



Treasury Benchmarking

WHAT IT MEANS, WHO NEEDS IT, & WHY YOU SHOULD CARE

June 2017



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Coming Up...

TREASURY
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2017 Treasury Tech Use Survey

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WEBINAR

MAXIMIZING SUPPLY CHAIN FINANCE:
Driving the Value of SCF, in all its forms, Through Your Processes

JUN 13
2:00 PM (EST)

1.2 Credits

taulia

Craig Jeffery
Managing Partner
Strategic Treasurer

Cedric Bru
CEO and President
Taulia

Maximizing Supply Chain Finance: Driving the Value of SCF, in all its forms, Through Your Processes

STRATEGIC TREASURER

WEBINAR

SURVEY RESULTS
Liquidity Risk

JUN 20
2:00 PM (EST)

1.2 Credits

CAPITAL ADVISORS GROUP

Craig Jeffery
Managing Partner
Strategic Treasurer

Benjamin Campbell
Founder & CEO
Capital Advisors Group

2017 Liquidity Risk Survey Results Webinar



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About the Speakers



Craig Jeffery, CCM, FLMI
Founder & Managing Partner
Strategic Treasurer

Strategic Treasurer

is a consulting firm advising on treasury, financial risk and risk technology issues. Their seasoned treasury consultants efficiently work alongside financial executives in treasury, finance, and other related areas within corporate, government, education, and not-for-profit entities.



Benjamin Haws
Senior Analyst
Axletree Solutions

Axletree Solutions

is a leading Treasury Management and SWIFT Connectivity expert that provides end-to-end solutions to banks and Fortune 500 companies worldwide. Our team has dedicated specialists and fully managed data centers which deliver a wide range of cutting-edge financial solutions designed to help corporates and banks automate processes and efficiently manage, optimize and improve their global messaging and treasury operations.



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Topics of Discussion



-  **Introduction to Benchmarking**
-  **Why You Should Care About Benchmarking**
-  **Benchmarking KPIs: CLM, Forecasting, & Treasury Operations Cost**
-  **How to Decide Which KPIs are Most Important to You**
-  **Key Thoughts**

Background: Defining Key Terms



- ✓ **World Class Practices** – practices employed are top of the line across the board
- ✓ **Leading Practices** – practices are above industry average and exceed expectations
- ⚠ **Standards of Good Corporate Conduct** – practices implemented meet expectations
- ✗ **Below Average** – the majority of metrics & KPIs are behind industry averages.
- ✗ **Failing** – almost all metrics are significantly behind industry averages

How Standards Change Over Time





Key Performance Indicators (KPIs) & How to Use Them



A Key Performance Indicator (KPI) is a measurable value that demonstrates how effectively a company is achieving key business objectives. Organizations use KPIs to evaluate their success at reaching targets.

Treasury KPIs:

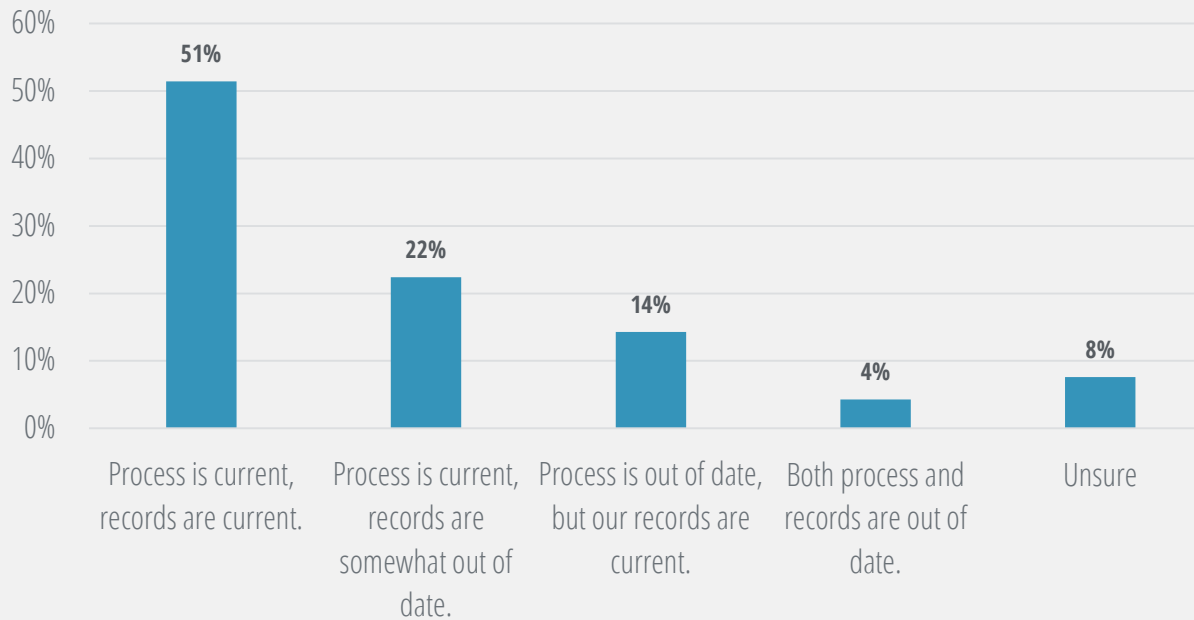
- **Percentage of accounts where daily visibility has been achieved**
- **Hedge Effectiveness**
- **Accuracy of cash forecasts 1 week in advance, 1 month, etc.**
- **Funds Transfers: speed at which funds clear**
- **Procurement**
- **Supply Chain Finance**



Bank Account Management



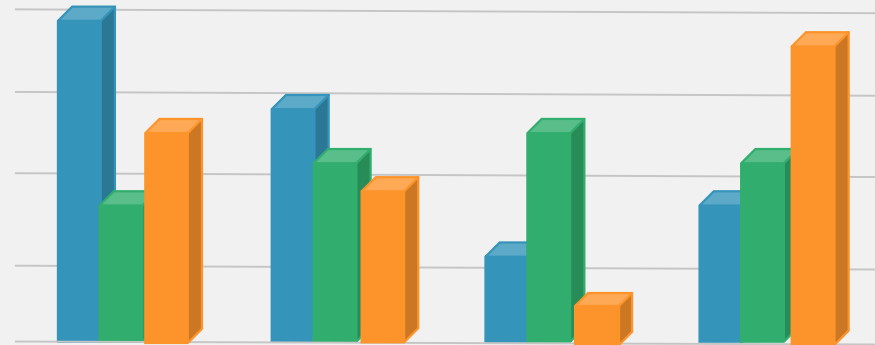
Describe your BAM Status. Our Bank Account Management process and records:





Why Should I Be Thinking About Benchmarking?

- Comparison results in growth & more effective goal-setting
- Better understand strengths and weaknesses of the firm over industry
- Set objectives based off of key industry metrics

