



Treasury Research Program Addresses Need for Affordable Benchmarking Data

Over the years, the corporate treasury function hasn't measured up well when it comes to the valuable discipline of performance benchmarking.

Compared to some other functions, treasury in many corporations has been less likely to engage in benchmarking — a continuous, systematic evaluation of work processes that seeks to identify and emulate the best practices of high-performing organizations.

The primary reason has been a lack of affordable, relevant treasury benchmarking data, says Jeff Glenzer, a Managing Director at the Association for Financial Professionals (AFP). "Traditionally, the only way for treasurers to obtain such data has been to use consultants specializing in treasury benchmarking," Glenzer explains. "But there are few consultants with benchmarking expertise, and engaging them is expensive, often running well into five figures."

Now, however, treasurers have an alternative to expensive benchmarking consulting services. The AFP Treasury Benchmarking Program, in partnership with IBM and underwritten by Deutsche Bank, has begun generating data that treasurers can use to identify best practices and cost-justify investments designed to improve treasury processes. To access detailed data, you just need to be an AFP member; there's no additional fee.

Why Is Benchmarking So Valuable?

Benchmarking is particularly valuable in treasury, where it can be difficult to illustrate for management the impact an investment in process improvement might have on corporate results, Glenzer says.

"In some corporate areas, such as sales or production, it's somewhat easier to justify investments in technology or personnel because management can see how those investments touch customers," Glenzer says. "With its lesser visibility, treasury can benefit greatly from having data to support funding requests that might otherwise be shot down."

For instance, consider the challenge faced today by a treasurer who, in the midst of the current economic downturn, is asking for a couple hundred thousand dollars to purchase a treasury workstation. "Without some benchmarking data to show how that workstation will improve cycle times and reposition staff for other activities, it might be a difficult request," Glenzer says.

Early Research Findings

The AFP Treasury Benchmarking Program has already embarked on an initial series of three annual surveys. An [executive summary of the 2008 survey results](#) is available at the AFP Web site.

The 2008 survey included more than 400 organizations, mostly US firms, with median annual revenues of \$1.1 billion. The results include both median standards and high-performance benchmark standards for key performance measures. Some findings included:

- Based on their reported use of spreadsheets and other manual processes, two-thirds of organizations have yet to exploit enabling technologies to streamline operations.
- Median treasury operations costs were 97 cents per \$1,000 of annual revenue, while the benchmark standard was 35 cents per \$1,000.
- The typical treasury department has 4.3 full-time treasury equivalents (FTEs) per \$1 billion in annual revenue, while the benchmark standard was 1.7 FTEs.

Using Benchmarking Data

Companies participating in the surveys have the option of receiving a customized benchmark report that compares their operations with those of their relevant peer group, as well as with other participants.

An effective way to use the benchmarking data is to identify the processes that are most important to your treasury operation, pinpoint where your organization's performance lags significantly from benchmark standards related to those processes, and then employ best practices identified in the survey to improve performance in those areas.

"To excel, you want to be in the top 20% of your peers," notes Kevin Roth, Director of Research and Data Standards at AFP.

Future Survey Opportunities

The recently completed 2009 survey, which included a larger and more global respondent base, focused on the delivery of treasury operations processes and featured questions about key performance areas and the use of information technology solutions. "We wanted to build on the initial survey and dig deeper into how organizations are executing these processes and look at where they may or may not be embracing technology," Roth says.

An executive summary of the 2009 survey results will be released in October in conjunction with AFP's annual conference in San Francisco. At that time, the focus of the 2010 survey will be announced.

The 2010 survey will be conducted beginning in March 2010. It will be distributed by e-mail to AFP members and treasury professionals in the gtnews reader database. To ensure that you will have an opportunity to participate and receive a customized benchmark report, contact your Deutsche Bank relationship manager or Global Transaction Banking representative.