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2020 AFP®

STRATEGIC ROLE OF TREASURY SURVEY REPORT

Key Highlights

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2020 AFP®

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Key Highlights

This summary report includes highlights from the comprehensive 2020 AFP Strategic Role of Treasury Survey Report. The complete report comprising all findings and detailed analysis is exclusively available to AFP members.

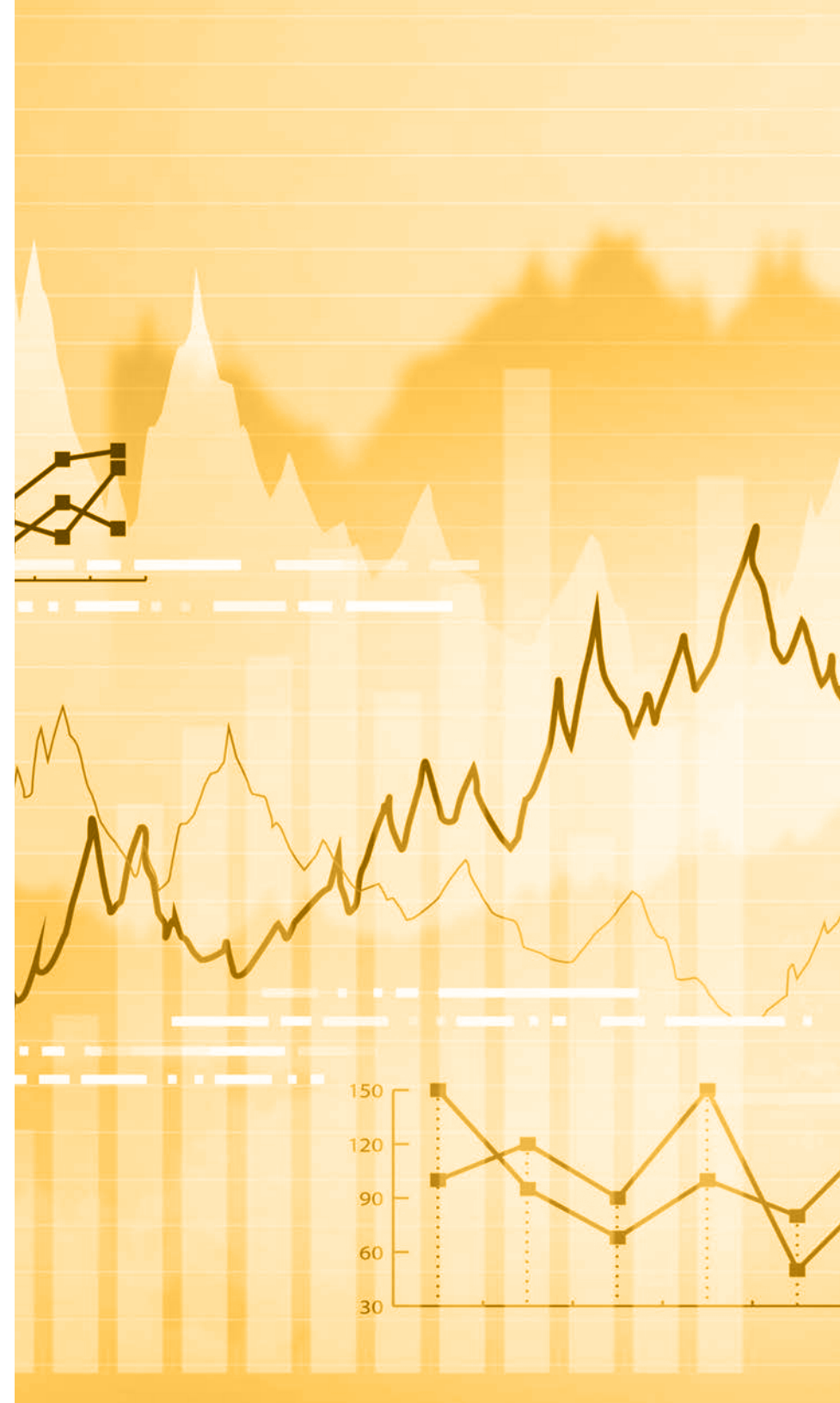
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Topics Covered in the Comprehensive 2020 AFP® Strategic Role of Treasury Survey Report

- Position of the Treasury Team on the Maturity Spectrum
- Treasury in a Lead/Support Role
- Shifts in Emphasis Over Time
- Measuring Treasury's Success
- Competency/Skill Gaps for Treasury Leaders and their Teams
- Time Spent on Professional Development
- Perceived Value of Treasury
- Factors Driving Treasury's Greater Strategic Role
- Treasury Technology





The COVID-19 pandemic and the associated economic shutdowns have had and will continue to have deep impacts on all organizations. In many instances, the drastic changes in operations companies have made in response to the pandemic served to accelerate ongoing trends, including the move to digital payments.

But the sudden disruptions brought about by COVID-19 were also a stress test. Operations, functions, teams and associated processes that were working well before the pandemic were often able to adapt quickly to support organizations. Conversely, underlying challenges and cracks rapidly surfaced to reveal the impact of delayed or needed improvements in processes or functions.

Treasurers have been in the spotlight during the COVID-19 crisis, and the prolonged and uncertain economic impacts are opportunities to accelerate to a better “new normal” in terms of the impact and role of the treasury function. For example, leading treasurers are partnering with the business and other functions across organizations to identify liquidity levers and develop liquidity risk-management frameworks to support decisions in the future. In other instances, treasury team insights are supporting supply-chain strategies and decisions around options for financing or offering flexibility in payment terms to position organizations for success. Digitalization projects that may have been lagging are being accelerated to achieve efficiencies.

With many challenges ahead, Marsh & McLennan believes this is an opportunity for treasurers to step into the driver’s seat and support vital decisions considering financial and nonfinancial impacts on an organization in the broader ecosystems of employees, customers and suppliers in the near and long-term.

Marsh & McLennan Companies is proud to support the *2020 AFP Strategic Role of Treasury Survey*.

INTRODUCTION

Treasury played an important role during the great recession and has remained a trusted partner in the subsequent years. While economies recovered from the financial crisis of 2008, global economies continued to exhibit extreme caution due to uncertainty; organizations followed suit. Business leaders held back on capex investment and maintained the building of cash reserves, stressing the importance of liquidity planning and cash management. Senior leadership at organizations today are progressively more focused on liquidity and consequently are seeking active and on-going guidance from treasury. Therefore, treasury is being tasked with responsibilities that are playing critical roles in the success of organizations; this, in turn, is giving the function greater exposure.

In early 2020, the highly contagious COVID-19 virus originated in China and quickly made its way around the globe, infecting millions of people and killing hundreds of thousands. Recognizing the severity of the virus, the World Health Organization (WHO) labeled it a global pandemic. In order to restrain the spread of the virus, many countries implemented nation-wide lockdowns which were devastating for various industries including travel, restaurant, hospitality and retail. Other sectors, too, were impacted. Indeed, very few companies were spared the impacts of the virus. Plants had to close down to minimize the spread of the virus among employees, causing disruptions and shortages. At many organizations, revenue streams began to dry up, leaving those companies strapped for cash.

Executive leadership at organizations had to look for ways to keep their businesses running and companies viable. Many of them looked to their treasury function for solutions. Business continuity

plans, where available, were put into motion. Treasury was managing an issue with which it had little experience and for which it was unprepared. While the financial crisis in 2008 was a credit crisis, the COVID-19 pandemic certainly was shaping up to become a liquidity crisis. At the time this report is going to print (August 2020), some countries have emerged from their pandemic-induced lockdowns and are returning to some semblance of normalcy. However, other countries, including the U.S., are still experiencing record numbers of COVID-19 cases in some states, preventing the U.S. economy from recovering.

Organizations are making efforts to manage in this fluid environment and are trying to anticipate future challenges. Treasury has certainly carved out a niche for itself at many organizations and will continue to be instrumental as companies prepare for what lies ahead. Treasury leaders will need to work with other departments smoothly and seamlessly to ensure there are minimum hurdles in an organization's path going forward.

Strong analytical skills, although critical, will not be sufficient by themselves for treasury to succeed in this effort. Treasury leadership and teams will have to extend themselves by being strategic, visionary, influencers and, most importantly, strong communicators.