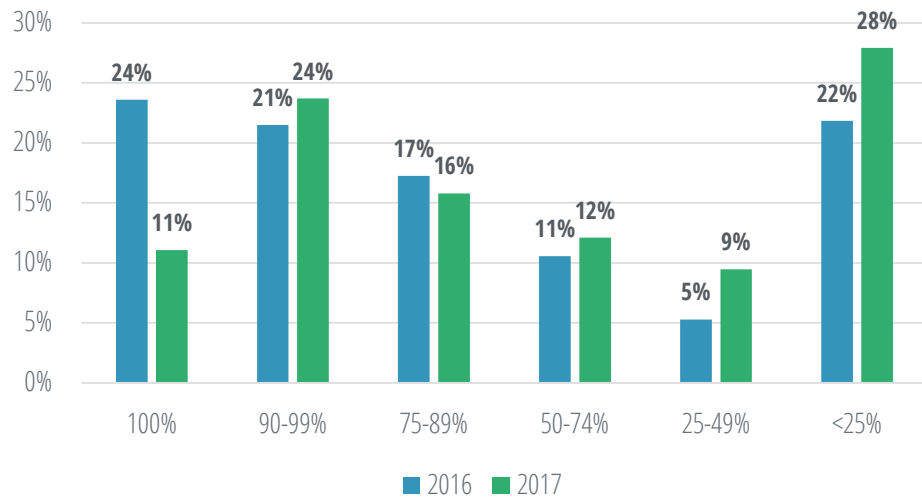




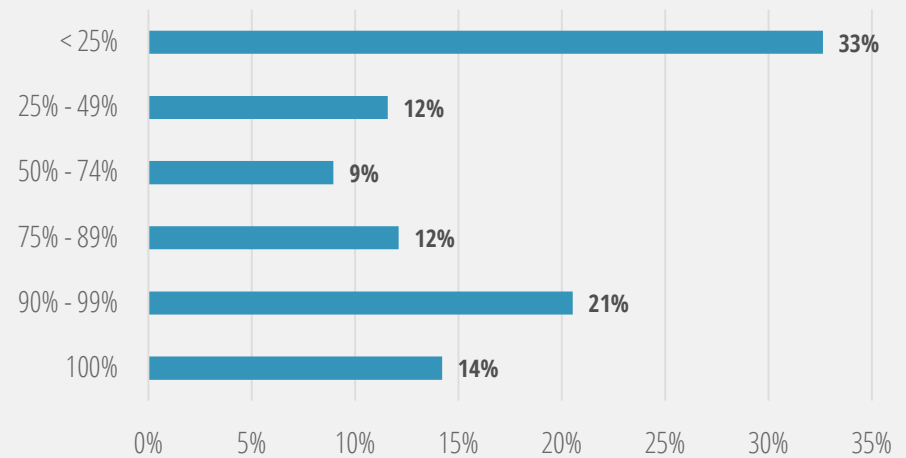
Reconciliation



What percentage of your bank accounts are reconciled on a DAILY basis?



What percentage of your bank accounts are reconciled on a WEEKLY or more frequent basis?





