Many corporates undertook a review and initiated a transformation of their core treasury and working capital processes post crisis. They are now looking to put in place updated workflows, systems, and structures that will maximise efficiencies by giving them visibility, mobility and control over working capital. According to Michael Guralnick, Global Head of Corporate and Public Sector Sales and Global Marketing, Treasury and Trade Solutions, Citi, it’s about being prepared for the future, working smarter, and more efficiently.

For many companies today, the cheapest source of funds remains their own cash. In the years following the financial crisis of 2008/09, corporates of all shapes and sizes made significant efforts to free-up trapped cash from within their operations in order to optimise working capital. Fast forward to the present day and companies are starting to take that process one step further.

While there are still significant working capital efficiencies for companies to explore, forward-thinking corporates are now looking at their operations through a longer lens. Rather than seeking short-term wins alone, they are looking holistically at the ways in which the company’s operational, organisational, process, and systems architecture interacts with their financial and commercial flows — with the twin goals of increasing visibility and creating value for the business as it looks to accelerate growth.

In short, smart companies are asking themselves: “What is our plan for success? Where are we going on our corporate journey? What high-level goals should we be setting over the longer term? And how can we best structure the company to maximise efficiencies?”

The treasurer as change agent

With an ever-expanding remit that has spilled over from traditional cash and FX responsibilities into areas such as the supply chain and shared services, the treasurer’s role in this transformation process is pivotal. No longer bound by departmental silos, treasurers are able to use their extended reach to act as an interface between the financial and commercial activities of the company.

By working collaboratively, treasurers are perfectly placed to act as change agents — and to ask the questions that really matter: “Is the group’s account structure optimally arranged so that it captures the maximum amount of liquidity to support the company’s working capital goals? And are ERP and Treasury Management Systems (TMS) being leveraged to their full extent?” Getting to the bottom of these questions often requires expert help, which is precisely why many companies looking to plan their way forward, mitigate future risks, and maximise shareholder value, call on trusted advisors to assist them. In fact, Citi is currently working hand-in-hand with its clients, in both developed and emerging economies, to help them build a tailored blueprint for success. Citi has established three Innovation Laboratories located in Dublin, Singapore and Miami that collaborate to develop enhanced diagnostic tools and solutions for their clients globally, whether located in Asia, Europe, Middle East, Africa or the Americas. Clients are also
invited to visit any of the Labs for detailed blueprinting sessions to assist them in accelerating the development of the core framework for their global treasury transformation activities.

The first step in this analysis process is to undertake a diagnostic survey of your treasury and operational processes, risk management and governance policies in order to benchmark your company against its peers.

Let’s run some diagnostics

“Citi® Treasury Diagnostics (CTD) is an award-winning tool Citi has developed for corporate treasurers. It enables treasurers to compare, on a confidential basis, their current treasury finance practices and policies with other companies, both industry peers and best-in-class companies from other sectors. This helps to identify current strengths and areas for improvement,” explains Michael Guralnick, Global Head of Corporate and Public Sector Sales and Global Marketing, Treasury and Trade Solutions, Citi.

So how does it work? “Well, CTD is a web-based, easy-to-use, tool which securely collects information about your company’s fundamental treasury disciplines through an online survey conducted with the company’s treasury team. Since the survey questions have been carefully crafted by treasury practitioners and market research specialists, they are targeted to extract precisely the right information for the task in hand. Naturally, all responses are absolutely confidential between the client and Citi,” explains Guralnick.

Currently nearly 500 clients around the world have taken the CTD survey and have had diagnostic sessions to review the benchmarking results. Citi® Treasury Diagnostics benchmarks in six critical areas of treasury and finance activities, namely:

- Governance and controls.
- Liquidity management.
- Cash and working capital management.
- Entity funding and repatriation.
- Risk management.
- Systems and technology.

