



2013 AFP Treasury Benchmarking Program Survey Report of Survey Results

2013 AFP Treasury Benchmarking Program Survey

Report of Survey Results

September 2013



**Association for
Financial Professionals®**

Association for Financial Professionals
4520 East-West Highway, Suite 750
Bethesda, MD 20814
Phone 301.907.2862
Fax 301.907.2864
www.AFPonline.org



About the Research

As organizations seek new and better ways of achieving efficiency, meeting effectiveness targets and elevating performance, executives continue to look for information and insights that provide a competitive edge for their companies. Benchmarking is a critical tool in this process.

Since 2008, the Association for Financial Professionals (AFP) and the IBM Corporation have partnered on the *AFP Treasury Benchmarking Program*. The program's goal remains simple: providing benchmark data to financial professionals so they can compare the performance of their organizations' treasury operations against that of their peers. This year's survey report highlights important treasury operations and treasury policy topics that have direct impact on today's organizations. It examines a number of metrics that can help financial professionals optimize their organizations' treasury operations.

The objectives of the 2013 survey of the *AFP Treasury Benchmarking Program* were:

- To determine performance levels achieved by all survey participants
- To define the world-class (80th percentile) benchmark targets
- To analyze performance levels by peer groups
- To provide a basis of comparison of organization performance that allows financial professionals to identify performance gaps and evaluate opportunities for improvement

Financial professionals who draw on benchmarking data to drive improvement efforts in their organization can begin to move their treasury operations closer to peak performance.

This report serves as a starting point to understanding critical aspects of treasury operations by presenting data on full-time equivalents (FTE), throughput, cycle times and cost. It looks at key treasury benchmark data and presents both the median and the 80th percentile responses for three types of peer groups based, respectively, on annual revenue, industry and ownership type. Analysis of responses is also presented on the topic of treasury department policies and procedures which was a new focus in the 2013 survey.

As in previous surveys, responses from AFP members to the *2013 AFP Treasury Benchmarking Program Survey* were supplemented by responses from alumni members of The Financial Executives Networking Group (The FENG). AFP thanks all of the 554 survey respondents for their investment of time in contributing to this important research. The enthusiastic participation of such financial professionals played an important role in the success of this year's survey. AFP also thanks the IBM Corporation, which provided critical technical support and benchmarking expertise.

A glossary of terms associated with the project can be found at the end of this report. We welcome your thoughts on the 2013 survey of the *AFP Treasury Benchmarking Program*. Please direct any comments or questions to Research@AFPonline.org



Introduction

The 2013 survey for the *AFP Treasury Benchmarking Program*, like its predecessors, highlights opportunities for performance improvement within many treasury functions. These highlights reveal significant differences in key metrics that separate the median organization (at the 50th percentile) from its benchmark peers (at the 80th percentile). For instance, looking at full-time equivalents (FTEs) and cost of operations, the typical (median) organization—normalized to adjust for size based on annual revenue—is often less efficient by a matter of multiples relative to the benchmark company.

While performance data is provided in charts and tables in this report for ease of reference, in the Appendix 1, (page 24) evaluating and improving a treasury department's performance requires detailed understanding of the inputs, outputs and throughput of each treasury function. Strategic management of treasury operations requires a broad view of operational and organizational objectives, too, where cost and efficiency metrics are not the only measures of success.

With the goal of gaining a broader view on treasury effectiveness and efficiency, the 2013 survey asked financial professionals about the impact on organizational performance of treasury policies and procedures. The influence of such factors on organizational culture and operations should not be understated. While organization size, the industry in which it operates and ownership type account for many differences in operational outcomes, policies are part of a larger set of factors that drive the performance of treasury functions within these sub-categories.

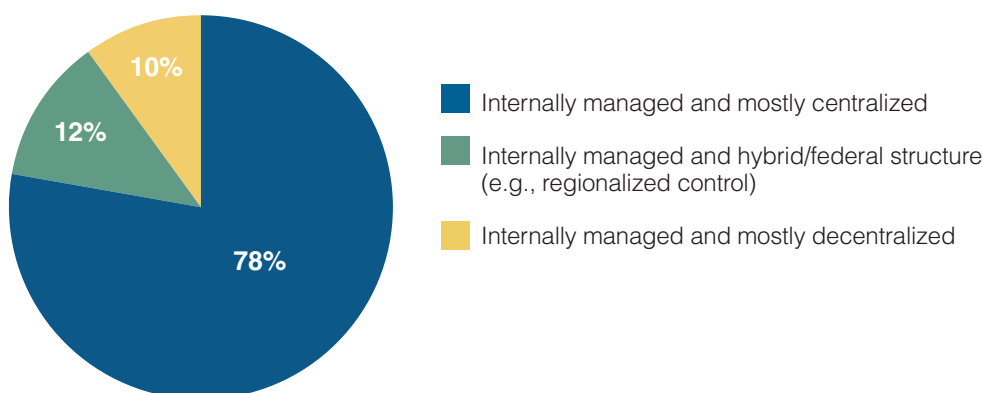
We hope that the benchmarking data presented in this report will bring greater focus to opportunities for improvement within treasury operations, including the integral but less often examined topic of policies. Financial professionals will find many angles into the performance of treasury operations in the pages that follow.

Overview: Treasury Operations

Although a centralized finance function is typical among the organizations represented in the *2013 AFP Treasury Benchmarking Program Survey*, alternative structures are not uncommon. Nearly four in five treasury organizations operate with an internally managed and centralized finance function. However, at large organizations with revenues of at least \$1 billion and at publicly traded companies, finance process management can be relatively more decentralized or more likely to follow a hybrid or federated structure with regionalized control. Few if any organizations maintain a finance process that is “mostly outsourced.” Some companies utilize Business Processing Outsourcing – or BPOs – but that approach tends to be more focused around shared service center type processes. It is not all that often that an organization’s treasury operation is outsourced.

Financial Process Management

(Percentage Distribution)



Financial Process Management

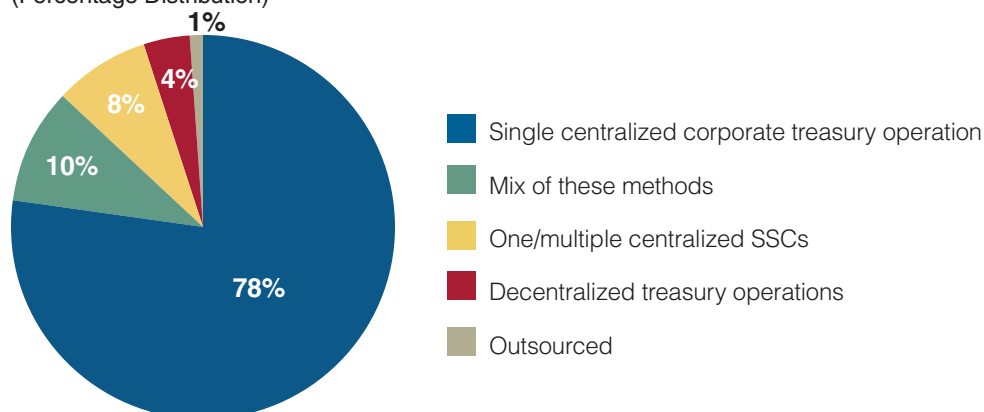
(Percentage Distribution)

	Overall	Revenue Under \$1 Billion	Revenue at Least \$1 Billion	Publicly Traded	Privately Owned
Internally managed and mostly centralized	78%	80%	74%	70%	86%
Internally managed and hybrid/federal structure (e.g., regionalized control)	12%	10%	14%	16%	8%
Internally managed and mostly decentralized	10%	9%	12%	14%	6%

As with the management of finance processes as a whole, a large majority of treasury operations are delivered through a single centralized corporate function – but not all. Decentralized or outsourced treasury operations are relatively uncommon. Still, a more sizable share of organizations uses a mix of methods or one or more shared services centers (SSCs). Again, large organizations and those that are publicly traded are more likely to have hybrid structures for delivering treasury operations.