KPIs for Treasury: Cash Lifecycle Management



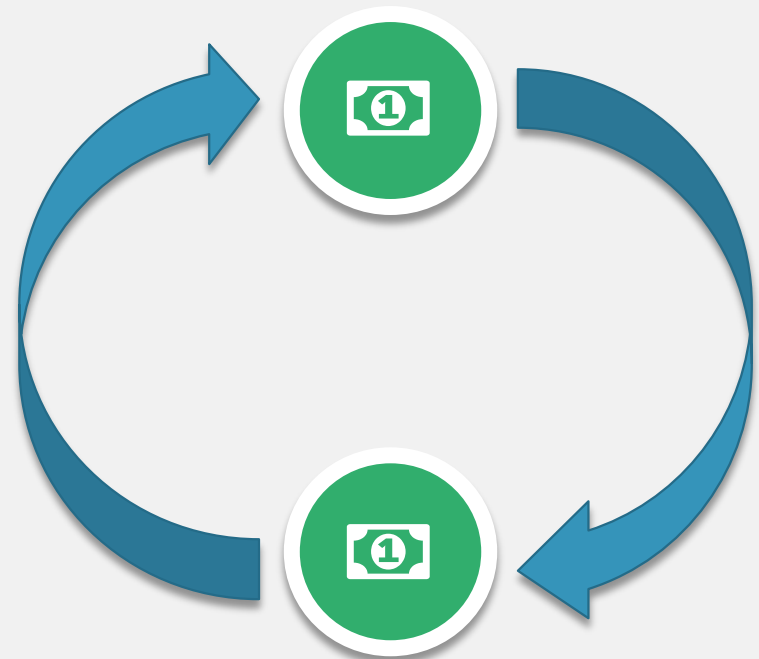
Safety

- Number of control events
- Credit quality
- Cash visibility



Cash Availability

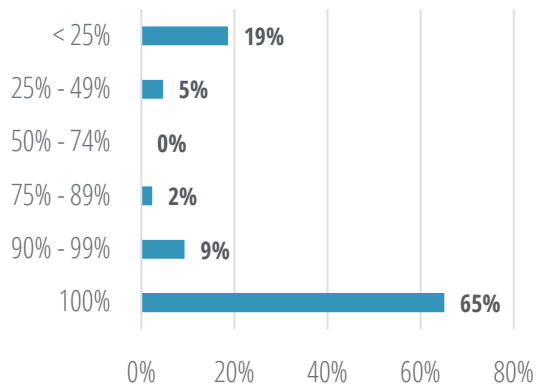
- Number of unplanned over drafts



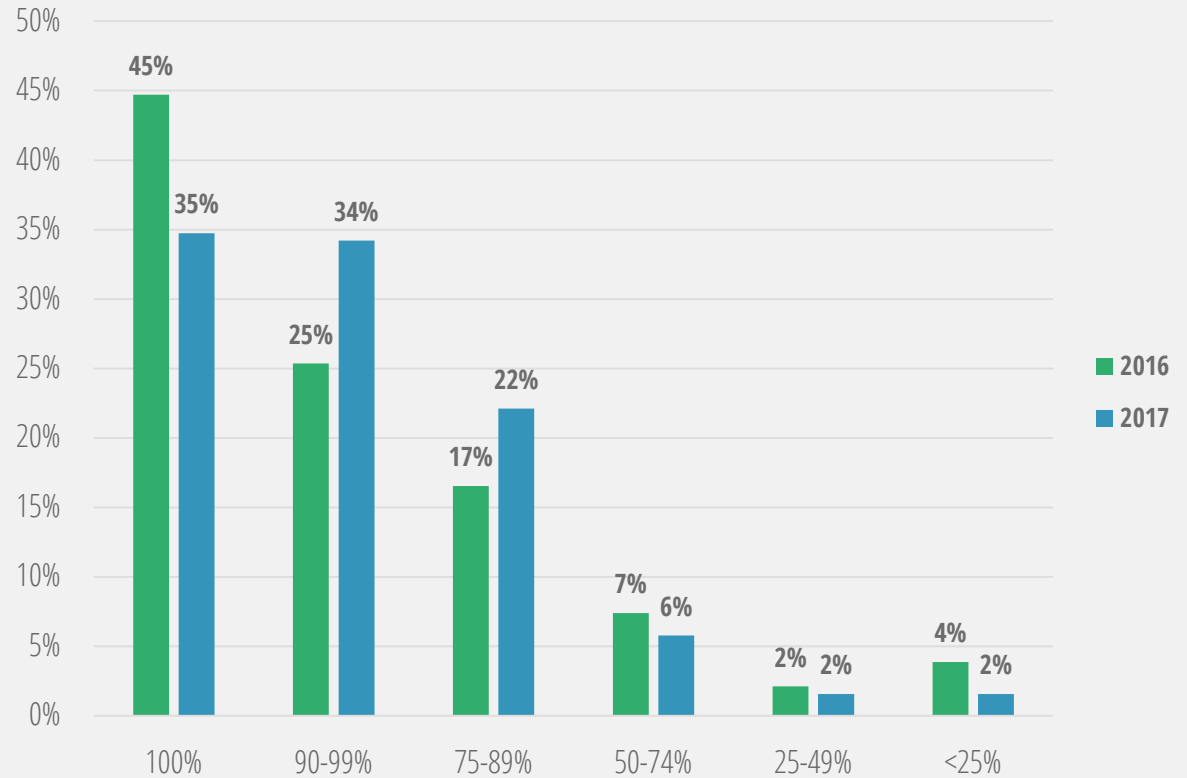


Visibility

What percentage of your bank accounts do you have visibility to on a WEEKLY or more frequent basis?



What percentage of your bank accounts do you have visibility to on a DAILY basis?