Since 2003, the Association for Financial Professionals® (AFP) *Strategic Role of Treasury Survey* has tracked the shifting and evolving role of treasury. In 2020, the survey examined the shift in emphasis on functions by treasury, the gaps in skills/competencies for treasury leaders and their teams during COVID-19, likely positions of organizations on the maturity spectrum and the role of technology within treasury in the next three years. AFP received 260 responses from senior treasury professionals which form the basis of this report. This year's *AFP Strategic Role of Treasury Survey* is supported by Marsh & McLennan. AFP thanks Marsh & McLennan for its support. The Research Department at AFP is solely responsible for the content of this report.



KEY TAKEAWAYS



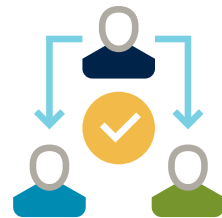
Over 80 percent (83%) of treasury professionals believe **there is a greater or significantly greater value assigned to treasury during the COVID-19 crisis.** Looking ahead, two-thirds of survey respondents (68%) believe the perceived value of the treasury function will be of greater or significantly greater value to the organization in the next three years.



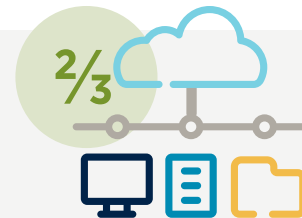
During the current COVID-19 crisis, **the two factors driving treasury's greater strategic role at organizations are liquidity management and managing cash.** These two factors will continue to drive treasury's increasing strategic role in the next three years.



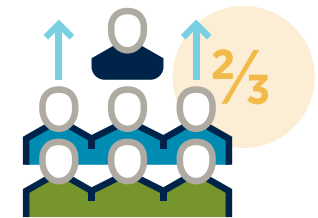
During the pandemic, treasury leaders appear to be falling short in their communication skills. Similarly, in comparing the effectiveness and importance of treasury teams within certain competencies during the coronavirus crisis, **significant gaps exist in the areas of prioritization and organization, communication and analytical skills.**



The skills/competencies considered to be very important for treasury leaders in the next three years are similar to those noted to be important during the COVID-19 crisis: i.e., communication, ability to collaborate and being a strategic thinker. Survey respondents believe **treasury leaders in the next three years should focus on communication and strategic thinking. Treasury teams in the next three years are likely to fall short in the areas of prioritization and organization and communication.**



Two-thirds of treasury professionals believe that in the next three years **treasury-specific technology will be critical or very critical to the success of treasury organizations.** Nearly 70 percent of survey respondents agree or strongly agree with the statement, "In my organization, treasury is and will be effectively using treasury-specific technology to achieve its objectives."



Two-thirds of organizations have fewer than 10 staff working in their treasury department. As expected, the higher the annual revenue of an organization, the larger the treasury staff. Sixty-eight percent of organizations with annual revenue of at least \$5 billion have 10 or more staff in their treasury department. While 28 percent of organizations in the U.S. and Canada have more than 10 staff on their treasury teams, 40 percent of organizations that are truly global have 10 or more staff in their treasury functions.



COMPETENCY/SKILL GAPS FOR TREASURY LEADERS AND THEIR TEAMS

As the role of treasury evolves, treasurers and their teams are tasked with managing a range of functions. Their responsibilities are wide-ranging and even include more traditional finance functions. Liquidity is a key focus during the COVID-19 crisis, and so treasurers are under extreme pressure and more visible to senior management. As organizations recover post-crisis, treasury will need to continue to be a reliable partner and provide guidance to their organizations as they build cash reserves and plan for future investments. To be able to deliver successfully, treasury needs to be equipped with the requisite skills whether they are leaders or working within teams.



DURING COVID-19

TREASURY LEADERSHIP: DURING COVID-19

With the crisis arising from COVID-19, treasury leaders have been tasked with responsibilities that are critical to their organizations. Companies' Boards and C-suites are looking to treasury for solutions in dealing with liquidity and cash management. Because treasury is operating in a fast-moving and unexpected environment, it needs to keep its leadership and team updated at all times with accurate data and analysis. In addition, treasury needs to be able to bring together its team to work efficiently, collaboratively and effectively. Treasury professionals believe that there are various essential skills/competencies which are important for treasury leadership to have while managing during the COVID-19 crisis. Those that were considered extremely important (cited by over 90 percent of respondents) are:

- Communication (cited by 96 percent of respondents)
- Adaptability/willing to be a change agent (93 percent)
- Ability to collaborate (93 percent)

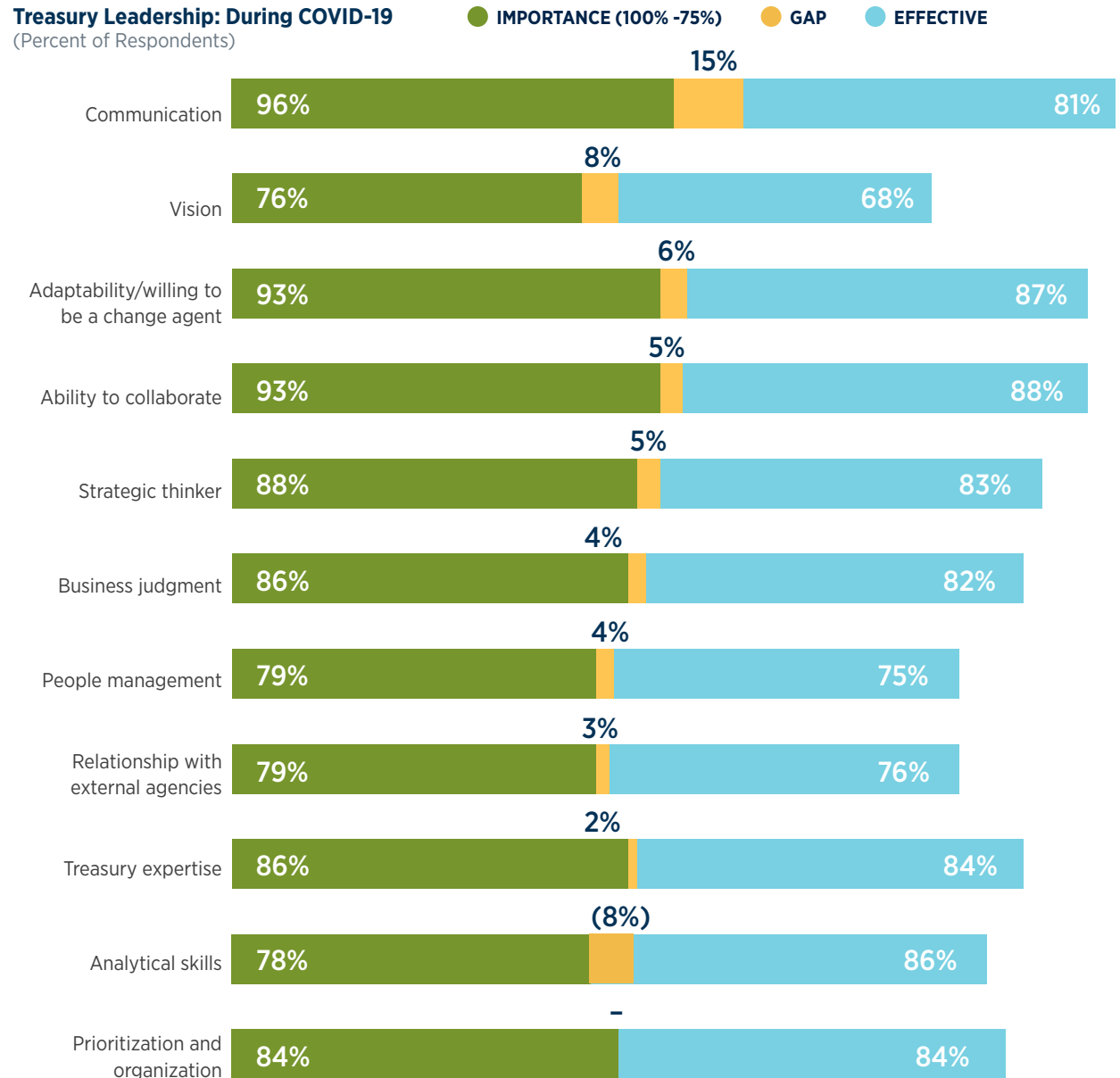
While a vast majority of respondents considers communication a critical skill for treasury leadership (96 percent), 81 percent feel that leadership is effective in this area. That is a significant 15-percentage-point gap between those that consider communication important for leadership and those that believe treasury leaders are effective in communicating. This is a competency which treasury leaders need to strengthen. With companies grappling with the impact of COVID-19, treasury leadership needs to be able to communicate effectively with their team, immediate supervisor, executive leadership and external stakeholders.



