

MANAGING VOLATILITY: REWRITING TREASURY'S PLAYBOOK



BOB STARK

Global Head of Market Strategy, Kyriba

CRAIG JEFFERY

Managing Partner, Strategic Treasurer



WHAT

Considering how treasury can reduce vulnerability to market volatility and implement a playbook for more efficiency, optimized liquidity and better forecasting.



WHEN

Thursday, September 29, 2022
2:00 – 3:00 PM EDT



WHERE

Live online presentation
Replays at StrategicTreasurer.com



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Financial Planning &
Analysis Professional

This presentation is provided by Strategic Treasurer and Kyriba.

ABOUT THE SPEAKERS

GET TO KNOW TODAY'S SUBJECT MATTER EXPERTS



BOB STARK

Bob Stark has over 20 years' experience in treasury, driving product and market strategy for many of the best known technology providers in the industry. As the head of market strategy at Kyriba, Bob works directly with clients, partners, and industry influencers to ensure Kyriba is at the forefront of financial technology.

Stark has provided treasury management strategy to some of the world's largest companies, and is a frequent speaker and author on treasury, risk management, and payments at AFP, EuroFinance, ACT, Sibos, and other industry events. Bob resides in Vancouver, Canada and is a graduate of Simon Fraser University in British Columbia.



CRAIG JEFFERY

Craig Jeffery formed Strategic Treasurer in 2004 to provide corporate, educational and government entities direct access to comprehensive and current assistance with their treasury and financial process needs.

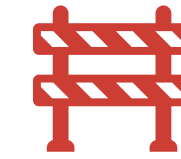
His 30+ years of financial and treasury experience as a practitioner and as a consultant have uniquely qualified him to help organizations craft realistic goals and achieve significant benefits quickly.