Tailoring the fit

With the benchmarking data now complete, the next step is to jointly evaluate the results and look to build a blueprint that is specific to the company’s needs. “This is the stage where our advisory services really come into play,” says Guralnick. “When we start to peel the onion and look at what’s going on beneath the surface, it’s important that we not only put clients’ objectives first, but actually take the time to understand what makes sense for the business in the longer term. This is not about plugging holes with products.”

As such, the process is highly bespoke. While best practice is the name of the game, it’s also about finding the best fit for the company. “For example, certain clients, based on their own resource capacity, may elect to address just one or two of the six pillars initially. Whether they want to put in place a plan to address the rest, and in what timeframe, is their decision entirely.”

There is no one size fits all blueprint. “So, whether a company should be centralised, decentralised or partly centralised is not a decision you can simply make on paper,” he explains. “We sit down and have a detailed discussion about how the company’s financial and commercial activities, as well as legal entities are organised. Because whatever finance or treasury does, and however it is structured, it needs to be optimally organised to support the commercial activities of the company”. The benchmarking results help provide direction and a framework for continued discussion and must fit with the overall corporate strategic goals and investment direction.

Asking tough questions

This advisory process will usually be followed by a fair amount of corporate internal discussion, not least around the difference between an effective process and an efficient process. It will also provide a good opportunity to question the status quo, Guralnick believes. “So, where a highly decentralised company is using a significant number of local banks, for example, we would highlight the possibilities to simplify and standardise the company’s banking architecture and interfaces to eliminate inefficiencies.”

Analysing the return on investment (ROI) that the company is getting from its ERP system is another good example of how the evaluation process adds value. “Many companies have invested a significant amount of capital to install what they believe to be best-in-class platforms and systems. Now, after these investments have been made, most companies are asking if they are deriving the maximum ROI from them, and if not, what plans do they need to put in place on an enterprise basis to achieve the initial expected benefits,” Guralnick explains.

The good news is that, given the fast pace of technological development, better and cheaper connectivity models are emerging all the time. And with greater collaboration taking place between banks, vendors and clients, re-thinking the systems architecture of the company is helping accelerate the benefits initially envisioned.

Helping corporates to fully understand the benefits of big data is an additional key part of Citi’s advisory process. “Big data is driving next generation treasury solutions. By turning data into useful information for decision-making, corporates can better manage their
overall transactional activities including supplier payment options, and global and regional liquidity pools. “In fact, big data analytics and related advisory is set to transform how business decisions are made across the procure-to-pay cycle. And that’s where Citi comes in,” Guralnick says.

From benchmarking to blueprint

Case study

**The challenge**
Transform the treasury of one of the world’s largest mining companies to support the $22 billion company’s global growth plans.

**The blueprint**

Citi worked with a leading Brazil-based mining company to understand the strategy and business model of the company and the nuances and constraints presented by the local and global environments in which it works. The first step was a complete benchmarking of the organisation’s treasury operation. Then, together, Citi and the company designed a blueprint for success, which comprised three missions:

- Identify and address tax, legal and technology discrepancies across the enterprise
- Consolidate information and clean up processes to optimise cash flow forecasting and planning
- Develop a clearly defined cash management approach unique to the company

Any treasury transformation blueprint, by design, rationalises and simplifies a complex task, and in this case, the end result was a more efficient and agile treasury operation. Citi’s effective, knowledgeable and global network of expert Treasury and Trade Solutions managers on the ground, combined with the company’s new streamlined and powerful internal processes, made possible advanced cash forecasting and planning, and lowered risks of idle excess cash in uncertain markets.

Now, the company’s treasury operation secures the liquidity necessary for the execution of projects and ongoing operations, and ensures that financial resources in the appropriate amounts are in the right place at the right time to fund projects. That is the way to ensure the success of the company’s long-term goals, and a true blueprint for success.