COMPETENCY/SKILL GAPS FOR TREASURY LEADERS AND THEIR TEAMS continued DURING COVID-19

In addition to the key competencies noted above, respondents believe that treasury leadership needs to be strong in other areas including strategic thinking (cited by 88 percent of survey respondents), business judgment and treasury expertise (each cited by 86 percent of respondents) and prioritization and organization (84 percent). Treasury professionals do believe that treasury leaders at their companies are effective in these areas and the gaps between importance and effectiveness are narrow.

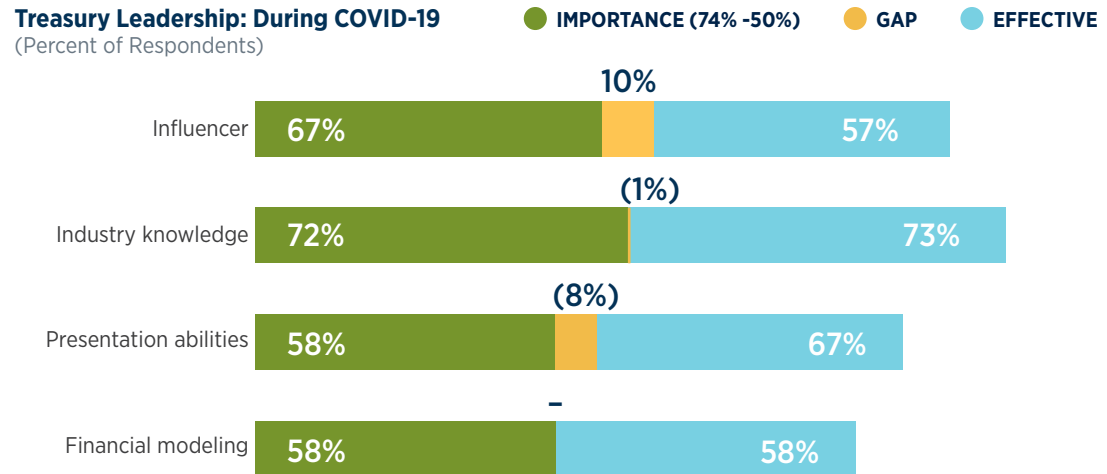
Vision or foresight of leadership is important as it assists in planning and prioritizing. Over three-fourths of treasury practitioners consider this an important competency for their leaders, however only 68 percent report that treasury leadership has the requisite vision. To be strong leaders within treasury, professionals with leadership responsibilities might want to be more visionary while operating during a crisis like COVID-19, i.e., looking ahead and anticipating. Considering the current pandemic environment is rather unique, being able to look ahead and predict accurately what might occur is challenging but nevertheless important for treasury leaders to be able to do.





COMPETENCY/SKILL GAPS FOR TREASURY LEADERS AND THEIR TEAMS continued DURING COVID-19

There are skills which are priorities for some practitioners—including industry knowledge, (being an) influencer, financial modeling and presentation abilities—but are not necessarily considered paramount by others. There is a consensus among respondents that their treasury leaders are effective in the areas of industry knowledge, financial modeling and presentation abilities; gaps between “importance” and “effectiveness” do not exist or are minimal. Two-thirds of treasury professionals look for their leaders to be influencers during the pandemic, while 57 percent report that their leaders are effective at being so. Leaders might want to consciously work on strengthening their abilities as an influencer in order to lead successfully.



TREASURY LEADERSHIP AT ORGANIZATIONS WITH STRATEGIC/OPTIMIZED TREASURY FUNCTIONS: DURING COVID-19

A vast majority of respondents (98 percent) that identify their treasury functions as strategic/optimized on the maturity continuum also consider communication an important skill for treasury leaders. At the same time, 87 percent believe that their treasury leaders are effective in this role, revealing a significant gap of 11 percentage points. However, a greater share of practitioners at these more-evolved organizations considers being an influencer is an important competency compared to the percentage of all respondents (76 percent versus 67 percent). Two-thirds of respondents at strategic/optimized organizations consider their treasury leadership to be effective influencers, signaling scope for improvement in this area.

In times of crisis, relevant information is desperately needed but may be lacking. There is significant demand on time—often more time than what is available—causing stress levels to be elevated. Factor in a remote-working environment and reduced face-to-face interaction and the disparity between what is realized compared to what is expected will be greater. For companies that identify their treasury departments as strategic/optimized, their model of efficiency is subject to strain; with that comes the necessity to communicate effectively up, down and across an organization as variables change, deadlines move and paradigms shift. This forces treasury professionals to operate in a state of continuous improvement—making efforts to increase departmental efficiency and improve current processes to match an organization’s needs effectively.



COMPETENCY/SKILL GAPS FOR TREASURY LEADERS AND THEIR TEAMS continued DURING COVID-19

TREASURY TEAMS: DURING COVID-19

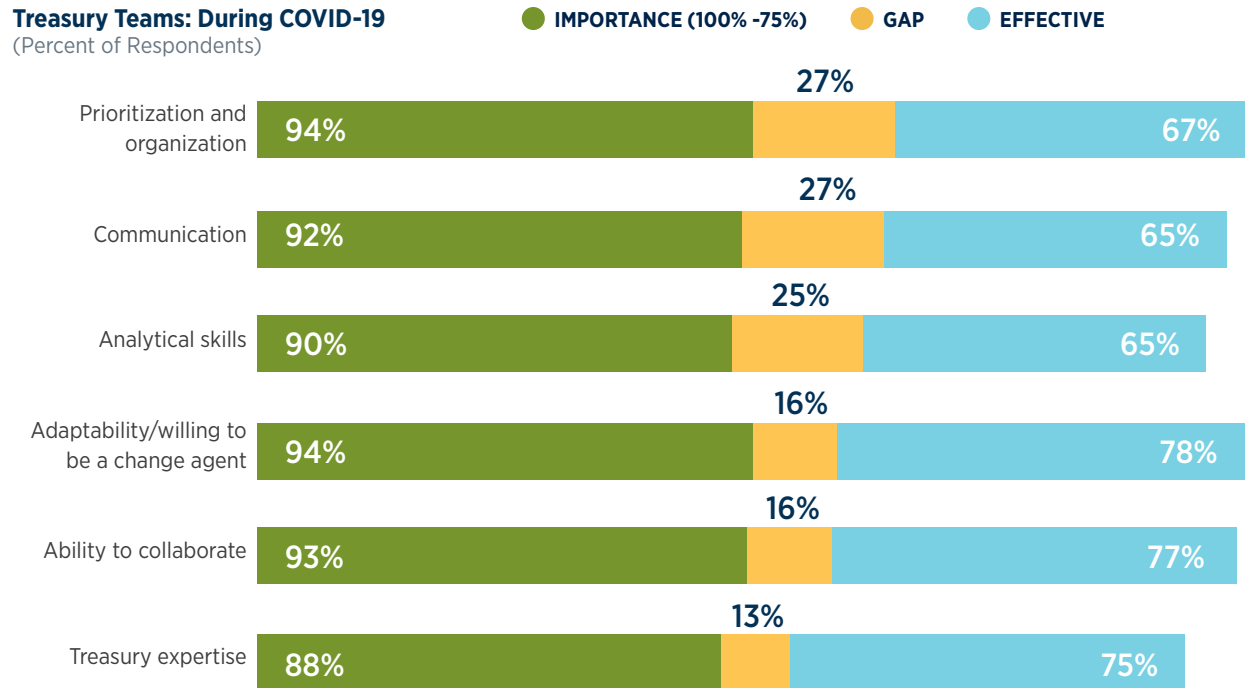
Treasury professionals confirm that to be successful and effective, treasury teams need to be proficient at a range of skills and competencies. Those considered to be very important for a team’s success during COVID-19 are:

- Adaptability/willing to be a change agent (cited by 94 percent of respondents)
- Prioritization and organization (94 percent)
- Ability to collaborate (93 percent)
- Communication (92 percent)
- Analytical skills (90 percent)
- Treasury expertise (88 percent)

In comparing the effectiveness in these skills with its importance, there are significant gaps. Prioritization and organization, communication and analytical skills are all considered to be important by at least 90 percent of respondents. However, the percentage reporting that their teams are effective in these areas is lower. Sixty-seven percent of respondents indicate their treasury teams are effective in prioritization and organization, and 65 percent report their teams are effective in both communication and analytical skills.