KPIs for Treasury: Cash Lifecycle Management



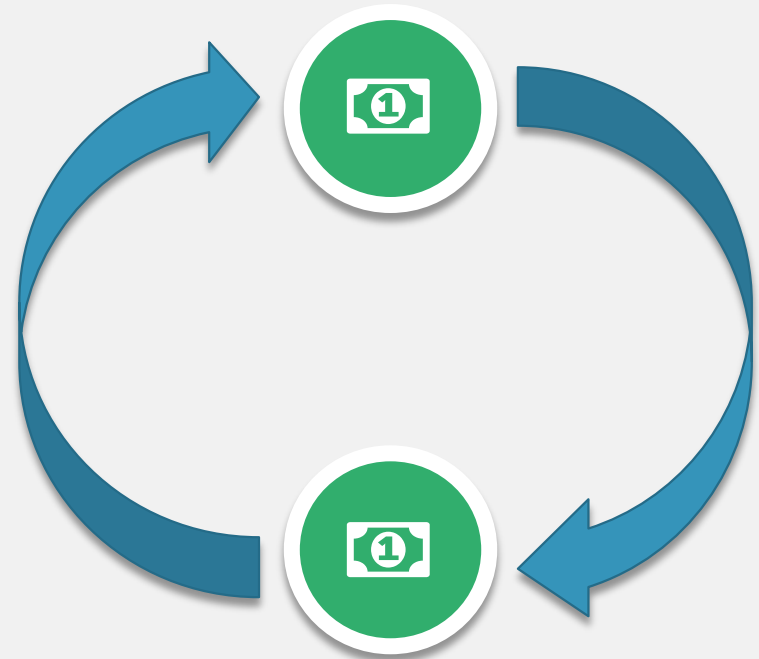
Cost

- Total cost of processing payments; internal and external
- Total cost of processing collections; internal and external



Idle Cash

- Cash concentration
- Cash visibility





KPIs for Treasury: Forecasting



Accuracy of Forecasts



Ability to generate forecasts weeks, months, years in advance



Ability to generate forecasts for business units, subsidiaries, individual projects, etc. as well as the organization as a whole



Breadth of forecasts (include all departments, cash flows, etc. outside of treasury)

KPIs for Treasury: Treasury Operations Cost



FTE Staff Levels



Cycle Times



Throughput



Departmental Cost

Deciding Which KPIs are Most Important



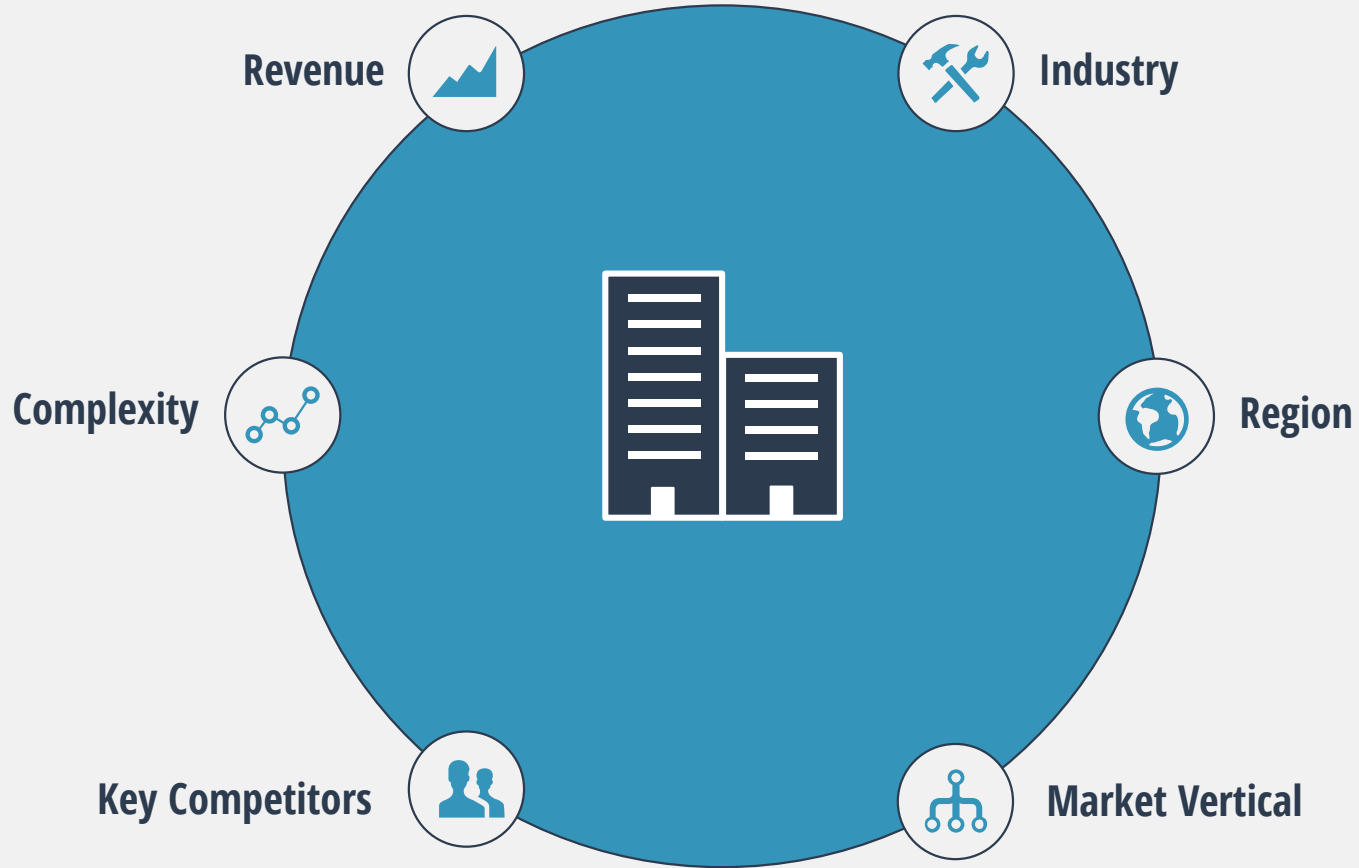
- ? What are your core treasury objectives?**

