

## COMPANIES LEARN THE TRUE VALUE OF TREASURY



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John Engeman is the director of treasury for David Yurman, responsible for global treasury and insurance. Prior to joining the company in 2014, he was the vice president, assistant treasurer of Kate Spade & Company, and the treasurer of the Kate Spade Foundation. His responsibilities included managing global treasury operations—cash and risk management, investments, debt, and liquidity management. A Certified Treasury Professional, Certified Management Accountant, and Certified Financial Manager, he has a BBA in finance from the University of Notre Dame and an MBA from Hofstra University.



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The year 2008 was important for treasury because for many companies, traditional cash flow dried up. If a company's treasury was not proactive and forward thinking during those years of tight credit, that company did not have a chance. Treasury had to become either a strategic advisor or an entity that jumped to the head of the line in communicating with the CEO.

I was at Liz Claiborne (now Kate Spade & Company) during those challenging times. It was a difficult period for the apparel industry, and Liz Claiborne divested itself of many brands to preserve cash flow. We pursued a variety of strategies to maintain sufficient liquidity when credit dried up and some banks simply stopped lending to us. Treasury was forced to be innovative, finding new and creative ways of valuing and monetizing our assets. We changed our approach to managing global currencies and collaborated with suppliers without having to issue letters of credit. Just to provide an idea of how this changed treasury's role, before the financial crisis, treasury met with the Board maybe twice a year, usually to report on how the 401(k) plan had performed. When the crisis set in, we were presenting to the Board six times a year, explaining our liquidity issues to them and being asked for recommendations. We became deeply involved in developing the company's financial and operational strategies.

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### KEY LESSONS

- 1 WHEN TREASURY IS PROACTIVE IN OFFERING INSIGHT AND ANALYSIS AND KNOWLEDGE OF RISK EXPOSURE AND MITIGATION, IT CAN HELP MAKE KEY BUSINESS DECISIONS.
- 2 A PROACTIVE TREASURY CAN PINPOINT OPPORTUNITIES AND STRATEGIES THAT UNLOCK VALUE FOR THE COMPANY.

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As a result of this experience it became clear the value treasury could bring to the table – that being proactive in offering our insight and analysis and our knowledge of risk exposure and mitigation, we were relied upon to make key business decisions, sometimes having direct influence on the future viability of the company.

The credit crisis offered an opportunity for treasury to prove its value and provide strategic solutions that continue today. While the crisis has passed, the focus has shifted from doing everything possible to preserve cash and liquidity to looking at opportunities that unlock value for the company. This may include managing risk differently, providing improved models for global currencies and hedging strategies, providing new financial management tools to business units, or using analytics and technology to guide operations in ways that make forecasting more accurate. It's up to treasury to take advantage of its elevated position so that it will have a positive influence on business operations.

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