TOPICS OF DISCUSSION

KEY AREAS OF FOCUS &
ANALYSIS



**VOLATILITY &
UNCERTAINTY**
MARKET & ECONOMY



CHALLENGES
ACROSS VARIOUS SECTORS



RISK SCENARIOS
EVALUATING & MANAGING



**DEVELOPING
PLAYBOOKS**
REDUCING VULNERABILITY



**FORECASTING,
LIQUIDITY, VISIBILITY**
OPTIONS & OPPORTUNITIES
FOR IMPROVEMENT



KEY TAKEAWAYS
AND FINAL THOUGHTS

VOLATILITY & UNCERTAINTY

RISKS TO BE MANAGED



Inflation

- Historic levels



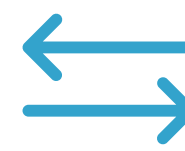
Energy/Commodities

- Availability
- Cost
- Impact on other areas



Interest Rates

- Central bank monetary policy
- Continued hikes



Foreign Exchange Rate

- Currency pains



Spending Programs

- Fiscal policy

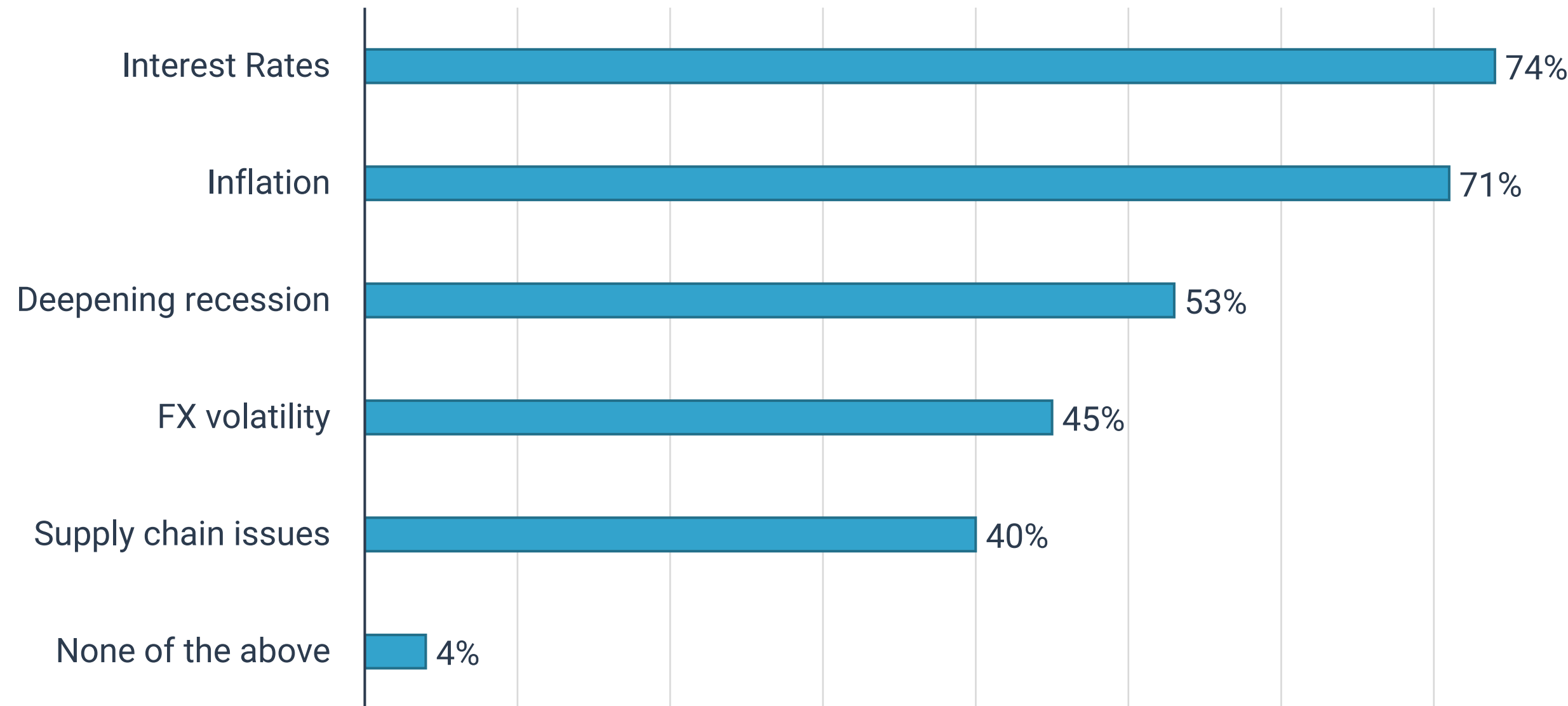


Great resignation

- Changing demands of Gen Z

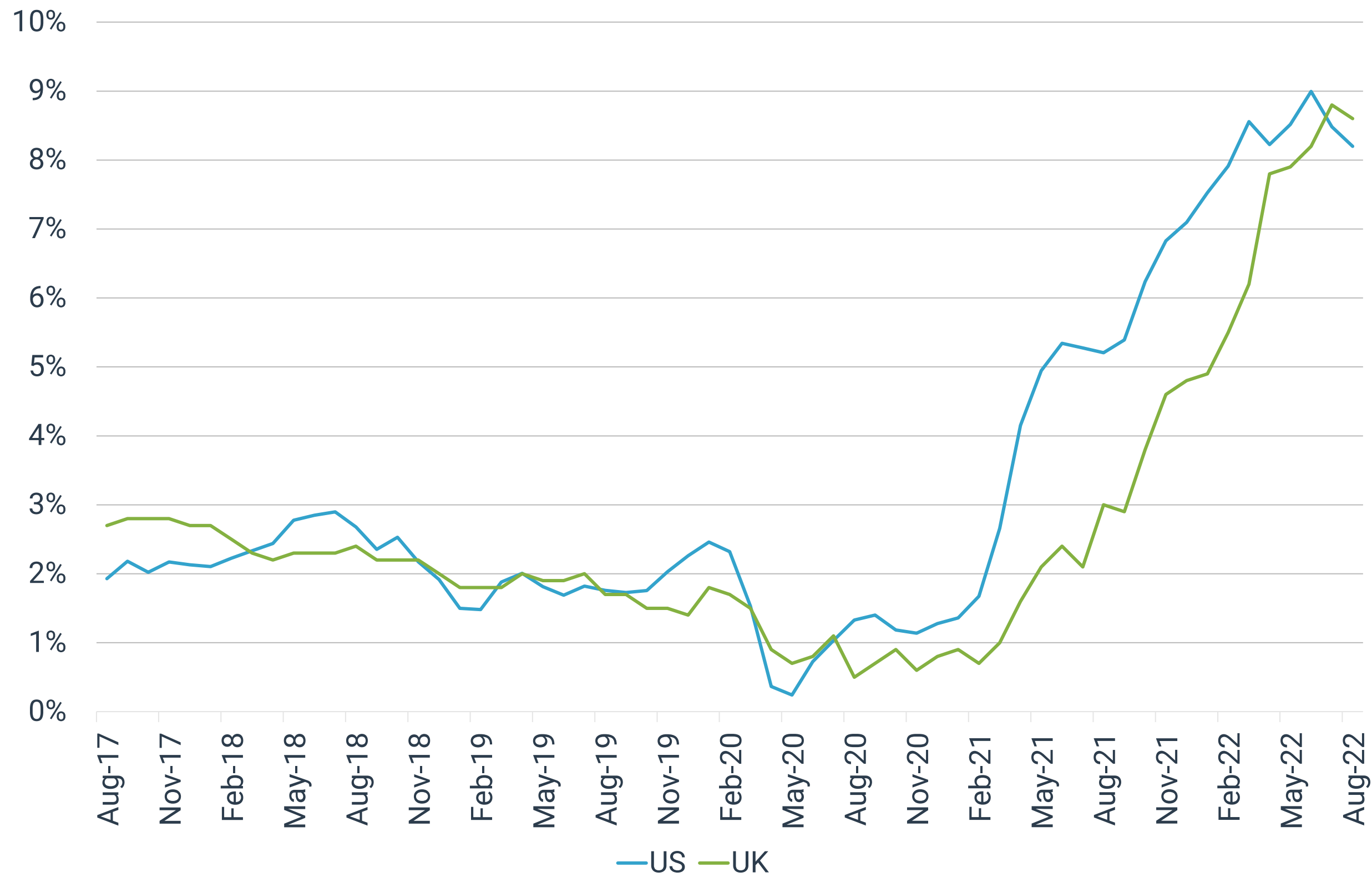
POLL QUESTION

Poll 1 - Our organization is moderately to heavily concerned about the below (all that apply):