- ? What areas would you like to see improvement in?**

- ? Are there any areas where you're unsure of how you stack up in the market? (i.e. strength of forecasting tools, etc.)**

- ? Do any of treasury's objectives conflict with those of another department?**
 - If so, KPIs can be aligned between departments to eliminate conflict.

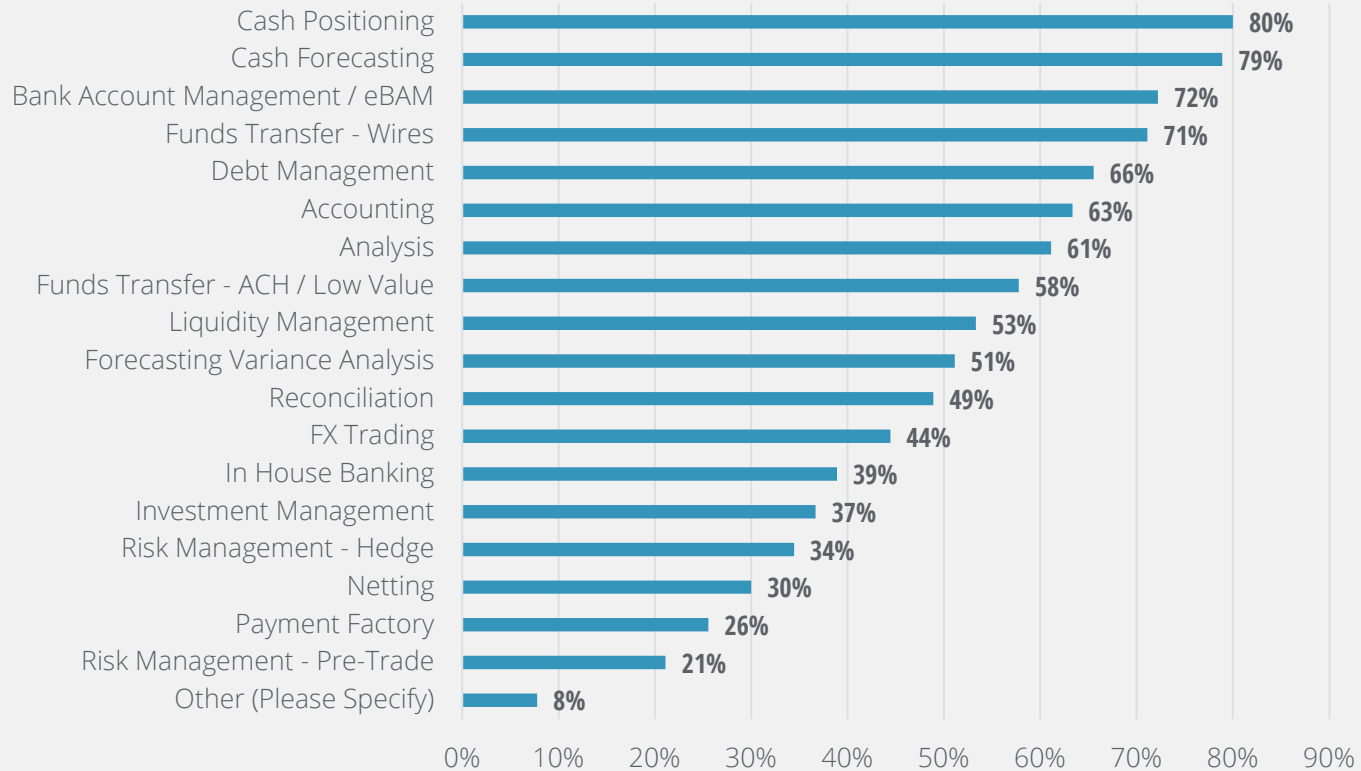
Who Should I Be Comparing My Firm With?



