

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



STANDARDISE & EXPEDITE

IN THIS BRIEF, WE ARE FOCUSING ON PROCESSES - THE COMBINATION OF HUMAN AND SYSTEM ACTIONS THAT ACHIEVE DEFINED OUTCOMES

A process should standardise and expedite regularly required operations, which means minimal resources are expended as people and systems interact to realise consistent outcomes.

PROCESS: Smooth workflows of people and system interactions ending with valuable decision making

DESIGN

Our first question is always a simple one: 'What is it that we are trying to achieve?' However, the answers even within one organisation or team can be highly variable. This variability is often driven by the level of perspective applied to the problem, and misalignment on what comprises a complete process. A valuable process has four key features and should be prioritised in this order to achieve long term viability:

- » **Complete.** The process has the following components:
 - » Inputs
 - » Calculations
 - » Outputs that enable objective decision making
 - » Decision making
- » **Consistent.** The process should be standardised and purpose driven enough to where it is governable by a policy.
- » **Useful.** The outputs and decision making should leave the business in a more valuable position than at the start.
- » **Effective.** The steps to achieve decision making are holistic but as few as possible. We like to think of it as minimising the amount of 'mouse clicks' it takes to make confident decisions.

DEVELOP

Process development very much begins in the Design phase at a strategic level whereby individual processes are separated out



Common Shortfalls

Key-man risk in manual, undocumented procedures

Do not produce clear calls to action

Ad-hoc, manual 'bolt-on' solutions

Highly fragmented source information

Lack of alignment to strategic objectives



Solutions

In-depth operations mapping process - current and desired state

Actionable next steps, achieving stakeholder strategic aligned on short and long-term objectives

Implementation and training, in line with optimised system requirements

and articulated. Then, both the steps of the process and the timeline to develop the process quite literally need to be written or made into a flow chart. If the owner of the process development is unable to achieve this, then the owner of process development has not fully developed a process.

- » If the source of inputs and inputs themselves are not articulated, then a process is not complete.
- » If the desired outputs that enable decision making are not at least conceptually presentable in an easily interpreted dashboard or report, then the process is not complete.
- » If the development does not end in decision making that is governable by a policy, the process is not complete

IMPLEMENT

A smooth implementation process is nearly as critical as the improved operational process that is being implemented. Often; operational transformations have enough political buy-in for one motivated attempt. Attention and enthusiasm of key stakeholders dwindles rapidly if process improvements are not performed fast and effectively.

OPERATE

We want to see minimal headaches and time spent administering data at an operational level post implementation. If there is confidence that the process outputs are valuable, and operational staff are not burdened by performing the process, then the process will support long term value creation.

CASE STUDY

[GLOBAL CHEMICALS MANUFACTURER]

A subsidiary of a global chemicals and mining equipment manufacturer was acquired by private equity sponsor; however, the entirety of treasury personnel was to remain with the parent post-acquisition.

PROBLEM

Why the challenge was proving difficult to solve

- ⚙ The CFO and Financial Controller did not have enough time or direct experience to develop and manage required new processes
- ⚙ Operating across seventeen countries with fragmented procedures, consolidated group oversight risked becoming a full-time job with ad hoc procedures and high key-man risk
- ⚙ New banking facilities, Treasury Management System infrastructure and cash management were key focus points requiring design, implementation and ongoing operation

SOLUTION

Rochford actions to address and correct the problems

- ⚙ Rochford built and implemented global cash flow forecasting model and procedure, consolidating and reporting submitted forecasts on a weekly basis to the CFO
- ⚙ We worked directly the banks to ensure global facilities were properly collateralised on Day 1, optimising collateral and facility usage thereafter
- ⚙ Rochford actively managed global cash and liquidity, sweeping excess fund to head office for debt servicing before transitioning day to day activities to full time staff when hired

RESULT

End outcome, leaving the business in a better position

- ⚙ The business had a fully functioning treasury from Day 1, with visibility and communication channels across global finance teams and banking relationships
- ⚙ Ensuing treasury management operations enabled a debt refinancing twelve months ahead of schedule and a reduction in principle debt of 20%



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