As mentioned earlier Citi’s network of Innovation Labs, is dedicated to reinventing the client experience for digital banking. These centres of innovation allow Citi and its clients to work in collaboration to create and deliver the next generation of financial products and solutions. Citi can assist companies in digitally enabling their financial operations and visualising their supply chain operations. By turning intelligent data into actionable insights, Citi can deliver innovative solutions that transform client’s banking processes, improve productivity and generate new ideas for commercial opportunities.

Citi’s Interactive Solutions is a treasury application, developed by Citi’s Innovation Lab in Singapore. This treasury solutioning tool leverages Citi’s global proprietary data and publicly available industry data, combining it with the latest real-time visualisation technology. The application gives Citi clients the ability to benchmark their treasury and liquidity management performance against peers using publically-available data, thereby enabling them to develop new blueprints and gain increased visibility, mobility and control over their working capital.

**Getting the blueprint right**

What is important to remember about the blueprint, says Guralnick, is that it’s a guideline. “When you’re building a house, the architect will draw up plans, but then you’ll amend them, adding a window here and a door there. And even during construction, you’ll make little changes. Similarly, with the company’s treasury transformation blueprint, flexibility is critical. The plan should be designed to evolve with the company’s commercial activities, and as global forces, such as regulatory and macroeconomic variables change, the company will need to adjust its model.”

Citi itself is a prime example of this in action. “We’re absolutely looking to the future and thinking about how we should adapt our business model to the changing environment,” says Guralnick. “As such, our aim is to be the world’s digital bank. Not only because technology is driving innovation, but because digitisation leads to a whole host of benefits to our clients in terms of consistency, control and compliance. We want to ensure that we are providing standardised processes and platforms, because that leads to productivity and cost benefits to our clients.

“The fact that we are in over 95 countries around the world means that our clients can rely on a consistency of platform and service, wherever they are operating. Citi has a pedigree dating back more than 200 years, and having invested in the international markets since 1902, we understand how businesses evolve — and what makes them successful in the long run.”
Smart thinking

Once the client has agreed to the new blueprint, it’s all about execution. “What also sets us apart are our certified project management teams, who follow a very detailed process to construct the rollout plan with the client, assisting them every step of the way to achieve their goals. While it may sound like a cliché, our success is defined by the success of our clients,” says Guralnick. “Additionally investment in our Treasury Advisory Group, made up of former corporate treasury practitioners, enables us to bring a deep understanding of corporate treasury activities to the blueprinting sessions, and how to address the challenges our clients are addressing. These Citi experts have been in our clients’ shoes and they understand important industry nuances to benefit our clients. Their insights allow us to understand what tools actually add value to the treasurer.”

Guralnick sees this as the way forward for transaction banking. “Citi will continue to provide added-value to clients through analytical and decision-support tools, driven by big data and data mining.” Complementing those tools, a diagnostic and advisory approach will increasingly allow Citi to differentiate itself from other financial institutions; through helping clients work smarter by providing world-class advisory services and solutions to help them prepare for the future.

At a time when treasurers are working harder than ever, Citi’s approach will surely provide significant productivity and commercial benefits to its clients.

Michael Guralnick has global responsibility for Citi’s Treasury and Trade Solutions (TTS) Corporate and Public Sector Sales Team. In addition, he manages the global TTS Marketing Team which spans across product and segments. Prior to his current role, he held senior management positions with Citi in Asia Pacific, EMEA and North America. Guralnick is a member of the TTS Global Executive Committee. He is also a member of the UK Association of Corporate Treasurers and the British American Business Inc. Guralnick earned a Master’s of Science in Foreign Service (MSFS) degree, from Georgetown University’s School of Foreign Service, in Washington DC and received his BA from Allegheny College, in Pennsylvania.

Citi TTS continues to lead the way in providing its clients with the industry’s most comprehensive range of innovative, tailored and digitally enabled treasury, trade and liquidity management solutions. With a presence in 96 countries, TTS offers its clients access to the largest proprietary network of any transaction service provider in the world, and with banking licenses in over 100 countries, globally integrated technology platforms and powerful analytics tools, TTS enables its clients to be successful where ever they operate.

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