Sample Data Points: Treasury Functions



Functions. What functions do you use or need in treasury? (select all that apply)



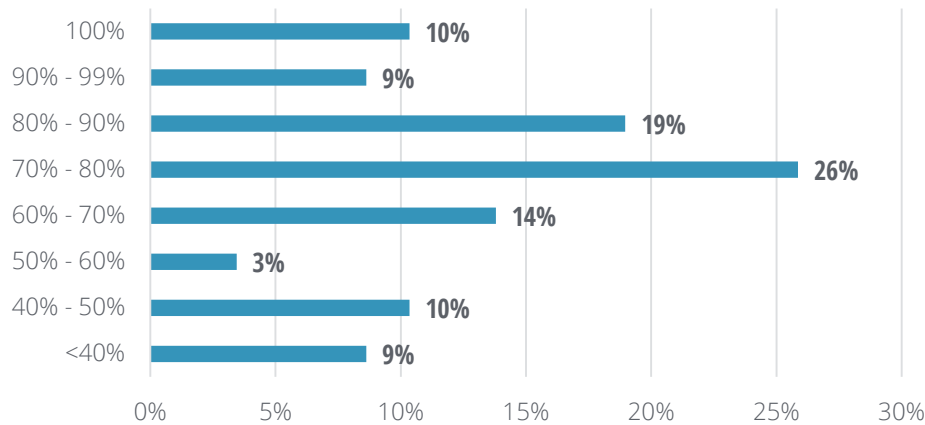
2016 Rapid Research Tech Use Survey



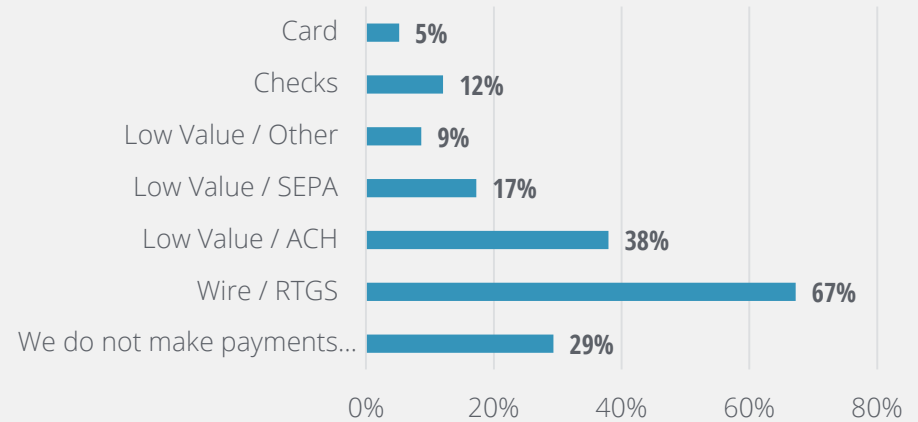
Sample Data Points: Payments & Functionality



How much of the available TMS functionality that you purchased are you using?



What types of payments do you process through your TMS? (select all that apply)



2016 Rapid Research Tech Use Survey



Key Takeaways



If firms are to grow, it is imperative they have a set of measurable objectives for gauging success



Benchmarking one's position against competitors or firms of similar build is a leading method for measuring success and market position



Understanding who to benchmark against and how to establish KPIs goes a long way in ensuring an effective assessment.



Treasury Operations Cost



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