THE STRATEGIC TREASURER
POWER TO BOOST THE BOTTOM LINE

The treasurer’s job used to be narrowly defined and focused on managing daily cash positions and liquidity. Today’s treasurer, however, is more involved with developing business strategies and supporting operational goals. In fact, forward-thinking CEOs are giving treasurers a seat at the table for strategy meetings and brainstorming sessions. Here’s how a strategic treasurer can be an asset in an unpredictable economy.

Rapidly evolving technology, new accounting standards and globalization are just a few of the reasons why the treasurer’s role is expanding to a more intensive management of working capital deployment and business risk coordination.

EVOLUTION OF THE TREASURER’S ROLE

Historically, the treasurer’s job responsibilities consisted of managing short-term borrowing, maintaining banking relationships, risk management and other financial advisory functions. Rarely were day-to-day treasury management tasks – monitoring cash received or authorizing the funding of checks presented for payment – integrated with other business processes.

Today’s treasurers support a variety of core business activities, such as marketing, sales, production and procurement, in addition to overseeing daily financial stability. Treasurers still provide timely cash flow information to the CEO and other stakeholders, but are also becoming directly involved in the management of supporting systems such as accounts receivable, credit and accounts payable as a way to improve flows.

TECHNOLOGY, REGULATION AND GLOBAL OPPORTUNITIES DRIVE CHANGE

Technology has made the job of treasurer much more efficient by uniting cash, payments, and trade and investment processes.

Adding speed and transparency to transactions like payables and receivables allows treasurers to spend more time on strategic activities like forecasting and risk management.

In addition, the treasurer has timely information with which to advise company management on business decisions.

Legislative reforms have forced corporations to improve their financial disclosures to combat the accounting fraud that plagued certain companies. New guidelines require tighter internal controls and the appropriate segregation of duties to evaluate every aspect of a company’s financial procedures. Companies have had to strengthen their internal controls, which means that controllers have had to become much more involved in establishing and overseeing the financial functions. As a result, treasurers have adopted the management of the daily corporate financial functions from an operational viewpoint.

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There has also been a fundamental shift in how the United States conducts business with other countries. Information and global trade opportunities are changing traditional international commercial practices. Open trade credit is evolving as a practice and dynamic information systems are assisting the movement of information to encourage more of these transactions. Treasurers are becoming internal advisors in this capacity because of their traditional links with banks and their role in managing the receivables component of working capital.

Despite the institutional changes in the treasury management function, managing working capital remains the most important aspect of any treasurer’s job. Effective treasury management practices that include accounting for unforeseen events like market cycles and changes in customer base are essential to a company’s financial viability.

The strategic treasurer that devises a comprehensive view across all of a company’s operational disciplines and integrates sound working capital management practices greatly increases the future success of the company and his or her personal success as well.

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**HOW PROGRESSIVE TREASURERS CAN IMPROVE A COMPANY’S FUTURE FINANCIAL VIABILITY**

Beyond making process improvements, effective treasurers add value to the company by integrating treasury management functions into other business processes. For example, a treasurer may work with marketers to develop various payment options that appeal to a wider customer base or become more actively involved in investments as a natural extension of his or her interactions with external parties like bankers and credit analysts.

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