Delivery of Treasury Operations

(Percentage Distribution)



Delivery of Treasury Operations

(Percentage Distribution)

	Overall	Revenue Under \$1 Billion	Revenue at Least \$1 Billion	Publicly Traded	Privately Owned
Single centralized corporate treasury operation	78%	81%	72%	72%	81%
Mix of these methods	10%	8%	13%	16%	6%
One/multiple centralized SSCs	8%	5%	12%	7%	9%
Decentralized treasury operations	4%	5%	3%	5%	4%
Outsourced	0%	1%	0%	0%	0%

Organizations' treasury functions do differ considerably in their approach to managing cash, particularly the primary system used to do so. Even with advances in technology and automation, about half of organizations continue to manage cash manually, including the use of spreadsheets. The share is greater – three in five – for smaller-sized organizations (those with annual revenue below \$1 billion) and fully 63 percent of privately owned organizations. Usage patterns for other systems show a fairly fragmented landscape with no single provider commanding more than ten percent of overall share. Bank treasury management platforms are used by nine percent of organizations, followed by SunGard at seven percent.

The majority of companies utilize the flexibility and simplicity of spreadsheets. Often times, ERP (Enterprise Resource Planning) modules or a treasury workstation's cash forecasting capabilities are not specific or customizable enough to fulfill a company's needs. Also, there are various differences in the frequency/timing/horizon that companies look at when forecasting, along with the method and the process they go through. No two companies are the same. The downside to this diversity is that the security and knowledge transfer of customizable and flexible solutions might not be the same as for workstation or ERP modules.

Primary System Used to Manage Cash

(Percentage Distribution)

	Overall	Revenue Under \$1 Billion	Revenue at Least \$1 Billion	Publicly Traded	Privately Owned
Manual/spreadsheet	52%	60%	39%	42%	63%
Bank Treasury Management Platform	9%	10%	8%	8%	10%
SunGard	7%	2%	16%	12%	4%
SAP	6%	6%	8%	8%	5%
Other Cash Management System	6%	7%	1%	3%	10%
Wall Street System	5%	1%	11%	9%	2%
Internally developed technology	3%	3%	3%	3%	4%
Oracle	3%	3%	4%	4%	1%
Kyriba	3%	3%	4%	4%	1%
XRT	1%	1%	2%	3%	1%
IT2	1%	1%	2%	3%	0%
GTreasury	1%	1%	2%	1%	0%
Treasury Services Provider Software	1%	1%	1%	1%	1%
Not applicable/no system used	0%	1%	0%	0%	0%



Cost Structure

Given some of the underlying similarities among treasury departments in terms of organizational structure and sophistication of systems, comparisons of cost structures can be valuable. For purposes of this study, survey respondents were asked to provide all costs associated with generating the income that results from continuing operations. Total cost of continuing operations includes cost of goods sold, selling expenses, and general and administrative expenses. Excluded were taxes, extraordinary items, unusual or infrequent items stated below the “Income from Continuing Operations” line, and gains or losses due to discontinued operations or changes in accounting principles.

In the typical respondent organization, personnel expenses account for three-fifths of the total annual costs for treasury operations. Seventeen percent of the total annual costs are for external (outsourcing) expenses. Systems costs represent 12 percent while overhead and other costs amount to 11 percent of the total cost of continuing operations.

In dollar terms, the median total cost of treasury operations is \$0.84 per \$1,000 of annual revenue, but that figure drops to \$0.28 per \$1,000 of annual revenue at the benchmark firm. In 2012, comparable costs were \$0.98 and \$0.24, respectively. The typical organization with annual revenues between \$500 million and \$999 million has a total treasury operations cost of \$0.83 per \$1,000 of annual revenue; the benchmark organization’s treasury operations cost is \$0.49 per \$1,000 of annual revenue. The metrics drop to \$0.43 (median) and \$0.20 per \$1,000 (benchmark) of annual revenue at organizations with annual revenues between \$10 billion and \$20 billion.

Cost Definitions

Personnel Cost

Personnel costs are those associated with personnel compensation and fringe benefits of employees (i.e., those classified as FTEs which includes both full-time and part-time salaried/hourly employees) contributing to each respective process. In the current survey, personnel cost consist of the following:

- **Employee Compensation:** Includes salaries and wages, bonuses, overtime and benefits.
- **Fringe:** Includes organizational contributions made towards the employees’ government retirement fund, workers’ compensation, insurance plans, savings plans, pension funds/retirement plans and stock purchase plans. This also includes special allowances, such as relocation expenses and car/transportation allowances.

(Employee compensation and fringe benefits for employees working on systems are not included in personnel costs. See next section.)

Systems Cost

Systems costs include all expenses, paid or incurred, in conjunction with:

- Computer hardware or computer software acquired by an organization or provided to an organization through service contracts, as well as any related costs to process, service and maintain computer hardware or computer software.
- The costs of providing and maintaining services for each applicable process (e.g., computer system(s) processing (CPU) time, network/system communication charges, maintenance costs for applications and data storage). This includes the costs related to LANs, WANs, etc. This does not include one-time costs for major new systems developments/replacements.
- Consultant fees were not included in depreciation of new system implementations. Survey respondents were asked to report only those costs that occur more than six (6) months after implementation as normal system maintenance costs.
- Any systems cost (e.g., maintenance) which is outsourced to a third-party supplier should have been captured in the separate cost category labeled “outsourced cost.”
- All salaries, overtime, employee benefits, bonuses or fees paid to full-time, part-time or temporary employees or independent contractors who perform services relating to computer hardware, computer software, processing or systems support.

External Costs

In determining external costs, survey respondents were asked to include the total cost of outsourcing all aspects of each process to a third-party supplier. Excluded were one-time charges for any type of restructuring or reorganization. Outsourced costs also included costs for intra-company outsourcing (i.e., reliance on a shared services center).

Overhead Costs

For purposes of this study, survey respondents were asked to provide the total actual overhead costs for the year in which the specified process was conducted. These are costs that cannot be identified as a direct cost of providing a product or a service. Such expenses include the primary allocated costs such as occupancy, facilities, utilities, maintenance costs and other major costs allocated to the consuming departments. Excluded were systems costs that are allocated, since these were captured separately as systems costs.