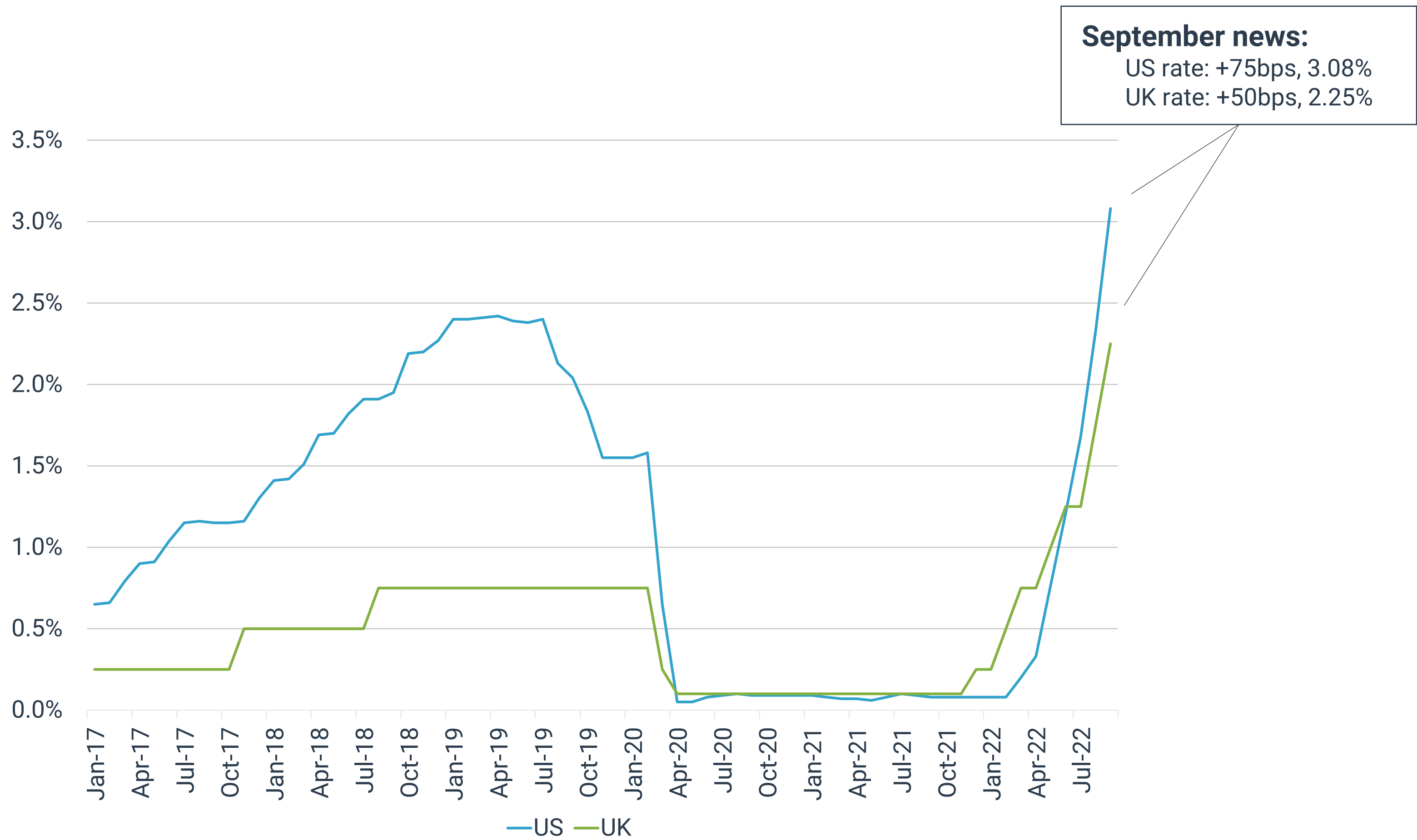
INFLATION

IMPACTING SPENDING



INTEREST RATES

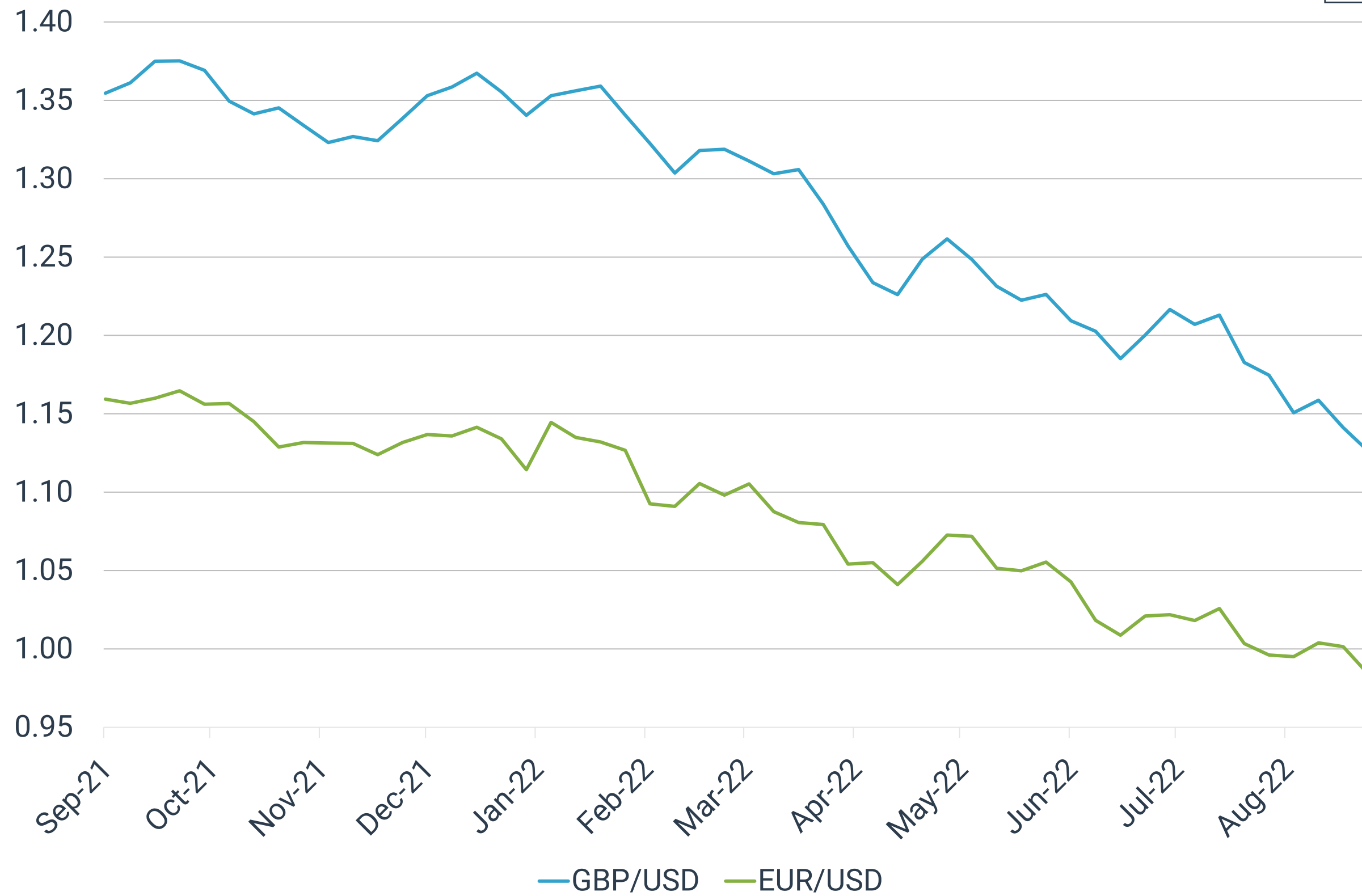
IMPACTING BORROWING



FOREIGN EXCHANGE

IMPACTING INTERNATIONAL BUYING, SELLING, TRAVEL, ETC.

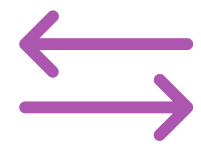
September news:
Euro falls below parity
with dollar – 20-year first