Operating in a crisis-ridden environment requires flexibility. Treasury teams are dealing with the unexpected. They need to be quick thinking, able to adapt seamlessly and have the necessary analytical skills to evaluate a variety of situations. In addition, it is critical that they communicate their findings to their supervisors accurately and succinctly so that prompt decisions can be made.

Treasury Teams: During COVID-19
(Percent of Respondents)



As treasury leaders focus on the professional development of their staff during the pandemic crisis, they might want to pay greater attention to building the skills/competencies considered important by practitioners and where there is room for improvement in those skills and competencies. Assisting teams in strengthening these areas will be beneficial not only to the individual team members but also to the entire treasury function—and ultimately to the organization as a whole.

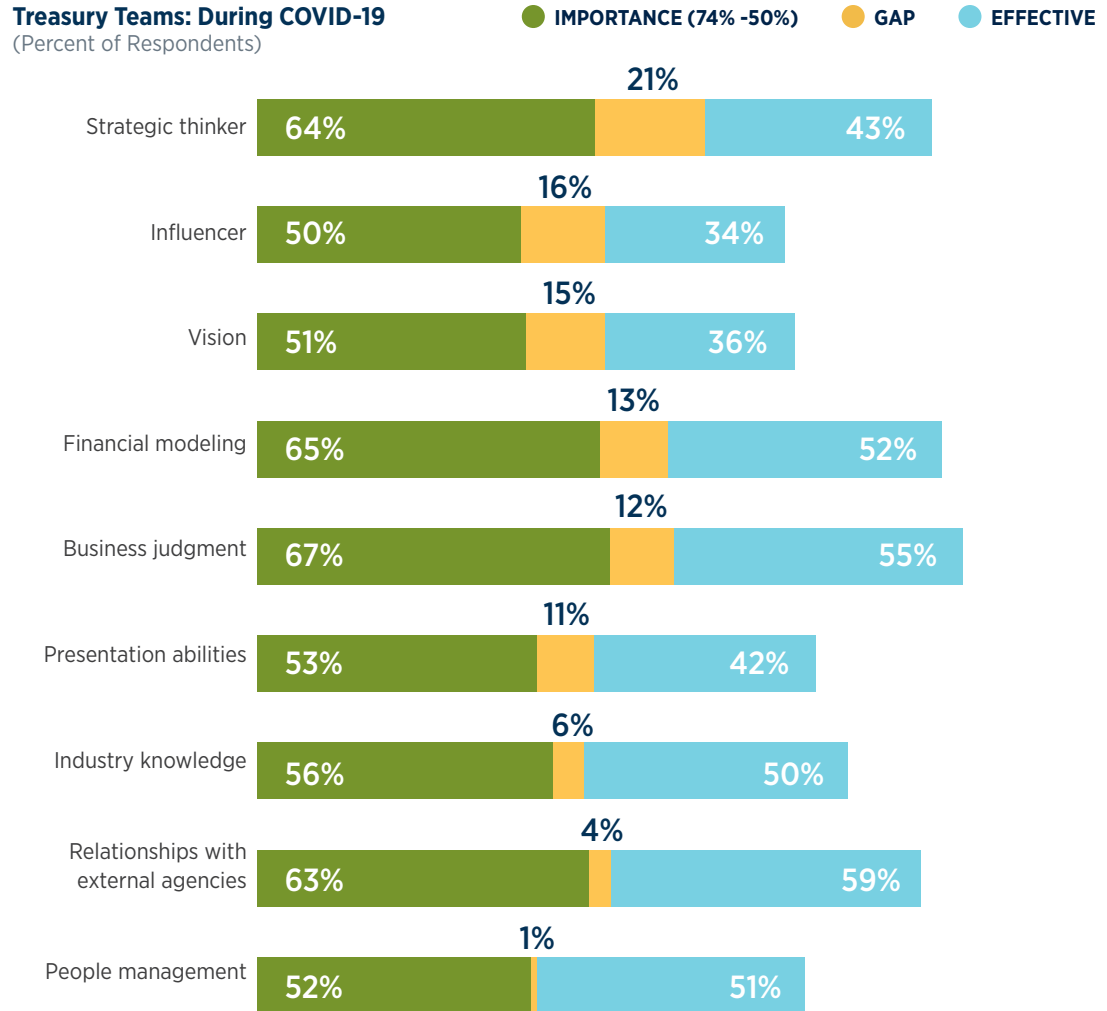
Listed below are the gaps between “importance” and “effectiveness” of skills/competencies which are considered important by treasury professionals for the team’s success during the crisis:

- Prioritization and organization (gap of 27 percentage points)
- Communication (27 percentage points)
- Analytical skills (25 percentage points)
- Ability to collaborate (16 percentage points)
- Adaptability/willing to be a change agent (16 percentage points)
- Treasury expertise (13 percentage points)



COMPETENCY/SKILL GAPS FOR TREASURY LEADERS AND THEIR TEAMS continued DURING COVID-19

Survey results reflect gaps in the remaining competencies/skills between the importance of the skill and the effectiveness of the treasury team in performing those skills. Although the importance attributed to these areas ranks lower than those above, the gaps that exist are significant. Operating in a crisis environment requires sound business judgment, financial modeling, the ability to think strategically and build relationships with external agencies. Leaders might want to prioritize and build these skills for staff members who might need them more than others on the team.





COMPETENCY/SKILL GAPS FOR TREASURY LEADERS AND THEIR TEAMS continued

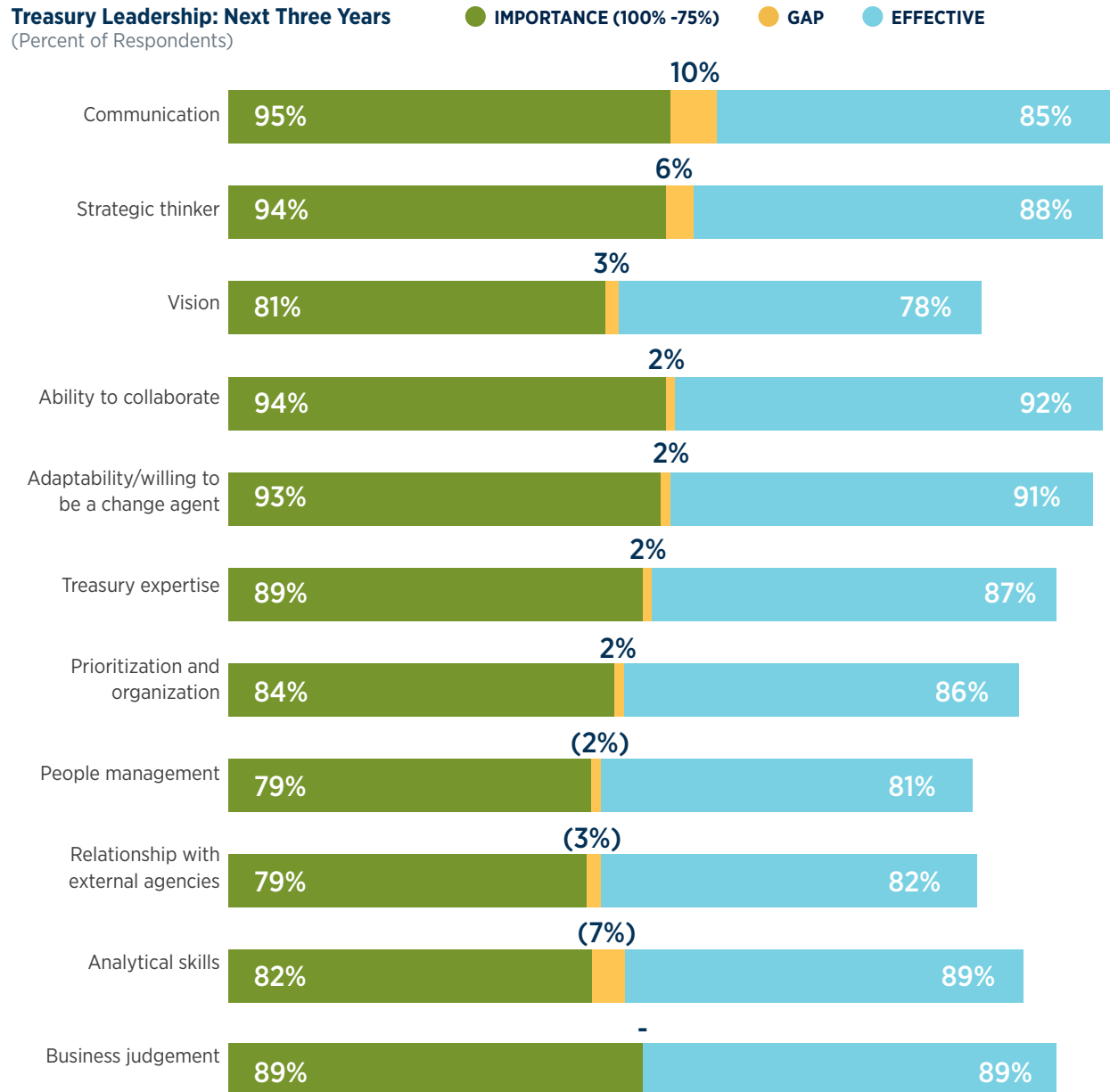
NEXT THREE YEARS

TREASURY LEADERSHIP: NEXT THREE YEARS

Looking ahead to the next three years, the skills/competencies considered very important for treasury leaders are similar to those that are considered important during the COVID-19 crisis. Communication tops the list again with 95 percent of respondents indicating it will be an important competency for treasury leadership in the next three years. The ability to collaborate and being a strategic thinker are tied at second place, with 94 percent of respondents considering each an important skill for leaders within treasury. Adaptability/willingness is cited by 93 percent of respondents as an important competency for treasury leaders in the next three years.