Other Costs

Other costs are those associated with the specified process, but not specifically included in personnel, systems, overhead and/or outsourced costs in the current survey. These other expenses include costs for supplies and office equipment, travel, training and seminars, and the cost of telephones except for that portion of telephone expenses captured in systems costs.



Key Treasury Benchmarks and Metrics

The following section provides a summary of benchmarks and metrics from the *2013 AFP Treasury Benchmarking Program* with accompanying tables providing detailed data in the Appendix 1 (page 24). Where applicable, summary data is presented for both the median and the 80th percentile for the overall survey data and is cross-tabbed by industry, annual revenue, and ownership type of the responding organizations. (See Appendix 2 on page 49 for definitions of processes.)

Full-Time Equivalents (FTEs)

FTEs: Total Treasury Operations

The typical organization has 4.00 full-time equivalents (FTEs) in its treasury operation for every \$1 billion of annual revenue that the organization generates, compared to the 4.35 FTEs reported in 2012. The benchmark organization has 1.36 FTEs in its treasury operation, down from 1.46 reported in the previous survey. The number of FTEs deployed to serve treasury operations differs (on a normalized basis) by organization size. The typical organization with annual revenues between \$500 million and \$999 million has 5.84 FTEs per \$1 billion of annual revenue, while those organizations with annual revenues between \$5 billion and \$10 billion have a median of 1.40 FTEs per \$1 billion of annual revenue. Privately held companies have a significantly greater number of FTEs on a normalized basis than do publicly traded ones. Organizations in the retail/wholesale, government and services industries report the highest median number of FTEs while those in the energy and manufacturing industries have the fewest.

FTEs: Cash Management Activities

The typical organization uses 1.17 FTEs for every \$1 billion of annual revenue to perform cash management activities while the benchmark organization uses 0.39. In 2012, the figures were 1.20 and 0.42 FTEs, respectively. The typical organization with annual revenues between \$500 million and \$999 million has 1.57 FTEs per \$1 billion of annual revenue (on a normalized basis) to conduct “manage cash” processes versus 0.39 FTEs at organizations with annual revenues between \$5 billion and \$10 billion. Privately held companies and those in the retail/wholesale industry deploy significantly more FTEs on a normalized basis than do publicly traded ones and those in the energy industry.

FTEs: Debt and Investments

The typical organization uses 0.71 FTEs for every \$1 billion of annual revenue to manage debt and investments, less than the number of FTEs reported in 2012. The benchmark organization uses 0.25 FTEs in serving the function compared to the 0.24 FTEs reported in 2012. Smaller organizations use more FTEs: the typical organization with annual revenues between \$500 million and \$999 million employs 1.09 FTEs per \$1 billion of annual revenue (on a normalized basis) to manage debt and investments, while organizations with annual rev-

venues between \$5 billion and \$10 billion use 0.29 FTEs per \$1 billion of annual revenue for the same function. Privately held companies have significantly more FTEs on a normalized basis than do publicly traded ones. Organizations in the government and services industries tend to use more FTEs than do those in other sectors, while manufacturing companies use the fewest FTEs to handle the management of debt and investments.

FTEs: In-House Bank Accounts

The typical organization uses 0.51 FTEs for every \$1 billion of annual revenue to manage in-house bank accounts. The benchmark organization uses 0.16 FTEs to serve the same function. In 2012, the figures were 0.72 FTEs and 0.17 FTEs, respectively. The typical organization with annual revenues between \$500 million and \$999 million has 0.85 FTEs per \$1 billion of annual revenue (on a normalized basis) to manage in-house bank accounts versus a median of 0.20 FTEs for organizations with annual revenues between \$5 billion and \$10 billion. Privately held companies have significantly more FTEs on a normalized basis than do publicly traded ones, as do companies in the retail/wholesale and services industries. Industries that typically have fewer FTEs to handle the management of in-house bank accounts are energy, information/communications and manufacturing.

FTEs: Financial Risks

The typical organization uses 0.55 FTEs for every \$1 billion of annual revenue to manage financial risks while the benchmark organization uses 0.19 FTEs to perform the function. For comparison, the figures in 2012 were 0.60 FTEs and 0.21 FTEs, respectively. The typical organization with annual revenues between \$500 million and \$999 million employs 0.91 FTEs per \$1 billion of annual revenue (on a normalized basis) to manage financial risks, while organizations with annual revenues between \$5 and \$10 billion use a median of 0.19 FTEs per \$1 billion of annual revenue to perform the same function. Privately held companies use significantly more FTEs on a normalized basis than do publicly traded ones. Companies that rely on a greater number of FTEs to manage financial risks include those in retail/wholesale and services. Industries that typically have fewer FTEs managing financial risks in organizations are energy and transportation/warehousing.

FTEs: Treasury Policies and Procedures

The typical organization uses 0.42 FTEs for every \$1 billion of annual revenue to manage treasury policies and procedures while the benchmark organization uses 0.12 FTEs for the same functional area. In 2012 the comparable figures were 0.51 FTEs and 0.17 FTEs, respectively. As with overall treasury function staffing, the amount of human resources deployed to manage treasury policies and procedures differs (on a normalized basis) by organization size. The typical organization with annual revenues between \$500 million and

\$999 million employs 0.77 FTEs per \$1 billion of annual revenue (on a normalized basis) to manage treasury policies and procedures, while organizations with annual revenues between \$5 billion and \$10 billion employ a median of 0.17 FTEs per \$1 billion of annual revenue for the same function. Privately held companies employ significantly more FTEs on a normalized basis than do publicly traded ones. In addition, those organizations that tend to have a greater number of FTEs dedicated to the management of treasury policies and procedures are in the retail/ wholesale, government and services industries. Industries that typically have fewer FTEs to support treasury policies and procedures processes are transportation/warehousing, information/communication, finance/insurance and energy.

Throughput and Cycle Times

Throughput

The median number of cash receipts processed annually per “manage cash” FTE is 10,000; at the 80th percentile 112,222 cash receipts are processed per FTE. (“Manage cash” includes concentration, lockbox, disbursement, trust and fiduciary.) In 2012, the median was 16,667 cash receipts per “manage cash” FTE and 333,333 at the 80th percentile. Organizations with annual revenues between \$500 million and \$999 million typically process 12,500 cash receipts per “manage cash” FTE, with the median number of cash receipts doubling to 25,000 for organizations with annual revenues between \$2 billion and \$5 billion.

The typical organization reconciles 25.8 bank accounts per “manage cash” FTE while top-performing organizations reconcile 98.4 bank accounts per “manage cash” FTE. In 2012, the figures were 25.0 and 99.2, respectively. The typical organization with annual revenues between \$500 million and \$999 million reconciles 41.6 bank accounts per “manage cash” FTE compared to the 33.3 bank accounts per “manage cash” FTE for the typical organization with annual revenues between \$5 billion and \$10 billion. Industry segments in which organizations reconcile a greater number of bank accounts per “manage cash” FTE are finance/insurance and manufacturing while organizations in government and transportation/warehousing tend to reconcile fewer accounts per FTE.