MANAGING COMPLEXITY

BEING AWARE OF THE RISK SCENARIOS

The impacts of higher volatility



FX

Higher costs to hedge



Interest rates

Higher costs to borrow



Inflation

Increased cost of goods and services



Recessionary impact

Slower collections, higher unemployment, lower sales



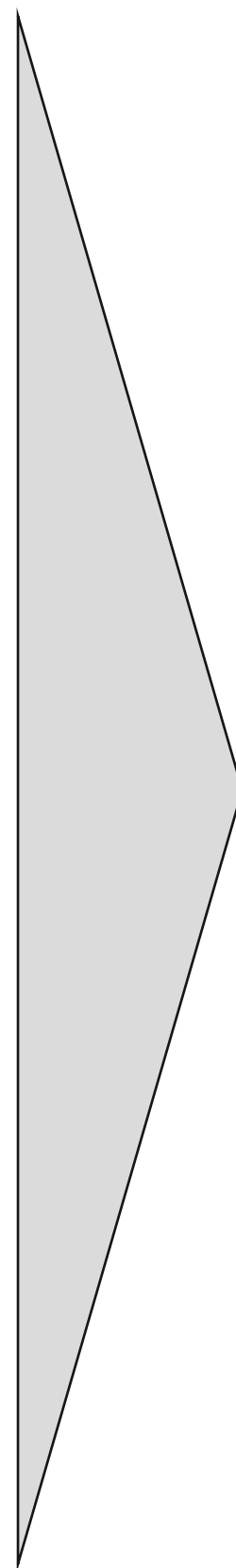
Resignation

Staffing challenges



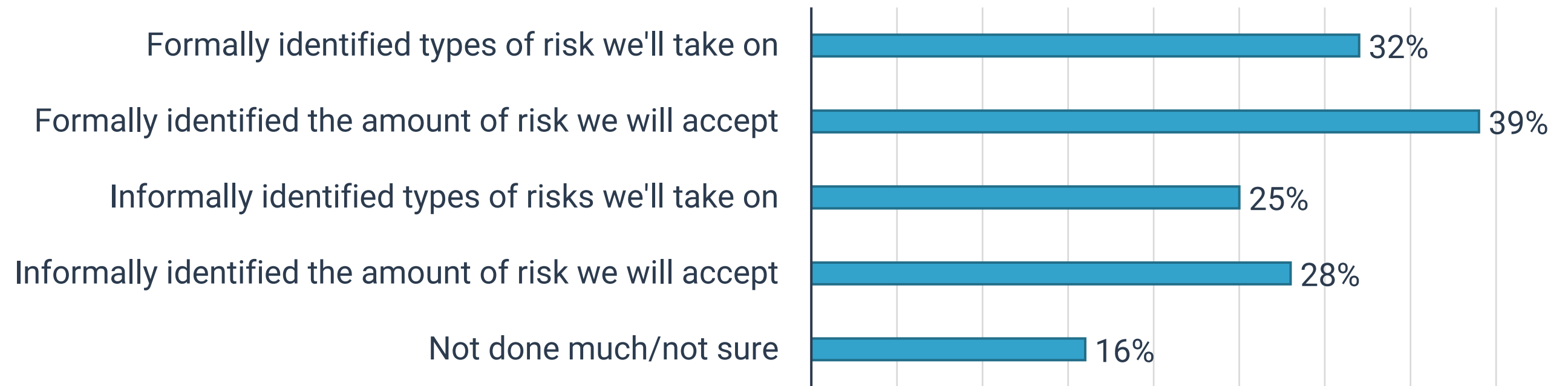
Spending programs

Future impact

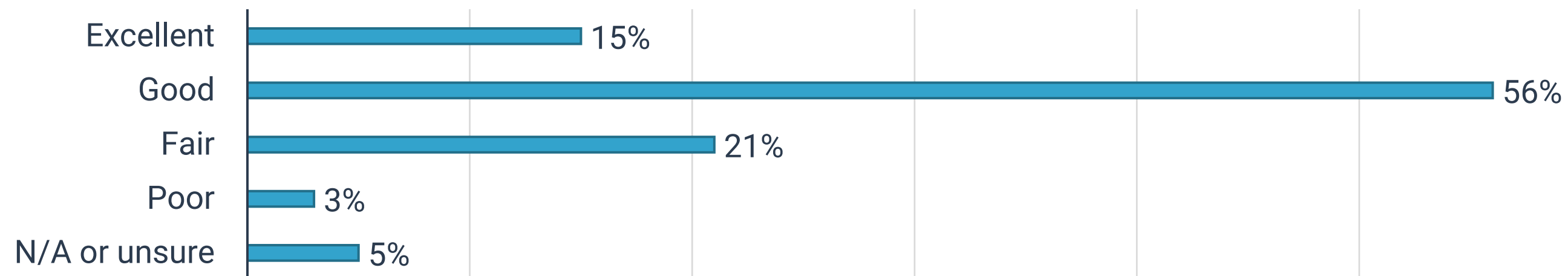


POLL QUESTION

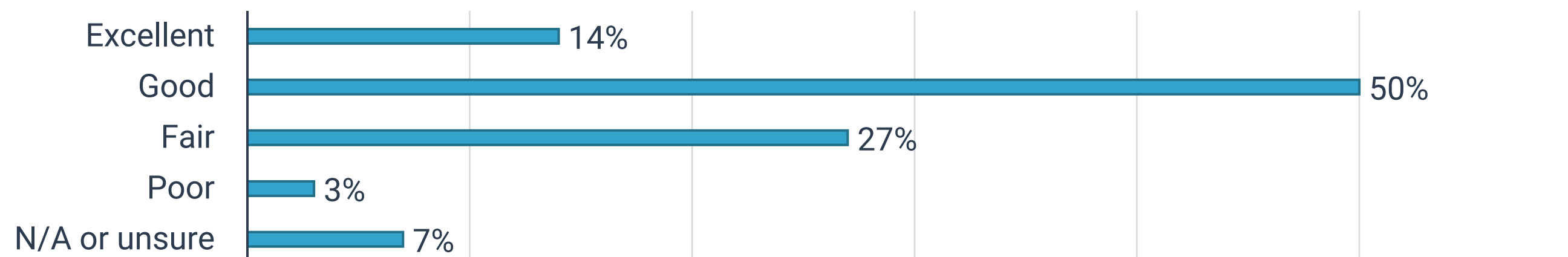
Poll 2 - For our risk appetite (types and amounts) we have _____:



Poll 3 - We are _____ with regard to measuring our exposures.



Poll 4 - We are _____ with regard to calibrating/managing those exposures/risks.



PLAYBOOK

FUNDAMENTALS



Defining risk appetite

- How much risk are we willing to tolerate?



Sizing of your exposures

- Where and how much are we exposed?



Calibrating your responses/options

- How should we move forward?

DEVELOPING DIFFERENT PLAYBOOKS

EXAMPLES FOR VARIOUS AREAS



Borrowing

- Diversified sources
- Renew early
- Cash pooling
- Cash conversion cycle



Hedging

- Know amounts
- Optimize activities
- Hedge optimization (residual)