Although a majority of respondents believes their treasury leadership will be performing effectively in these four areas in the next three years, the gap of 10 percentage points between “importance” and “effectiveness” in communication is considerable. Consequently, communication is an area treasury leadership should focus on strengthening so it can perform optimally whether it is for a short term (e.g., during a crisis) or for a longer term. Treasury leaders often have to communicate with colleagues who are external to their immediate treasury team; being an effective communicator will require them to convey the message by minimizing technical jargon.

Treasury Leadership: Next Three Years
(Percent of Respondents)

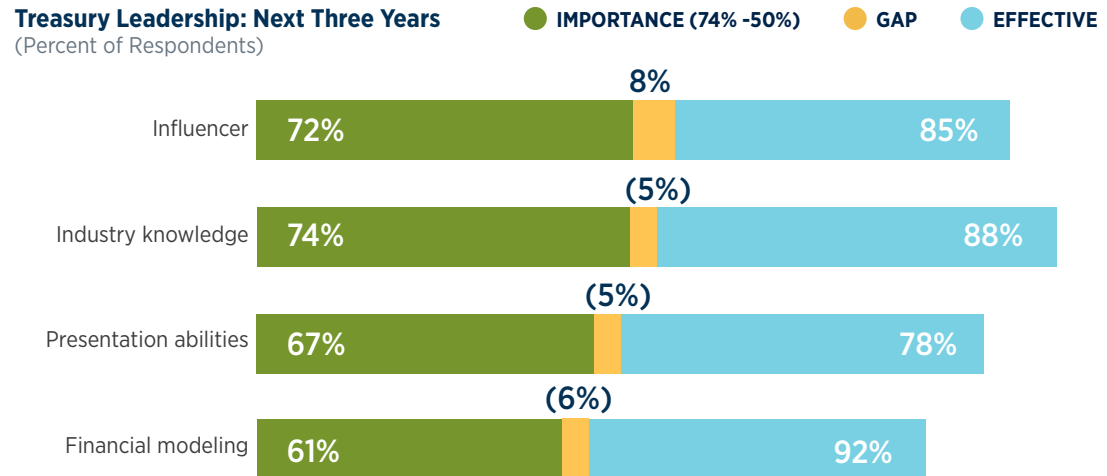




COMPETENCY/SKILL GAPS FOR TREASURY LEADERS AND THEIR TEAMS continued NEXT THREE YEARS

As treasury leadership pursues goals for its function, the ability to think strategically will continue to be very important. Over 90 percent of respondents consider it will be an important competency for treasury practitioners in order to be successful in their roles in the next three years, while 88 percent believe their treasury leaders will be effective in strategic thinking in the same time-frame. The gap, while narrow, still suggests there will be room for improvement in this area.

Although not considered a critical competency by treasury professionals for their leaders, 72 percent of respondents cite (being an) influencer an important skill while 64 percent report their treasury leadership is effective in being an influencer. As treasury leaders continue to manage teams in a post-crisis environment, the ability to influence their staff will be even more important.





COMPETENCY/SKILL GAPS FOR TREASURY LEADERS AND THEIR TEAMS continued

NEXT THREE YEARS

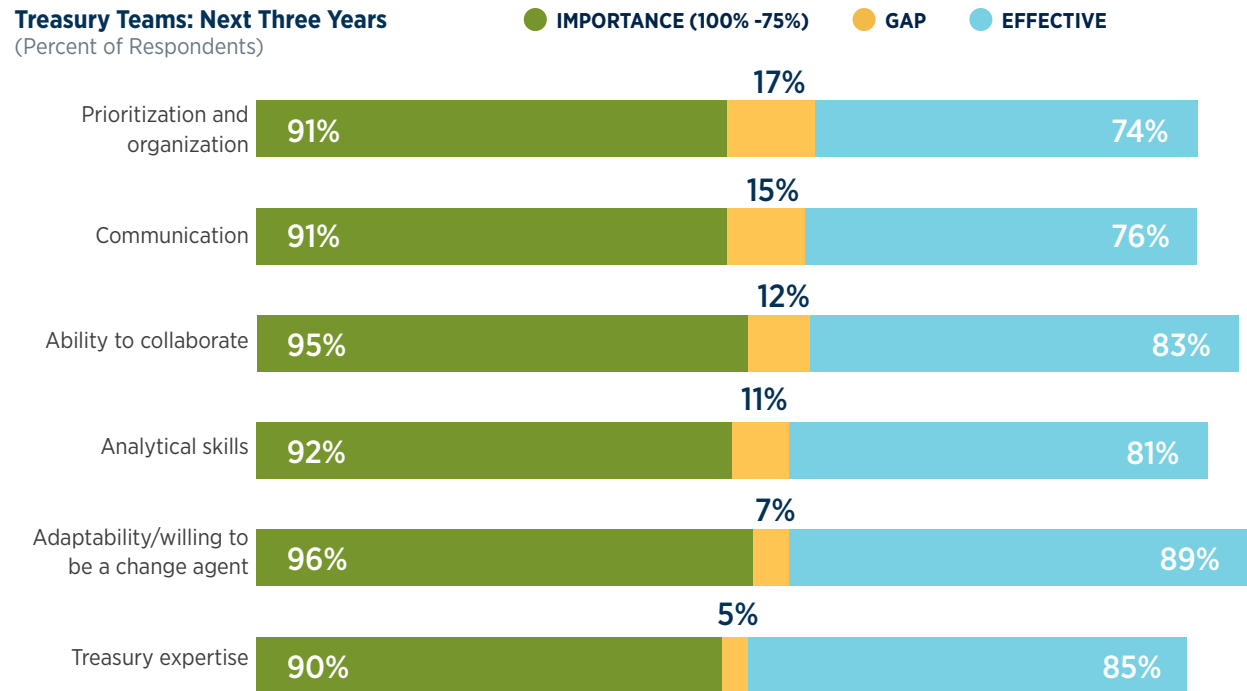
TREASURY TEAMS: NEXT THREE YEARS

Looking ahead beyond the pandemic crisis, the competencies/skills that treasury practitioners expect to be important three years from now do not differ from those they view as important for their teams during the COVID-19 crisis.

- Adaptability/willing to be a change agent (cited by 96 percent of respondents)
- Prioritization and organization (91 percent)
- Ability to collaborate (95 percent)
- Communication (91 percent)
- Analytical skills (92 percent)
- Treasury expertise (90 percent)

Respondents do report that in some competencies/skills, their treasury teams will fall short in terms of effectiveness. For the top-tier skills, there are gaps that will exist between importance and effectiveness. The widest gap is in prioritization and organization (17 percentage points) followed closely by communication (15 percentage points). In addition, the gap between importance and effectiveness is greater than 10 percentage points in both the ability to collaborate and analytical skills. These skills are key in order for treasury teams to excel as they assist their organizations with recovery. Respondents believe these are skills necessary in the long term for teams to be successful and strong contributors to the treasury function. As treasury leaders plan for the department in the future, looking at these gaps might provide them with direction on how to proceed developing their teams professionally. In their abilities to adapt and to be a change agent and within treasury expertise (seven percentage points and five percentage points, respectively), there is room for teams to improve, but the gaps are narrower.