Cycle Times

The typical organization takes two days to resolve bank account discrepancies while the benchmark organization takes one day. In the typical organization, treasury develops a short-term cash flow forecast in 4.0 hours; in comparison, top performers accomplish this task in only 2.0 hours. The typical organization needs two hours to concentrate/physically pool cash and to establish the daily position, with the benchmark performance at one hour. The time needed to concentrate/physically pool cash and to establish the daily positions tends to increase the larger an organization is and was longest (at 3.0 hours) for companies with annual revenues of about \$10 billion.

Treasury Policies

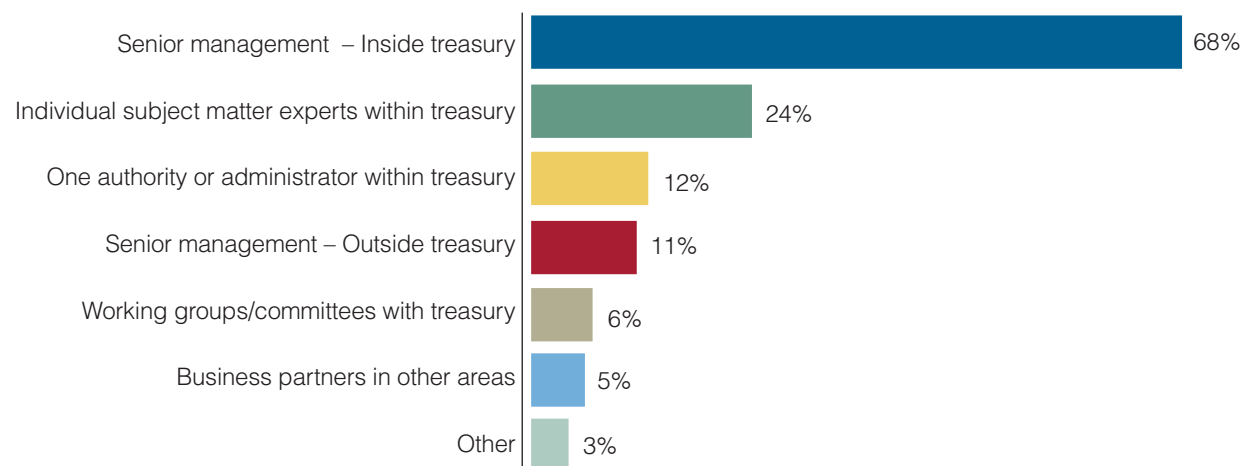
A new area of focus in the *2013 AFP Treasury Benchmarking Program Survey* was the role of treasury policies and procedures, an often overlooked topic integral to operational performance. A large majority of financial professionals reports that their organizations' corporate approach to treasury policies is for mandating enterprise-wide standards. Mandated policy standards are most common at large companies with revenues at or above \$1 billion annually and at publicly traded companies; (82 percent and 79 percent, respectively, of such companies have mandated policy standards). Some organizations view policy standards only as recommendations (voluntary) while relatively few organizations have no standards or do not see any value in such standards. Such views of policy standards are in the minority, as most financial professionals report that their organizations' treasury functions embrace either mandated or recommended standards for treasury policies.

Corporate Philosophy on Treasury Policies (Percentage Distribution)

	Overall	Revenue Under \$1 Billion	Revenue at Least \$1 Billion	Publicly Traded	Privately Owned
Enterprise-wide standards are mandated	69%	60%	82%	79%	58%
Enterprise-wide standards are recommended	15%	20%	11%	15%	17%
No enterprise-wide standards	11%	16%	4%	5%	16%
We do not see any value in enterprise-wide standards	5%	4%	3%	1%	10%

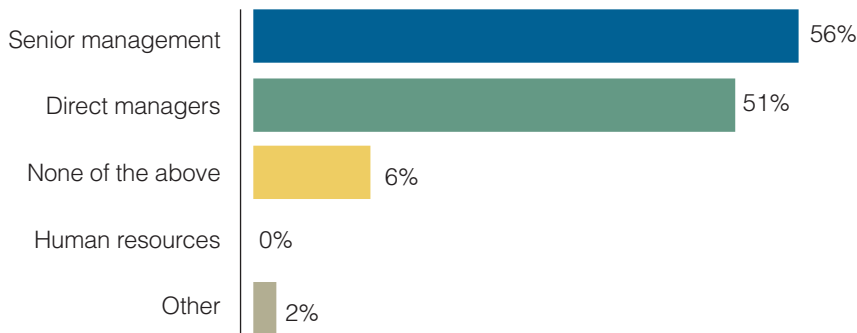
As departmental policies are often treasury-specific, the individuals most often involved in writing and updating treasury policies are senior management inside treasury. Individual subject-matter experts within treasury are the next most common source for writing and updating policies, followed by a treasury department authority/administrator. In some cases, senior management outside of treasury departments are most involved in the process (presumably finance department management).

Person(s) Most Often Involved in Writing and Updating Treasury Policies
(Percent of Organizations)



Senior management and direct managers in finance typically are the primary sources for communicating and training staff on treasury policies. Human Resources is not typically involved.

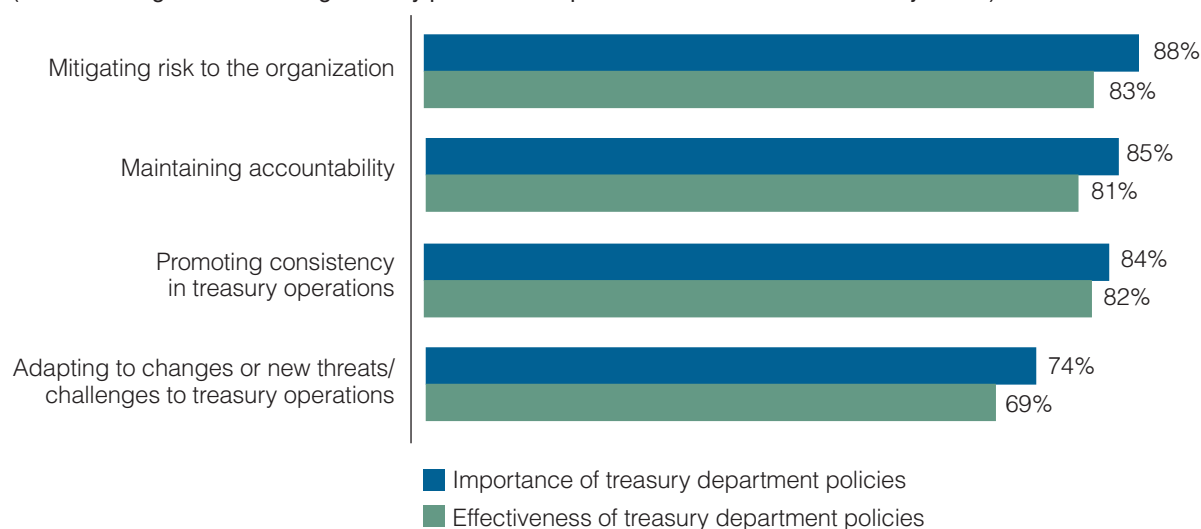
Person(s) Most Often Involved in Communicating and Training Treasury Department Staff on Treasury Policies
(Percent of Organizations)



Policies within treasury can address a number of objectives. According to their own assessment, financial professionals rate their organizations' treasury policies fairly important in terms of mitigating risk to the organization. Indeed, mitigating risk may be the primary objective of rigorous policies and procedures. Maintaining accountability in policy adherence and promoting consistency are secondary and adapting to changes is of even less importance. Financial professionals rate the *effectiveness* of their organizations' policies consistently across the objectives with the exception of adapting to changes or to new threats/challenges to operations which scores lower. Given the importance of policies in mitigating risk to organizations, it is worth considering why effectiveness in this area also does not score higher.

