consensus around what constitutes best risk management practice. The nature of the risks that firms take on, and how their stakeholders prefer those risks be addressed, varies significantly across firms. Treasury departments are working steadily to improve their risk management techniques as well as the data that drive them.

Technology thus presents both an opportunity and a challenge. Many treasury departments are heavily dependent on spreadsheets. These can be unwieldly and difficult to integrate with data sources. Treasurers must decide how they invest in improving these processes. Properly leveraging technology is becoming a central task for treasurers, from automating routine processes to using third-party tools to enhance internal risk analysis. The fact that there is not a one-size-fits-all solution to the challenges facing treasury departments means that their technology must be increasingly flexible.

Methodology:

Greenwich Associates conducted electronic interviews with 76 corporate treasury executives from large, industry-leading multinationals based in the United States to explore the evolving role of the corporate treasurer. The interviews were conducted in the second half of 2019. Topics covered in the research included how corporate treasurers' objectives are defined, what methods and tools they use to achieve those objectives, and where there may be shortcomings in the tool set. In addition, we conducted several qualitative interviews via in-depth conversations in order to dive more deeply into how specific corporate treasury staff manage their risks. This paper is produced in partnership with Bloomberg.

RESPONDENTS



Note: Based on 76 respondents.

Source: Greenwich Associates 2019 Corporate Treasurer Study



www.greenwich.com | ContactUs@greenwich.com

Coalition Greenwich, a division of CRISIL, an S&P Global Company, is a leading global provider of strategic benchmarking, analytics and insights to the financial services industry.

We specialize in providing unique, high-value and actionable information to help our clients improve their business performance.

Our suite of analytics and insights encompass all key performance metrics and drivers: market share, revenue performance, client relationship share and quality, operational excellence, return on equity, behavioral drivers, and industry evolution.

About CRISIL

CRISIL is a leading, agile and innovative global analytics company driven by its mission of making markets function better. It is majority owned by S&P Global Inc., a leading provider of transparent and independent ratings, benchmarks, analytics, and data to the capital and commodity markets worldwide.

CRISIL is India's foremost provider of ratings, data, research, analytics, and solutions with a strong record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights and efficient solutions to over 100,000 customers through businesses that operate from India, the U.S., the U.K., Argentina, Poland, China, Hong Kong, and Singapore.

For more information, visit www.crisil.com

Disclaimer and Copyright

This Document is prepared by Coalition Greenwich, which is a part of CRISIL Ltd, an S&P Global company. All rights reserved. This Document may contain analysis of commercial data relating to revenues, productivity and headcount of financial services organisations (together with any other commercial information set out in the Document). The Document may also include statements, estimates and projections with respect to the anticipated future performance of certain companies and as to the market for those companies' products and services.

The Document does not constitute (or purport to constitute) an accurate or complete representation of past or future activities of the businesses or companies considered in it but rather is designed to only highlight the trends. This Document is not (and does not purport to be) a comprehensive Document on the financial state of any business or company. The Document represents the views of Coalition Greenwich as on the date of the Document and Coalition Greenwich has no obligation to update or change it in the light of new or additional information or changed circumstances after submission of the Document.

This Document is not (and does not purport to be) a credit assessment or investment advice and should not form basis of any lending, investment or credit decision. This Document does not constitute nor form part of an offer or invitation to subscribe for, underwrite or purchase securities in any company. Nor should this Document, or any part of it, form the basis to be relied upon in any way in connection with any contract relating to any securities. The Document is not an investment analysis or research and is not subject to regulatory or legal obligations on the production of, or content of, investment analysis or research.

The data in this Document may reflect the views reported to Coalition Greenwich by the research participants. Interviewees may be asked about their use of and demand for financial products and services and about investment practices in relevant financial markets. Coalition Greenwich compiles the data received, conducts statistical analysis and reviews for presentation purposes to produce the final results.

THE DOCUMENT IS COMPILED FROM SOURCES COALITION GREENWICH BELIEVES TO BE RELIABLE. COALITION GREENWICH DISCLAIMS ALL REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, WITH RESPECT TO THIS DOCUMENT, INCLUDING AS TO THE VALIDITY, ACCURACY, REASONABLENESS OR COMPLETENESS OF THE INFORMATION, STATEMENTS, ASSESSMENTS, ESTIMATES AND PROJECTIONS, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT. COALITION GREENWICH ACCEPTS NO LIABILITY WHATSOEVER FOR ANY DIRECT, INDIRECT OR CONSEQUENTIAL LOSS OR DAMAGE OF ANY KIND ARISING OUT OF THE USE OF ALL OR ANY OF THIS DOCUMENT.

Coalition Greenwich is a part of CRISIL Ltd, an S&P Global company. ©2024 CRISIL Ltd. All rights reserved.