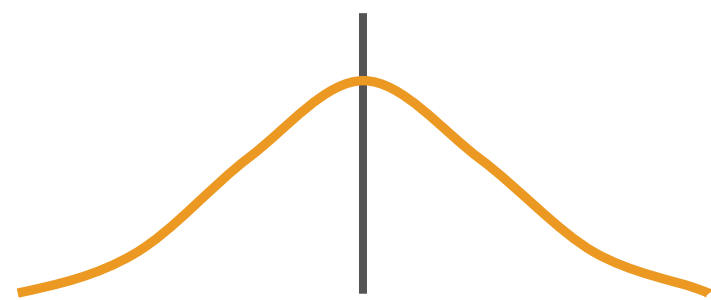


Forecasting

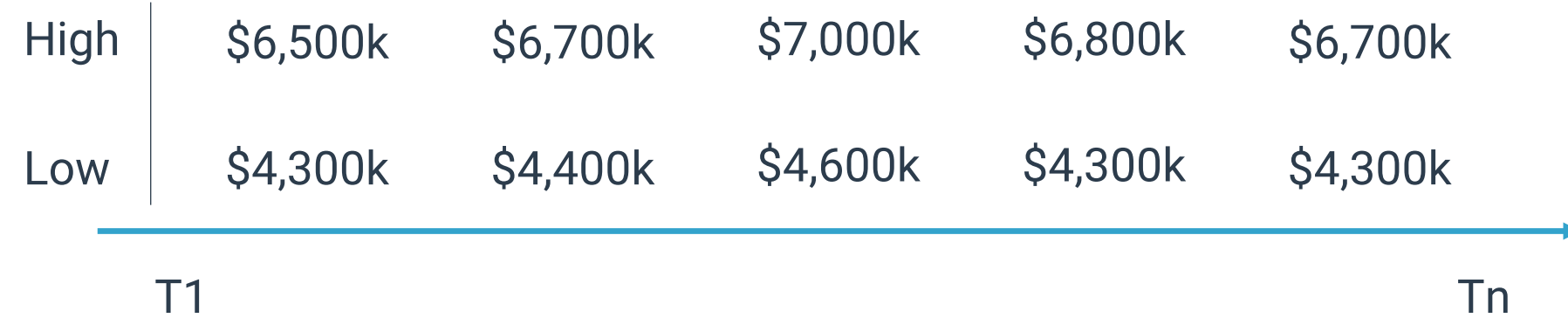
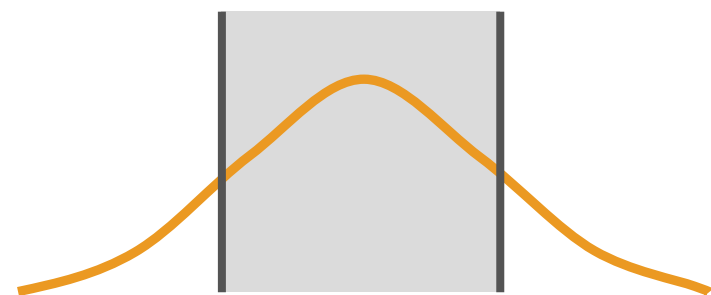
- Variance analysis
- Run models
- Use AI/ML

FORECASTING PERSPECTIVE

Expected Value
(most likely)

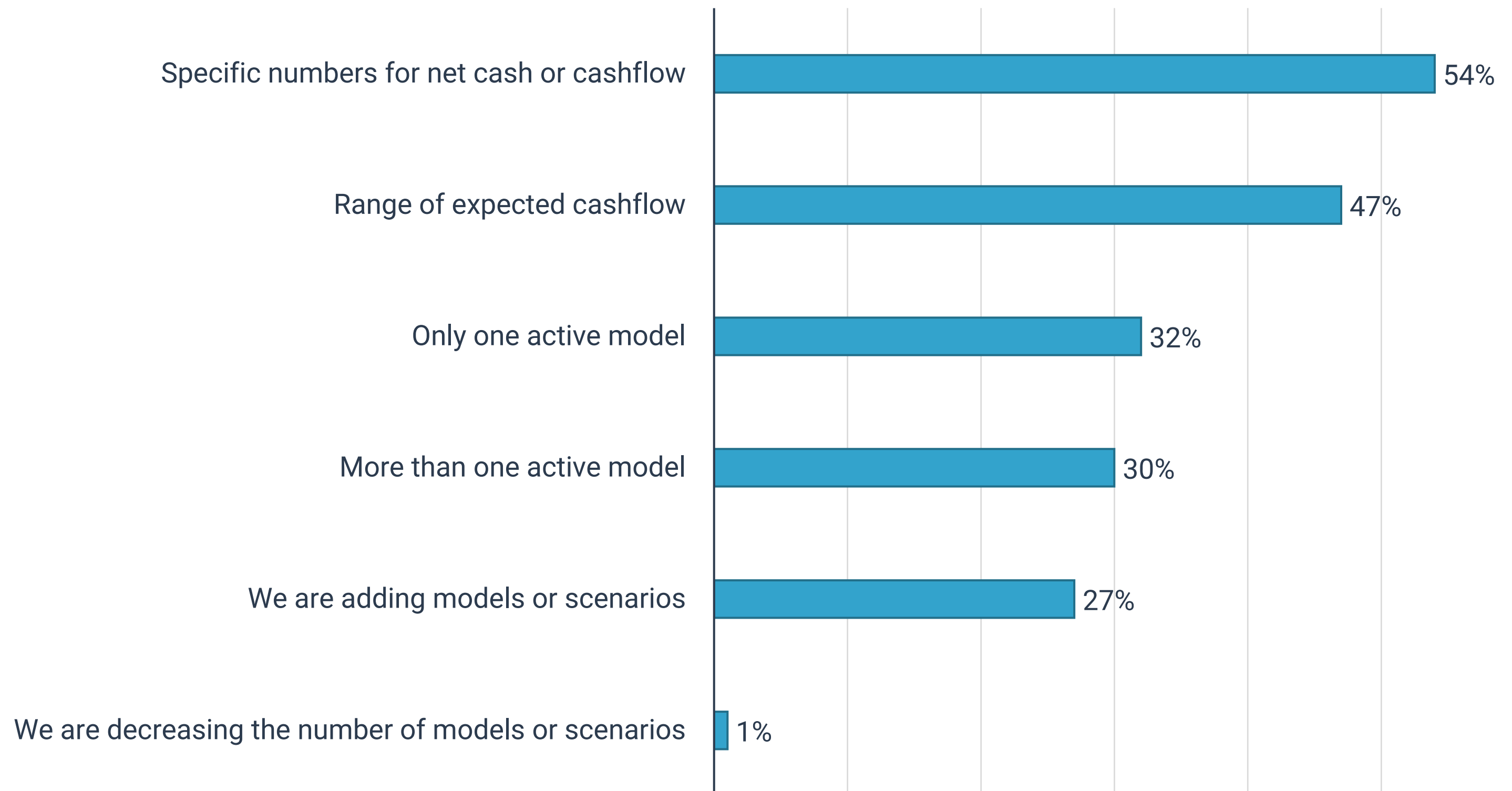


Range of Value
(confidence interval)