Rating of Treasury Department Policies

(Percent of organizations citing treasury policies as important or effective for various objectives)



Rating of Treasury Department Policies

(Mean Score)

	Importance 1=No Importance 5=Critical Importance	Effectiveness 1=Very Ineffective 5=Very Effective
Promoting consistency in treasury operations	3.23	3.16
Maintaining accountability for adherence to policy	3.30	3.14
Adapting to changes or new threats/challenges in treasury operations	3.00	2.82
Mitigating risk to the organization	3.44	3.14

One may consider policies on a spectrum of “formality” (as this study did). At the beginning of the spectrum, unofficial operating standards or rules of thumb are the least formal policy format. They then evolve into a set of written guidelines or procedures, and at the end of the spectrum are formal, written policies. Treasury departments vary in the degree to which they formalize business activities with policies. Over half of organizations maintain a formal written policy for investment management, for example, with another 20 percent operating through written guidelines/procedures in that same area. For a smaller share of treasury operations, unofficial operating standards are sufficient while at about one in ten organizations investment management protocols do not apply (e.g., see commodities management).

As the role of treasury continues to expand, policies and procedures follow. Examples of this are functions such as customer/vendor credit evaluation and approval along with real estate management. Assessing credit has a high applicability in terms of policy setting especially as companies seek to manage their working capital more efficiently. Customer/vendor credit evaluation and approval is an example of companies reaching out to treasury departments for treasury’s analytical and technical expertise, even if that credit evaluation function does not currently report to treasury. Real estate management is also becoming an area for which treasury departments have more oversight. Despite its lower ranking as a method through which treasury formalizes business activities, real estate management continues to be part of treasury’s oversight or function.

Method Through Which Treasury Formalizes Business Activities

(Percentage Distribution)

	Through a formal written policy	Through a set of written guidelines/procedures	Unofficial operating standards/rules of thumb	Not applicable
Investment Management	56%	20%	13%	11%
Treasury Governance	39%	38%	21%	2%
Customer Vendor Credit Evaluation and Approval	34%	34%	17%	15%
FX Management	32%	19%	19%	31%
Bank Relationship Management	27%	25%	48%	1%
Counterparty Risk Evaluation	27%	21%	28%	25%
Insurance Management	24%	38%	24%	14%
In-house Banking	21%	35%	25%	19%
Commodities Management	18%	10%	8%	64%
Payments Risk Evaluation	18%	33%	35%	14%
Real Estate Management	15%	19%	22%	44%
Cash Concentration and Forecasting	15%	47%	36%	2%

Organizations differ in the extent to which their treasury departments maintain specific formal written policies. Publicly traded companies and large organizations with annual revenues of at least \$1 billion are most likely to maintain formal written policies. With the exception of investment management and treasury governance, fewer than half of organizations maintain the most formalized policies in other business activity categories, largely relying on written guidelines or procedures instead. Some areas, such as bank relationship management, are generally “policed” under unofficial operating standards and rules of thumb. Publicly traded companies are required to comply with Sarbanes Oxley regulations (SOX). As a result, many of their procedures are well documented, reviewed on a regular basis and signed off on. Privately held companies can opt in to follow SOX standards, but the requirements are fewer and perhaps a large driver in the discrepancy in the results between the two categories.

Organizations’ Formalizing Business Activities Through Formal Written Policy

(Percent of Organizations)

	Overall	Revenue Under \$1 Billion	Revenue at Least \$1 Billion	Publicly Traded	Privately Owned
Investment Management	56%	54%	70%	65%	36%
Treasury Governance	39%	34%	52%	49%	26%
Customer/Vendor Credit Evaluation and Approval	34%	28%	44%	39%	32%
FX Management	32%	23%	49%	50%	20%
Counterparty Risk Evaluation	27%	20%	40%	41%	14%
Bank Relationship Management	27%	21%	30%	26%	22%
Insurance Management	24%	17%	35%	28%	18%
In-house Banking	21%	11%	31%	25%	17%
Commodities Management	18%	11%	32%	33%	9%
Payments Risk Evaluation	18%	12%	28%	26%	12%
Real Estate Management	15%	13%	22%	19%	12%
Cash Concentration and Forecasting	15%	13%	21%	19%	10%



Policies in Perspective

The next section presents snapshots of five featured policies based on the responses of financial professionals whose departments have formal written policies. Financial professionals may wish to benchmark:

- Objectives of the policy
- Relative importance of the policy (to treasury)
- Frequency of review and update of the policy
- Highest level of approval, oversight, and review of the policy

We examined a number of specific policies for two main reasons:

- 1) the processes were considered core to a treasury department in carrying out their duties (cash concentration and investment management);
- 2) the processes are driven by economic conditions, and mitigate risk or seek to improve overall working capital management (FX management and customer/vendor management).

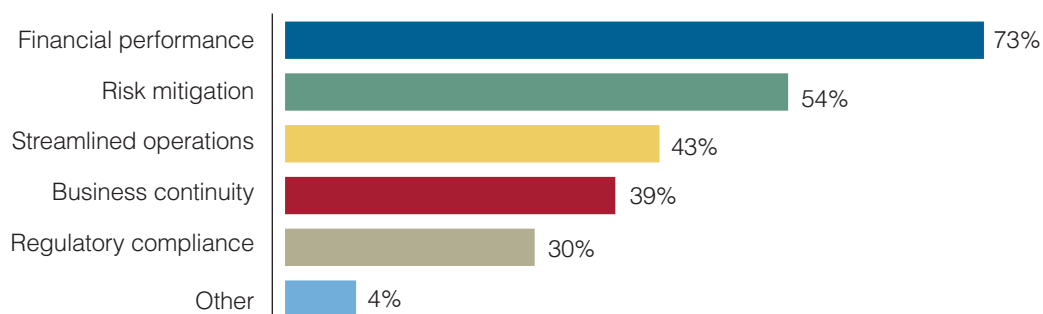
Much of this more detailed analysis of the impact of policies on treasury operation performance looks at the main objectives of a particular policy, its level of importance, what management level has approval levels and the frequency of which the policy is reviewed and updated.

Cash Concentration and Forecasting Policy

For an overwhelming majority of organizations, having a formal (written) cash concentration and forecasting policy is vital. The main objective for such a policy is to monitor and optimize financial performance. Nearly three quarters of organizations have a policy for this reason. Risk mitigation is also an important factor in a company's cash and forecasting policy. Almost half of organizations review their policies once a year.