Treasury Teams: Next Three Years
(Percent of Respondents)

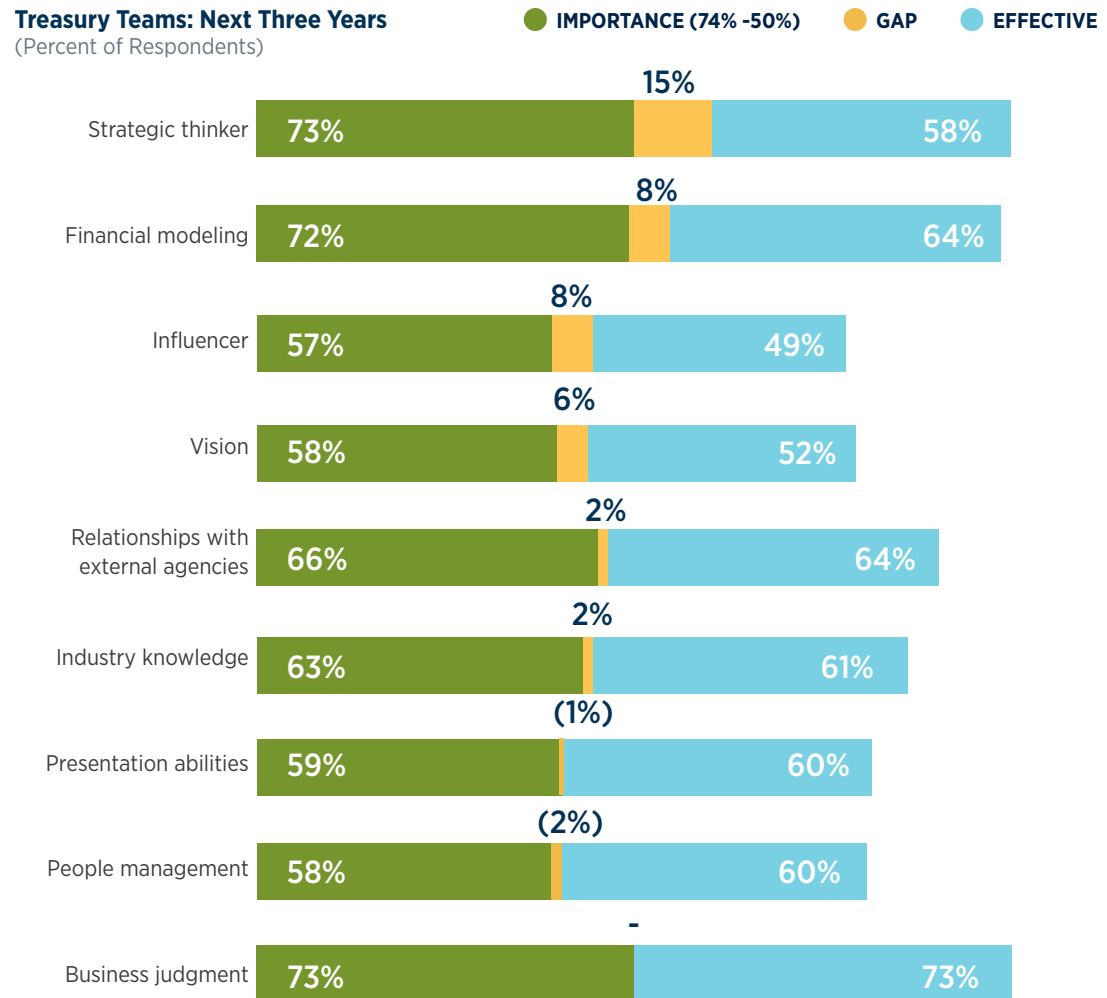




COMPETENCY/SKILL GAPS FOR TREASURY LEADERS AND THEIR TEAMS continued NEXT THREE YEARS

Although significant gaps will exist within (being a) strategic thinker (15 percentage points) and financial modeling (eight percentage points), these are competencies that are considered important by fewer treasury practitioners. Still, these gaps should not be ignored. Senior management should consider each individual and his/her potential when focusing on those skills cited by less than 75 percent of respondents. If management believes the staff has potential to move upwards or that their role in the department requires them to be effective in these areas of the organization, management might want to focus its efforts on building an employees' ability to think strategically and improve skills in financial modeling.

Respondents also cite a range of other skills and competencies they expect will be important for treasury leadership in the next three years. They include the ability to execute, technology skills, ethics, collaboration and negotiation skills and the ability to influence C-suite and management.





PERCEIVED VALUE OF TREASURY

Change in Perceived Value of Treasury Function

During the COVID-19 crisis, 83 percent of treasury professionals believe there is a greater or significantly greater value assigned to treasury. Sixty-eight percent believe the perceived value of the treasury function will be of greater or significantly greater value to the organization in the next three years.

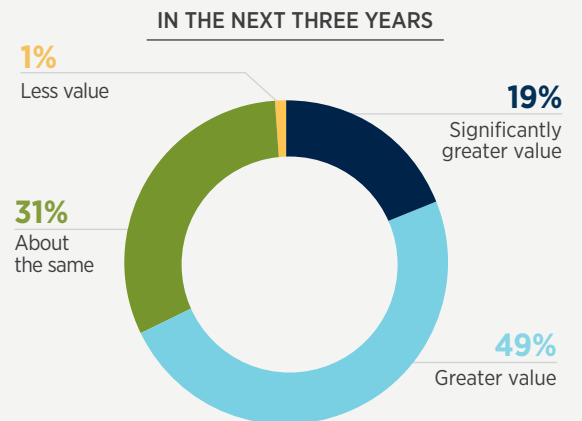
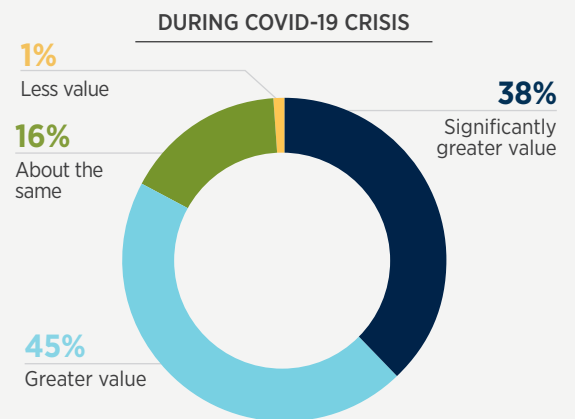
These perceptions highlight the importance placed on treasury during the pandemic. Organizations seeking solutions and answers to managing liquidity and other challenging cash management issues look to treasury for resolution. It is not that in the subsequent three years the perceived value will shift significantly, but the findings suggest that treasury's perceived value will not be as high as it is currently during the pandemic.

During the COVID-19 crisis, treasury has had a seat at the table, and has been involved in internal meetings/task force groups. Consequently treasury has had greater exposure and visibility to senior leadership (78 percent). (See the [2020 AFP COVID-19 Treasury Report](#).) Although some respondents predict that treasury's value to the organization will dip once the crisis abates, at more than two-thirds of organizations, treasury will still be valued.

Perhaps the most recent crisis—the recession—provides the best lesson here. Treasury functions at many organizations were considered valuable, reliable partners to their organization as a result of the banking crisis. The pandemic crisis is different: this is a *liquidity* crisis, but the demands on treasury are just as much if not more. Treasury is responsible for providing the necessary liquidity to an organization in order for it to survive via prudent balance-sheet management.

Because treasury has risen to the occasion during the pandemic, it now has a seat at the table. The function is represented on company task forces focusing on company viability and on surviving the pandemic from an economic standpoint. If anything, the COVID-19 crisis has shed light on what treasury was always good at, but there is a newfound respect for the function as it has risen to the challenge, all the while doing more with less.

Change in Perceived Value of Treasury Function
(Percentage Distribution of Organizations)





FACTORS DRIVING TREASURY'S GREATER STRATEGIC ROLE

Factors Driving Treasury's Greater Strategic Role During COVID-19 Crisis/In Next Three Years

As we have seen, treasury has been playing an important role at organizations during the COVID-19 crisis. The mandated lockdowns—full or in part—severely impacted numerous industries, leaving companies cash strapped. To remain viable, organizations looked to their treasury function to lead the way in helping resolve or mitigate the crisis.

During this unprecedented time, the two factors driving treasury's greater strategic role at organizations are:

- Liquidity management (cited by 60 percent of respondents)
- Managing cash is key to keeping the organization viable (58 percent)

Although these two factors are also the top reasons noted for treasury's greater strategic role in the next three years, the share of respondents that selected these options is far smaller than the share of those who cite them as driving factors during the COVID-19 crisis (47 percent and 44 percent, respectively).