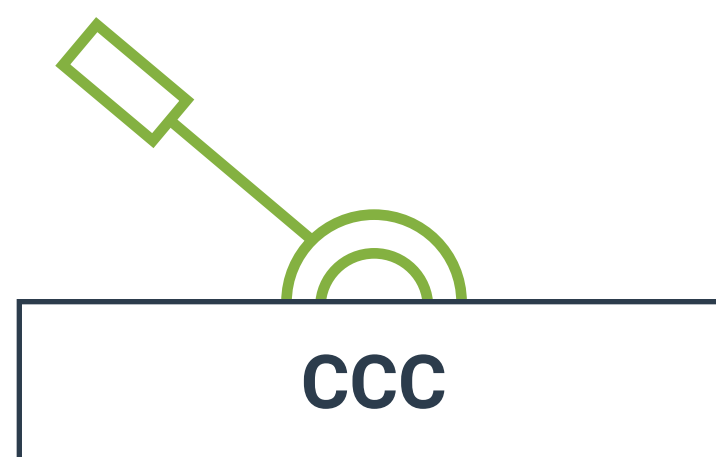
POLL QUESTION

Poll 5 - Our forecast has (all that apply):



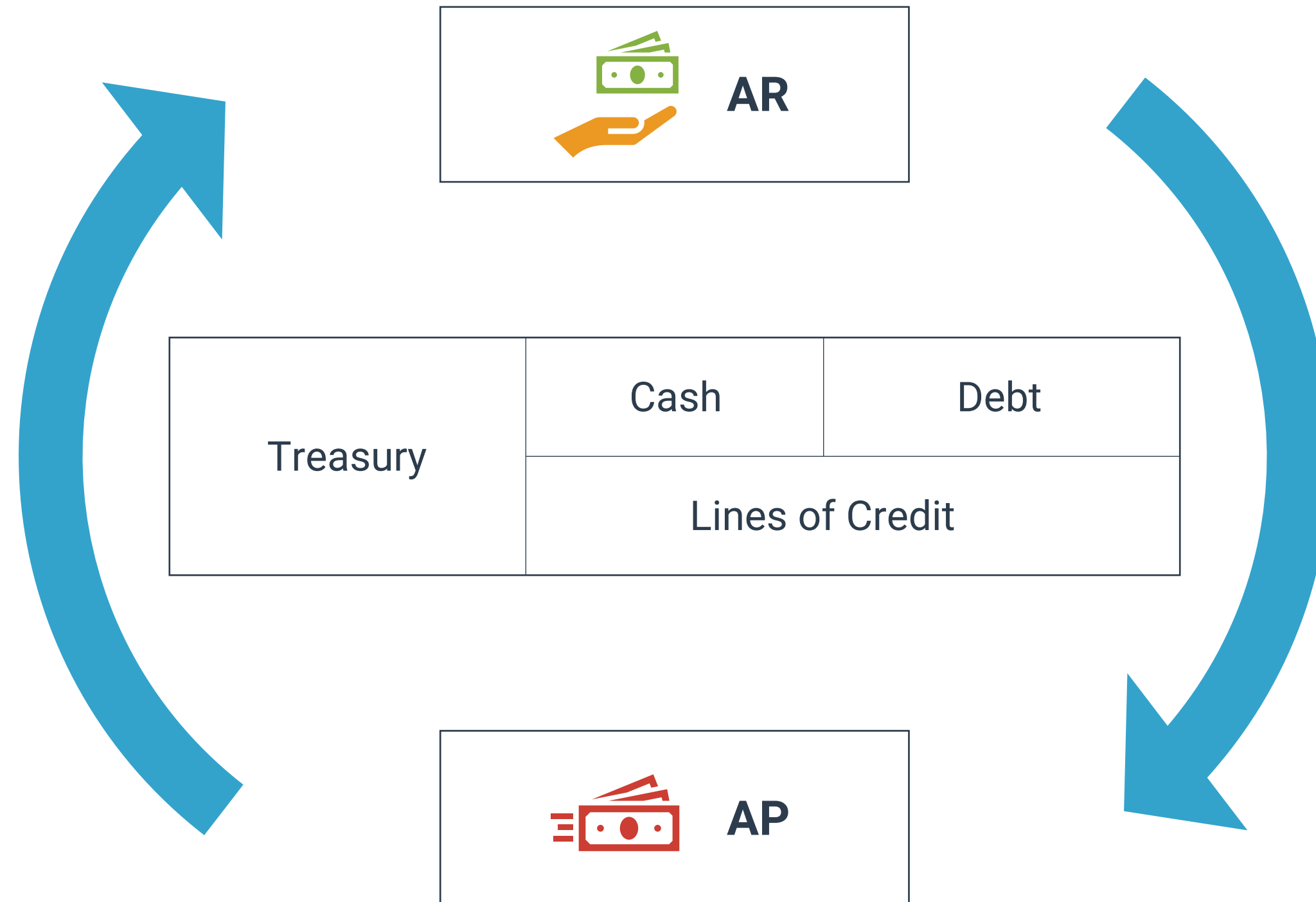
LEVERS TO PULL

TO OPTIMIZE LIQUIDITY



OPTIMIZING LIQUIDITY

IN THE CASH CONVERSION CYCLE

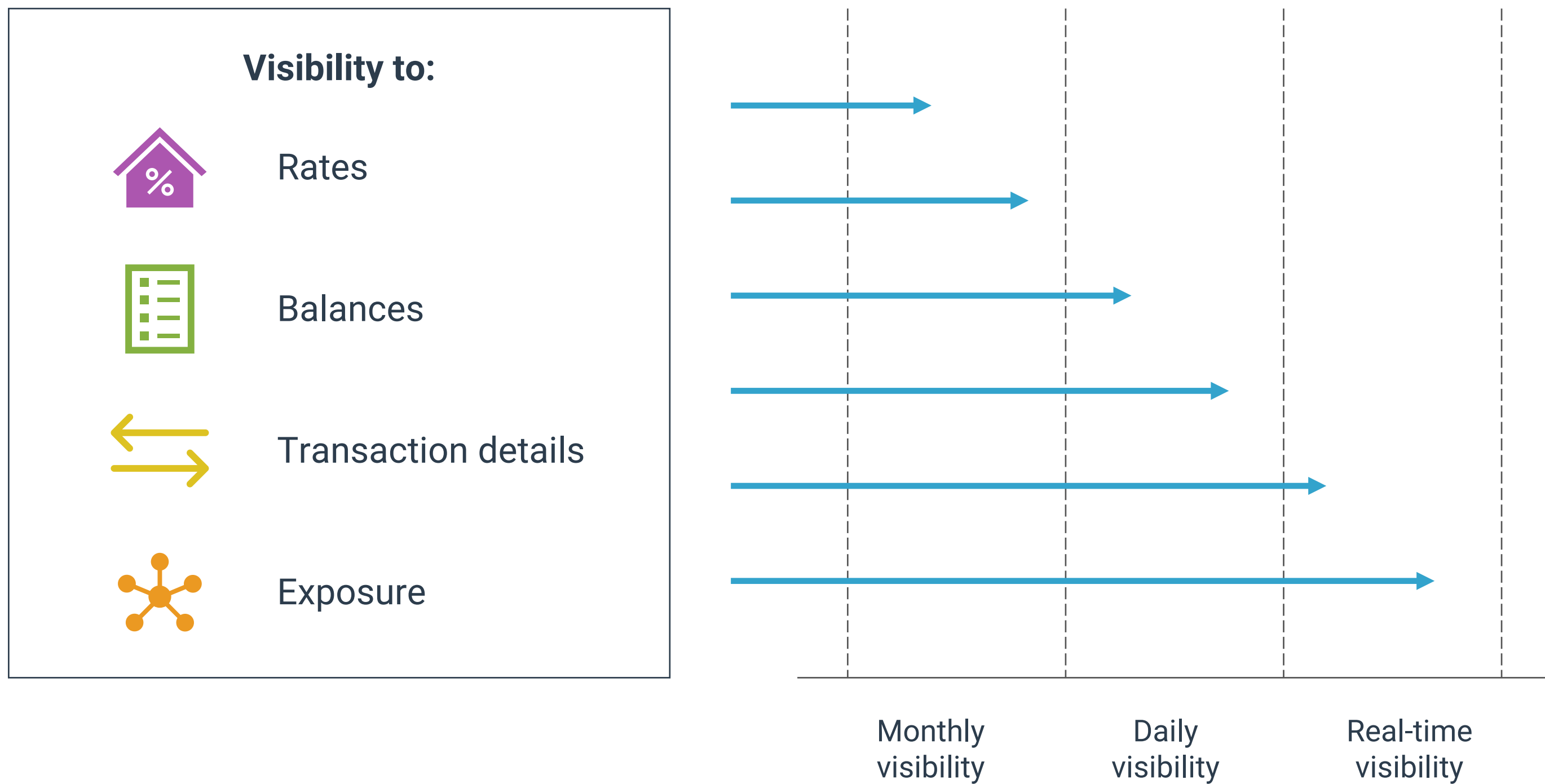


A liquidity snapshot includes:

- All banks
- All accounts
- Credit facilities
- Commercial paper

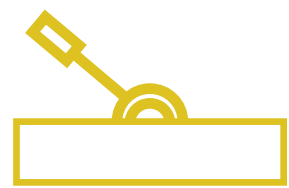
VISIBILITY REQUIRED

THE MOVE TO FASTER



FINAL THOUGHTS

HOW TO PROCEED



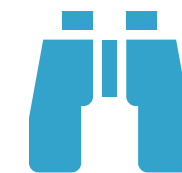
WHAT LEVERS MATTER

- Supply chain financing
- Securing additional liquidity
- Payment hub
- Risk management



HOW WILL YOU RESPOND

- What will you do when:
 - Volatility increases?
 - The cost to hedge also rises?
 - Expectations to manage this increase at the same time?



RECOGNIZE

- Macroeconomic headwinds must be monitored
- We must calibrate our risks and exposures
- Anticipate and prepare for management requests



SAFETY

- What margin is needed to handle normal fluctuations?
- What about non-standard or severe movements?

LET'S CONNECT

DON'T LET THE LEARNING END HERE...
CONTACT US WITH ANY FUTURE QUESTIONS

Thank you for your interest in this presentation and for allowing us to support you in your professional development. Strategic Treasurer and our partners believe in the value of continued education and are committed to providing quality resources that keep you well informed.



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Listen to Episode 217

Recent Volatility and Crosswinds: Treasury's Response

bit.ly/3BZXqn0



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