Main Objective of Cash Concentration and Forecasting Policy

(Percent of Organizations)

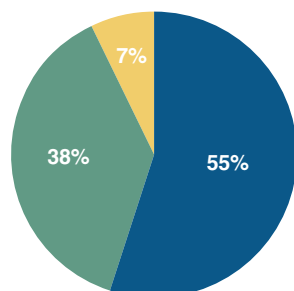


Main Objective of Cash Concentration and Forecasting Policy

	Overall	Revenue Under \$1 Billion	Revenue at Least \$1 Billion	Publicly Traded	Privately Owned
Financial Performance	73%	89%	64%	64%	81%
Risk Mitigation	54%	61%	48%	71%	44%
Streamlined Operations	43%	50%	33%	39%	38%
Business Continuity	39%	50%	33%	50%	44%
Regulatory Compliance	30%	28%	30%	32%	25%
Other	4%	6%	3%	0%	13%

Importance of Cash Concentration and Forecasting Policy

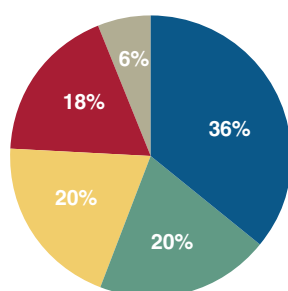
(Percentage Distribution)



■ Critically important
■ Important
■ Somewhat important

Highest Level of Approval, Oversight and Review of Cash Concentration and Forecasting Policy

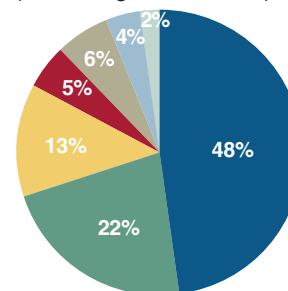
(Percentage Distribution)



■ CFO
■ Executive management team/committee
■ Treasurer
■ Board of Directors
■ Assistant Treasurer

Frequency of Review/Update of Cash Concentration and Forecasting Policy

(Percentage Distribution)



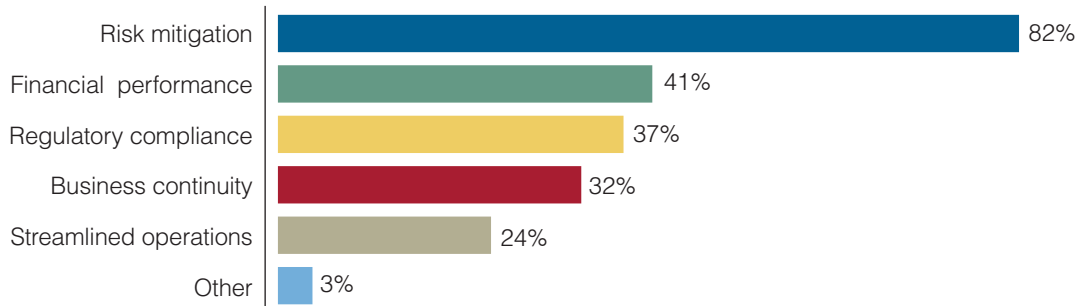
■ Annually
■ About every other year
■ Quarterly
■ About twice a year
■ Every three to five years
■ Ad hoc
■ More than once per quarter

Customer/Vendor Credit Evaluation and Approval Policy

Most organizations have a written customer/vendor credit evaluation and approval policy, with 82 percent citing risk mitigation as the main objective for such a policy. Almost four out of ten indicate the policy is to ensure regulatory compliance. In two-thirds of organizations, oversight and review of credit evaluation policies is done by the CFO or an executive management team/committee.

Main Objective of Customer/Vendor Credit Evaluation and Approval Policy

(Percent of Organizations)

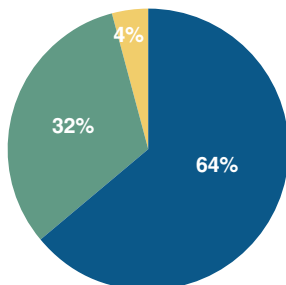


Main Objective of Customer/Vendor Credit Evaluation and Approval Policy

	Overall	Revenue Under \$1 Billion	Revenue at Least \$1 Billion	Publicly Traded	Privately Owned
Risk Mitigation	82%	82%	82%	82%	83%
Financial Performance	41%	42%	39%	41%	40%
Regulatory Compliance	37%	29%	43%	39%	27%
Business Continuity	32%	29%	30%	29%	38%
Streamlined Operations	24%	29%	23%	22%	25%
Other	3%	3%	3%	2%	2%

Importance of Having Customer/Vendor Credit Evaluation and Approval Policy

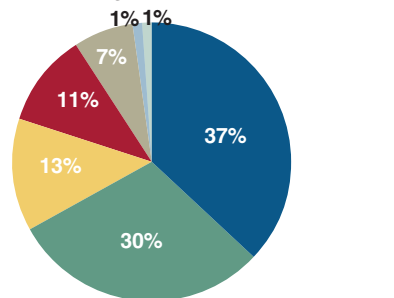
(Percentage Distribution)



■ Critically important
■ Important
■ Somewhat important

Highest Level of Approval, Oversight and Review of Policy on Customer/Vendor Credit Evaluation and Approval

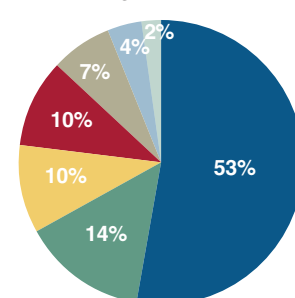
(Percentage Distribution)



■ CFO
■ Executive management team/committee
■ Treasurer
■ Board of Directors
■ Assistant Treasurer

Frequency of Customer/Vendor Credit Evaluation and Approval Policy Review and Update

(Percentage Distribution)

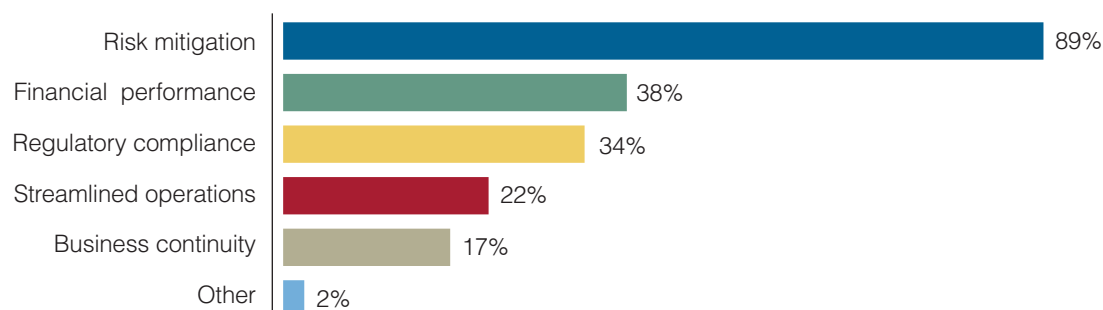


■ Annually
■ Ad hoc
■ Quarterly
■ About every other year
■ About twice a year
■ More than once per quarter
■ Every three to five years

Foreign Exchange (FX) and Interest Rate Management Policy

Of those organizations which have a formal, written FX and interest rate management policy, 68 percent feel that such a policy is critically important, particularly in how it mitigates risk. Almost half of organizations review such a policy on an annual basis, with the CFO and/or the Board of Directors having the greatest oversight of the policy.