Major Reasons for Treasury's Greater Strategic Role During COVID-19 Crisis/In Next Three Years

(Percent of Organizations)

	DURING COVID-19 CRISIS	NEXT THREE YEARS
Liquidity management is increasingly important	60%	47%
Managing cash is key to keeping the organization viable	58%	44%
As a result of the current crisis, senior management and the Board seek greater visibility to organization's liquidity and risk exposures	53%	36%
Organization has been more closely monitoring financial metrics	37%	29%
With revenue streams running low, financial viability is paramount	37%	24%
Treasury professionals are taking a more holistic view of the organization	24%	31%
Technology and automation will enable greater focus on higher value-added work	20%	36%
Organization has reduced staffing	15%	13%
Senior finance professionals have a great focus on regulations and are therefore delegating strategic responsibilities	11%	15%



DRIVING TREASURY'S GREATER STRATEGIC ROLE continued

Other factors that have contributed to treasury's expanding strategic role both during COVID-19 and will do so in the next three years include:

- Senior management and the Board of Directors seeking their companies' liquidity and risk exposure (cited by 53 percent of respondents during COVID-19 crisis and 36 percent in the next three years)
- Organization has been more closely monitoring financial metrics (cited by 37 percent of respondents during COVID-19 crisis and 29 percent in the next three years)
- With revenue streams running low, financial viability is paramount (cited by 37 percent of respondents during COVID-19 crisis and 24 percent in the next three years)

During the time this survey was in the field, companies were making plans to remain viable, solvent and agile. They were also making efforts to “ride out” the crisis, realizing there was no clear end in sight. Some companies have fared better than others in preparing for the looming uncertainty, but in the next three years we can expect bankruptcies, businesses closing, and consolidation of industries in those business models that were not resilient. Even in the early stage of the crisis, these trends were seen in retail and real estate industries. As the pandemic continues to evolve, there will be more information available which will allow for more focused planning.

Liquidity management is essential when planning for the unexpected, and cash is even more “king” in the current operating environment. This is where treasury can excel by highlighting its core function and being the banking center for an organization. Risk parameters will most likely be redefined as time progresses. Treasury's resiliency and capability to monitor financial metrics can help protect the viability of a company going forward.





TREASURY TECHNOLOGY

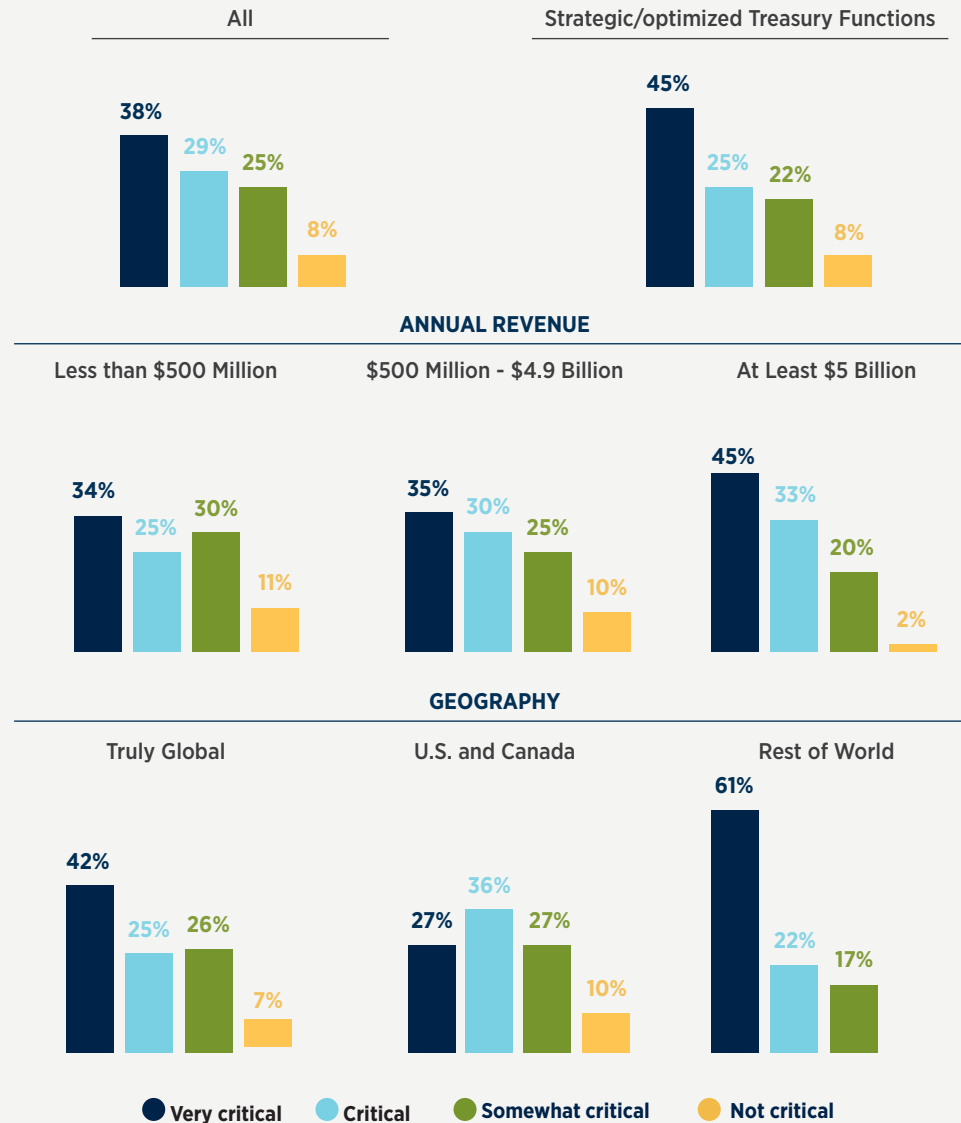
Technology's Contribution to Success

As the role of treasury becomes more complex in a volatile environment, treasury practitioners are seeking solutions to help them operate efficiently, simplify their daily tasks, and continue to assist them in complying with regulations. Treasury-specific technology helps to streamline and automate daily processes and thus allows treasury to do more with less. Technology can support treasury and allows it to play a more strategic role.

Two-thirds of treasury professionals do believe that in the next three years, treasury-specific technology will be critical (29 percent) or very critical (38 percent) to the success of treasury organizations. Twenty-five percent of survey respondents believe the role of treasury-specific technology will be somewhat critical; a mere eight percent do not believe it will be critical.

The larger an organizations' annual revenue, the more likely practitioners consider the role of technology will be important in the success of the treasury organization in the next three years. Organizations that categorize themselves as truly global and those based outside of the U.S. and Canada are also more likely to consider technology's role as critical to the success of the treasury function in the next three years.

Importance of Treasury-Specific Technology to the Success of Organization in Next Three Years
(Percentage Distribution of Organizations)



CONCLUSION

Treasury has played an important role at organizations during the COVID-19 crisis. The mandated lockdowns—in whole or in part—around the world severely impacted various industries, and organizations were struggling with managing cash. To remain viable, organizations looked to their treasury function to lead the way to resolve or mitigate the crisis. During this unprecedented time, the two factors driving treasury's greater strategic role at organizations have been managing cash and liquidity.

Other factors that have contributed to treasury's expanding strategic role both during COVID-19 and which will continue to play a role in the next three years include senior management and the Board seeking greater visibility to their companies' liquidity and risk exposure, close monitoring of financial metrics and, with revenue streams running low and maintaining financial viability.

A majority of organizations is placing a greater emphasis on cash management and forecasting, and liquidity and cash planning during the COVID-19 crisis than they did in the past three years. This highlights the importance of cash management and forecasting, and liquidity and cash planning during the current crisis. The metric being used frequently by organizations to measure treasury's success during the COVID-19 crisis is accuracy of liquidity planning, stressing the increased focus on liquidity during the crisis. Respondents anticipate that this will continue to be the key metric used even in the next three years, signaling that treasury will continue to be sought after to assist in these areas even as organizations recover.

Communication is an extremely important skill for treasury leaders, and there appears to be potential for them to build on this skill. Conveying a message accurately and succinctly and, most importantly,

comprehensibly by those external to treasury is vital in contributing to the success of the organization. Additionally, treasury leadership needs to be strategic thinkers, have business judgment and the requisite treasury expertise. Skills perceived to be important for treasury teams are prioritization and organization, communication and analytical skills; however, treasury teams do not seem to be delivering as effectively in these areas as they could—there is opportunity for improvement.

