

# ROCHFORD

**At Rochford, we are committed to protecting and enhancing your business.**

Our simple yet powerful Agile Treasury process has been refined and reinforced through decades of experience and working with hundreds of businesses. Agile Treasury positions a business within a value creation cycle, producing objective calls to action in day-to-day operations through to executive-level strategic decision making. This starts with identifying the operational gaps and value drivers within Treasury. We then deliver fast, flexible and effective solutions, which means stakeholder value is maximised. We can then either step back or provide ongoing strategic advice and support.

In our thought leadership series, we want to highlight the value of this process and why the lens of SP3-IM3 has time and again proven so crucial to success.

Rochford

Design  
Develop  
Implement &  
Operate

optimal Treasury

Systems  
Policies  
People &  
Processes

to improve the

Identification  
Measurement  
Management &  
Monitoring

of Treasury risks

**Agile**  
Process

**SP3**  
Operations

**IM3**  
Value Drivers



### Common Shortfalls

Lack of time

**Skills or experience gap**

Competing or uncertain strategic agendas

**Team size limitations**

Excessive key-man risk

**Lack of KPI alignment to commercial & risk management objectives**



### Solutions

Consultation with stakeholders

**Ongoing experienced strategic and operational support**

Event driven strategic advice and management

**Upskilling internal personnel**

Align individual's performance assessment/awards to relevant

**People should be empowered to innovate and perform critical decision making, which means they are driving long-term strategies that maximise enterprise value.**

### PEOPLE: Stakeholder Alignment

#### DESIGN

Any agile treasury process needs to be designed from a holistic stakeholder perspective. This means lateral input across a senior level, but also, critically, horizontal input from key operational staff through to the CFO and the Board. This is especially true for global entities with staff in diverse time zones or who maintain relatively low interaction with head office. If processes and systems are not designed with their requirements in mind, improved operations that are otherwise value generative will grind to a halt at a subsidiary level as the effort it takes them to perform daily operations demotivates and detracts from time otherwise spent driving a strategic agenda.

#### DEVELOP

Development of Agile Treasury initiatives can only be performed effectively when key stakeholders are first aligned on targeted objectives and practical action plan

to realise these objectives. Process managers can then effectively delegate tasks and monitor progress while development is performed 'behind the scenes' as a parallel workload to current operations. This minimises distractions in the day to day, preventing confusion and frustration around expectations.

#### IMPLEMENT

Implementation goes hand in hand with training operational and even senior personnel. Again, prior alignment is critical, as is engaging with operational stakeholders to reiterate clear and sensible expectations initially agreed in the design phase. Any required upskilling should only be performed once a clear process, and the systems to empower this process, are in place. This ensures effective learning as specific operations are instilled on top of any broader education of process intent and rationale.

#### OPERATE

If stakeholder alignment is achieved throughout Design, Development and Implementation, then when it comes time to operate on a day to day basis, key stakeholders vertically and horizontally should already be equipped with processes and systems knowledge. This ensures minimal disruption to responsibilities throughout the process and confidence that improvements are beneficial not only to the business at a commercial level, but also to the individuals involved in executing on an ongoing basis.



# CASE STUDY

## [FOREIGN EXCHANGE BROKER]

**A corporate and retail FX broker was unaware of its unoptimized cash position, core liquidity requirement and FX market risks, and lacked the internal expertise to identify, design and implement an interim and long-term solution.**

### PROBLEM

Why the challenge was proving difficult to solve

- ❁ Staff tasked with managing cash positions were operationally focused, concerned with making timely payments and not identifying core cash excesses that could be invested in money market products
- ❁ Also tasked with FX market risk management; their fundamental lack of expertise exposed the business to significant market risk in the spot and forward books
- ❁ Senior managers also lacked market risk experience, meaning P&L volatility was accepted as normal business risk rather than a controllable market risk

### SOLUTION

Rochford actions to address and correct the problems

- ❁ We began with a hands-on gap analysis of cash management and FX market risk management
- ❁ Rochford then presented to senior managers, identifying previously unrecognised problems and providing clarity on a successful management strategy
- ❁ The major gap was in-house market risk management expertise; consequently, Rochford wrote the job specification, conducted interviews and made an employee recommendation who was subsequently hired
- ❁ Rochford supported the new treasury manager with technical and specific business insights, facilitating swift implementation of the recommended risk management upgrade

### RESULT

End outcome, leaving the business in a better position

- ❁ Calculated slippage of profit margins from expected levels has been positive since the introduction of a full-time and professionally trained treasury manager i.e. the negative effects of market risk exposure have been eliminated
- ❁ Interest income rose by 50% due to the active management of the FX forward book and investment of surplus/core cash balances in short and medium-term money market products



If you are facing these challenges, or would like to find out more, contact Rochford and begin your treasury improvement journey today.

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## WHAT OUR CLIENTS SAY ABOUT US

“Rochford has played a key role over the years in assisting us to protect our gross margins in times of AUD volatility. Their dynamic and consultative hedging approach has allowed significant uplift during periods of favourable FX trends.”

| GREG DARWELL, FOUNDER & CEO MULWARRA EXPORT PTY LTD

“Their research and advice consistently provide us with the tools to both mitigate risk and take advantage of opportunities as they arise. They have also provided invaluable advice with regard to the structure of the appropriate hedging solutions allowing us to achieve margin protection whilst still participating in favourable market moves.”

| CARL SCUDERI, CFO DYNAMIC SUPPLIES PTY LTD

“We are delighted with the positive changes they have made to our business and are enjoying a relationship that has developed further than our expectations. The team are a true pleasure to work and be associated with.”

| PETER CALOPEDIS, GROUP FINANCE MANAGER, TNA AUSTRALIA PTY LTD