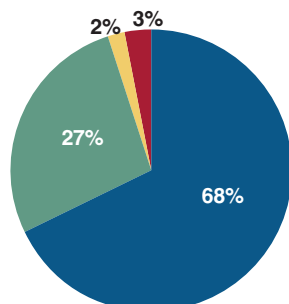
Main Objective of FX and Interest Rate Management Policy (Percent of Organizations)



Main Objective of Foreign Exchange (FX) and Interest Rate Management Policy

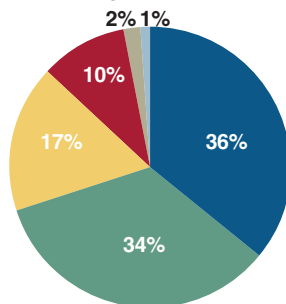
	Overall	Revenue Under \$1 Billion	Revenue at Least \$1 Billion	Publicly Traded	Privately Owned
Risk Mitigation	89%	88%	89%	91%	87%
Financial Performance	38%	36%	35%	40%	29%
Regulatory Compliance	34%	39%	31%	34%	29%
Streamlined Operations	22%	24%	18%	26%	13%
Business Continuity	17%	18%	17%	17%	13%
Other	2%	3%	1%	1%	3%

Importance of FX and Interest Rate Management Policy (Percentage Distribution)



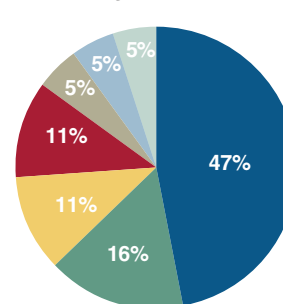
- Critically important
- Important
- Somewhat important
- Not important at all

Highest Level of Approval, Oversight and Review of Policy on FX and Interest Rate Management (Percentage Distribution)



- CFO
- Board of Directors
- Executive management team/committee
- Treasurer
- Controller
- Assistant Treasurer

Frequency of FX and Interest Rate Management Policy Review and Update (Percentage Distribution)



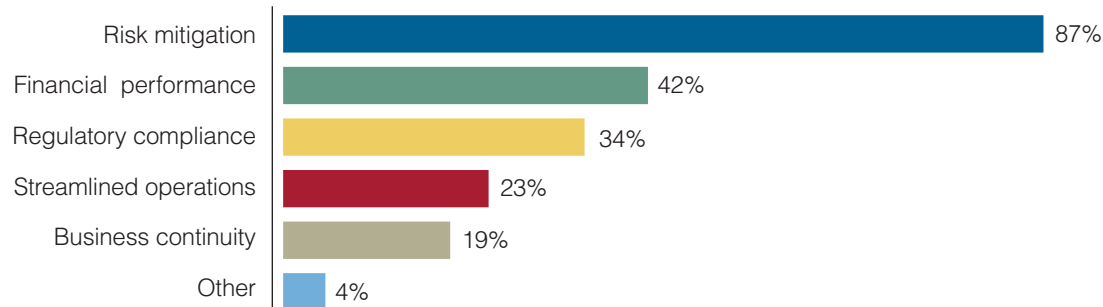
- Annually
- About every other year
- About twice a year
- Ad hoc
- More than once per quarter
- Quarterly
- Every three to five years

Investment Management Policy

Three quarters of financial professionals feel that having a written investment management policy is critically important to their organizations. In more than half of organizations with such a policy, the Board of Directors has oversight/approval authority and policies are reviewed on an annual basis.

Main Objective of Investment Management Policy

(Percent of Organizations)

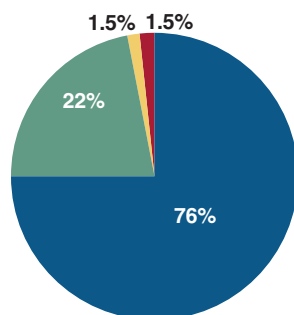


Main Objective of Investment Management Policy

	Overall	Revenue Under \$1 Billion	Revenue at Least \$1 Billion	Publicly Traded	Privately Owned
Risk Mitigation	87%	88%	89%	87%	91%
Financial Performance	42%	44%	38%	39%	36%
Regulatory Compliance	34%	39%	32%	30%	30%
Business Continuity	23%	19%	24%	23%	21%
Streamlined Operations	19%	15%	23%	22%	18%
Other	4%	4%	4%	6%	2%

Importance of Investment Management Policy

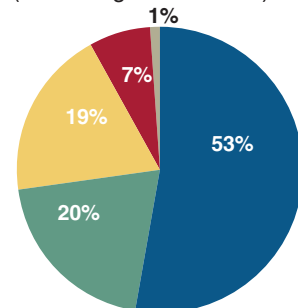
(Percentage Distribution)



- Critically important
- Important
- Somewhat important
- Not important at all

Highest Level of Approval, Oversight and Review Policy on Investment Management

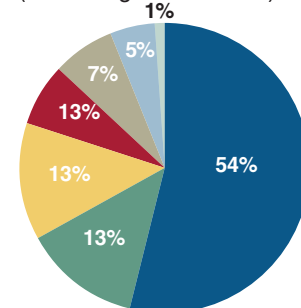
(Percentage Distribution)



- Board of Directors
- Executive management team/committee
- CFO
- Treasurer
- Assistant Treasurer

Frequency of Investment Management Policy Review and Update

(Percentage Distribution)

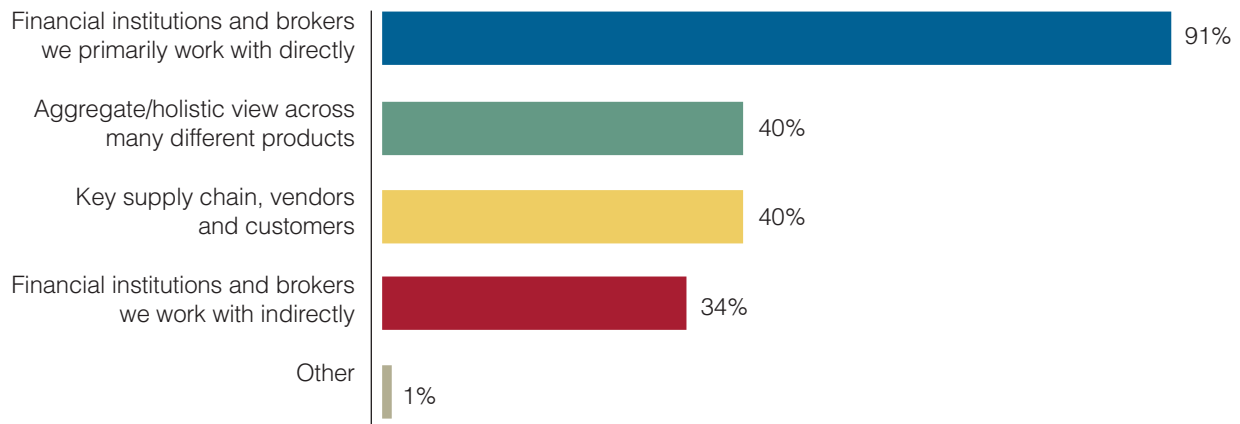


- Annually
- Ad hoc
- About every other year
- Quarterly
- Every three to five years
- About twice a year

Counterparty Risk

Counterparty risk can refer to risks associated with a financial partner but also with vendors and customers that are key stakeholders or supply-chain participants. Counterparty risk might not often have its own separate policy, but rather be integrated into or part of a particular policy – especially FX risk, bank relationship management, investment management or commodities risk management. Counterparty risk and review has become a much more important management issue for many companies.