Treasury professionals believe there is significant value assigned to treasury during the coronavirus crisis, but as their organizations begin to recover, treasury's value might not sustain these elevated levels. These findings highlight the importance placed on treasury during the pandemic. Organizations seeking solutions and answers to managing liquidity and other challenging cash management issues to treasury for resolution. In the subsequent three years the perceived value will not shift significantly, but the findings suggest that treasury's perceived value will not be as high as it is currently during the pandemic.

For treasury to maintain its “seat at the table,” the department's leadership and team will need to be accessible to internal and external stakeholders and prove to be effective in liquidity and cash planning and other activities falling within their purview. Leaders will want to recognize those on the team with potential and provide them with the tools and resources needed to be more strategic and to succeed. The current crisis might fade in the next year or so, but there could very well be another crisis afterwards. Preparing for the unexpected will be important for treasury so that companies are able to continue operating with minimal disruption.



DEMOGRAPHICS: SURVEY PARTICIPANTS

In May-June 2020, the Association for Financial Professionals® (AFP) conducted a survey of senior treasury professionals globally. The survey’s aim was to study the role treasury is playing during the crisis emerging from the global COVID-19 pandemic, and expectations from the treasury function looking ahead three years. An additional goal of the survey was to determine whether treasurers and their teams are equipped with competencies critical for their success. AFP received 260 responses from senior treasury professionals which form the basis of this report.

AFP thanks Marsh & McLennan for underwriting the *AFP Strategic Role of Treasury Survey*. The survey questionnaire and the report were produced by the Research Department of the Association for Financial Professionals which is solely responsible for the content of the report. The demographic profile of the survey respondents mirrors that of AFP’s membership. The following tables summarize the characteristics of the survey respondents where organization-level demographics are provided.

TEAM STAFFING

Forty-three percent of organizations have fewer than five staff working in their treasury department, while 33 percent have more than 10 in their treasury area. Sixty-eight percent of organizations with annual revenue of less than \$500 million have treasury departments of less than five staff, while only 12 percent of larger organizations (annual revenue of at least \$5 billion) have fewer than five staff.

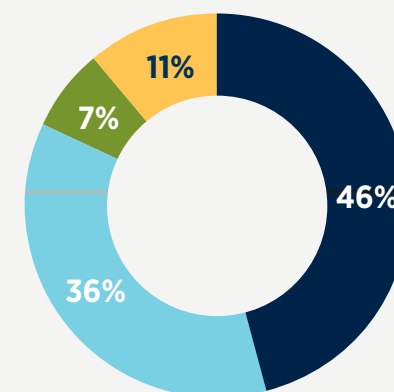
The number of people in treasury departments has increased since the *2017 AFP Strategic Role of Treasury Survey* in which only 18 percent of organizations had more than 10 staff members, and over 60 percent had less than 5 staff.

Treasury Department Staffing

(Percentage Distribution of Organizations)

	All	ANNUAL REVENUE			GEOGRAPHY		
		Less than \$500 Million	\$500 Million - \$4.9 Billion	At Least \$5 Billion	Truly Global	U.S. and Canada	Rest of World
Less than 5	43%	68%	48%	12%	43%	44%	35%
5-9	24%	23%	25%	20%	17%	28%	29%
10-19	18%	2%	20%	35%	20%	19%	18%
20 or more	15%	7%	7%	33%	20%	9%	18%

Organization’s Ownership Type
(Percentage Distribution of Organizations)

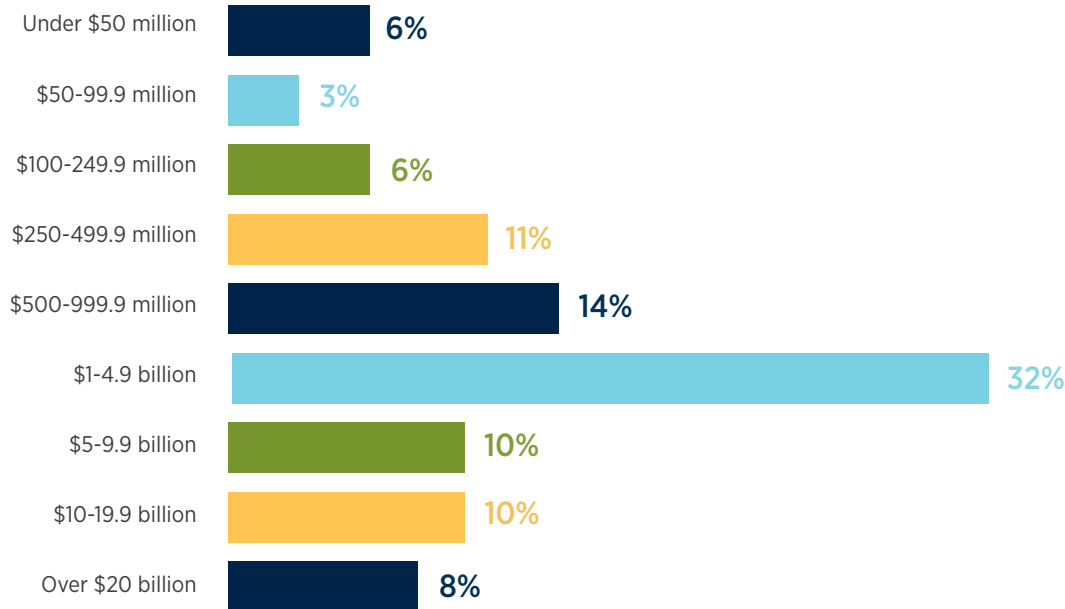


- Publicly owned
- Privately held
- Nonprofit (not-for-profit)
- Government

DEMOGRAPHICS OF SURVEY PARTICIPANTS continued

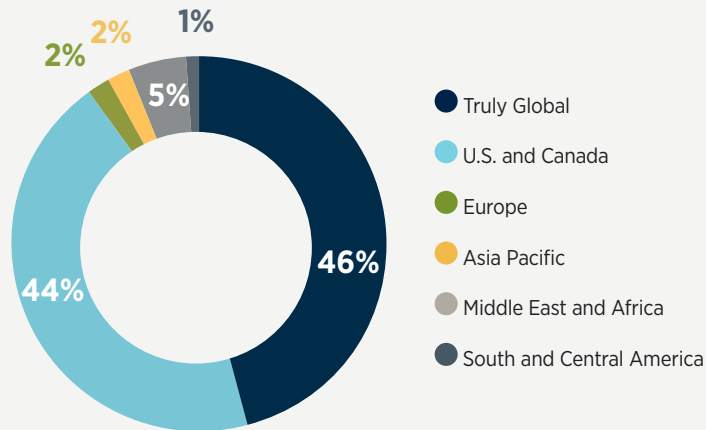
Annual Revenue (USD)

(Percentage Distribution of Organizations)



Geography

(Percentage Distribution of Organizations)



Industry

(Percentage Distribution of Organizations)

Industry	Percentage
All	
Agricultural, Forestry, Fishing & Hunting	2%
Banking/Financial Services	17%
Administrative Support/Business Services/Consulting	1%
Construction	2%
Education	6%
Energy	3%
Government	7%
Health Care and Social Assistance	5%
Hospitality/Travel/Food Services	3%
Insurance	5%
Manufacturing	21%
Mining	--
Nonprofit (including Education)	2%
Petroleum	1%
Professional/Scientific/Technical Services	3%
Real Estate/Rental/Leasing	3%
Retail Trade	2%
Wholesale Distribution	3%
Software/Technology	4%
Telecommunications/Media	2%
Transportation and Warehousing	5%
Utilities	3%



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AFP Research

AFP Research provides financial professionals with proprietary and timely research that drives business performance. AFP Research draws on the knowledge of the Association's members and its subject matter experts in areas that include bank relationship management, risk management, payments, FP&A and financial accounting and reporting. Studies report on a variety of topics, including AFP's annual compensation survey, are available online at www.AFPonline.org/research.

About AFP®

Headquartered outside of Washington, D.C. and located regionally in Singapore, the Association for Financial Professionals (AFP) is the professional society committed to advancing the success of treasury and finance members and their organizations. AFP established and administers the Certified Treasury Professional® and Certified Corporate FP&A Professional® credentials, which set standards of excellence in treasury and finance. Each year, AFP hosts the largest networking conference worldwide for more than 7,000 corporate financial professionals.

4520 East-West Highway, Suite 800

Bethesda, MD 20814

T: +1 301.907.2862 | F: +1 301.907.2864

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