Types of Counterparties Covered by Counterparty Risk Policy (Percent of Organizations)



Types of Counterparties Covered by Counterparty Risk Policy (Percent of Organizations)

	Overall	Revenue Under \$1 Billion	Revenue at Least \$1 Billion	Publicly Traded	Privately Owned
Financial institutions and brokers we primarily work with directly	91%	89%	91%	93%	86%
Aggregate/holistic view across many different products	40%	29%	46%	41%	33%
Key supply chain, vendors and customers	40%	36%	44%	37%	57%
Financial institutions and brokers we work with indirectly	34%	39%	30%	30%	29%
Other	1%	4%	0%	0%	0%

Conclusion

What does the benchmark treasury function look like in 2013?

Key operational metrics establish the contours for benchmark performance: cost of operations that are a fraction of those of typical peers, a number of FTEs that is below that in an average organization, higher transaction volumes and faster cycle times.

The *AFP Treasury Benchmarking Program* continues to provide financial professionals with key data to help them determine the effectiveness and efficiency of their treasury operations. As seen in previous editions of the benchmarking survey, the 2013 survey also reveals that beyond such summary metrics are a series of organizational inputs and factors that are no less integral to establishing and understanding benchmark performance. These factors are not confined to organization size, industry and ownership, but they do drive performance within these categories. Policies are one example of an area that influences organizational culture and operations, and the relationship between policies and organizational performance merits further exploration.

With all the dynamics and demands at play in any organization, treasury professionals make tradeoffs and reconcile competing priorities with limited resources. Optimizing treasury operations does not necessarily mean pursuing one benchmark to the exclusion of others, but rather tailoring operational improvement efforts appropriately to the challenges and opportunities of the department and the organization as a whole. A wide lens will continue to serve practitioners well in attaining peak performance as the treasury function continues to evolve with business needs and expectations.

Profile of Respondents

This is the sixth year of the partnership between AFP and IBM to present benchmark data to financial professionals. In April 2013, the Association for Financial Professionals (AFP) sent a 40-question survey to AFP corporate practitioner members. In addition, AFP sent the survey to alumni members of the Financial Executives Networking Group (The FENG). The survey generated 554 responses which are the basis of this report. The following tables summarize the characteristics of the survey respondents.

Country (Percentage Distribution)		Industry (Percentage Distribution)		Ownership Type (Percentage Distribution)	
United States	90%	Academic	3%	Publicly traded	42%
Canada	6	Banking	4	Privately owned	41
Other	4	Business Services/ Consulting/Legal	11	Not-for-profit	10
Revenue (Percentage Distribution)		Communications/Media/ Information Provider	3	Government	7
Under \$10 Million	11%	Energy/Utility/Petroleum	11		
\$10-99.9 Million	8	Financial Services	11		
\$100-249.9 Million	8	Government	2		
\$250-499.9 Million	9	Health Services	3		
\$500-999.9 Million	10	Hospitality/Travel/ Transportation	3		
\$1-4.9 Billion	32	Insurance	8		
\$5-9.9 Billion	8	Manufacturing	26		
\$10-20 Billion	5	Nonprofit	2		
Over \$20 Billion	8	Other	4		
		Retail/Wholesale/ Distribution	10		

Appendix 1: Benchmarking Tables

Revenue per Employee

Total revenue per business entity employee

	Median	Benchmark	
ALL	All Companies*	\$339,169	\$750,000
	All 2013 AFP respondents	\$370,308	\$800,000
	U.S. and Canada	\$375,000	\$800,000
INDUSTRY	Energy	\$571,429	\$887,980
	Finance and Insurance	\$734,222	\$1,660,606
	Government	\$317,668	\$623,313
	Information and Communications	\$334,347	\$667,455
	Manufacturing	\$350,000	\$650,793
	Retail and Wholesale	\$512,333	\$961,694
	Services	\$199,719	\$414,762
	Transportation and Warehousing	\$370,000	\$918,367
ANNUAL REVENUE	Less than \$100 million USD	\$248,077	\$500,000
	\$100 million - \$249 million USD	\$405,357	\$740,000
	\$250 million - \$499 million USD	\$309,295	\$696,313
	\$500 million - \$999 million USD	\$400,000	\$670,130
	\$1 billion - \$2 billion USD	\$259,500	\$769,907
	\$2 billion - \$5 billion USD	\$418,496	\$749,373
	\$5 billion - \$10 billion USD	\$493,579	\$948,853
	\$10 billion - \$20 billion USD	\$475,940	\$815,506
	More than \$20 billion USD	\$715,338	\$1,447,418
ORGANIZATION TYPE	Publicly traded	\$459,016	\$878,180
	Privately owned	\$326,923	\$789,474
	Not-for-profit	\$187,500	\$494,062
	Government	\$302,945	\$544,355

Note on Revenue for Government Agencies

"Revenue" for government agencies participating in benchmarking surveys is defined as budget authority, fees and other funding that is associated with the delivery of services under the agency's mission. To avoid potential distortions of government agency revenue as compared with revenue of private sector organizations, survey respondents from government agencies were asked to exclude from revenue those funds that "pass through" the agency to other organizations. These exclusions cover grants, benefit payments, and royalties, fees, debt collections, etc. where the funds are not retained within the agency for internal use.

*All companies also includes data collected from prior surveys

Full Time Equivalents by Job Process

Number of FTEs for treasury operations per \$1 billion of revenue

		Median	Benchmark
ALL	All Companies*	3.97	1.47
	All 2013 AFP respondents	4.00	1.36
	U.S. and Canada	3.84	1.34
INDUSTRY	Energy	2.44	1.20
	Finance and Insurance	4.94	1.29
	Government	6.12	1.81
	Information and Communications	3.00	0.71
	Manufacturing	2.98	1.20
	Retail and Wholesale	6.58	1.50
	Services	5.00	1.83
	Transportation and Warehousing	3.13	1.22
ANNUAL REVENUE	Less than \$100 million USD	75.00	31.02
	\$100 million - \$249 million USD	14.29	7.76
	\$250 million - \$499 million USD	11.02	6.61
	\$500 million - \$999 million USD	5.84	4.00
	\$1 billion - \$2 billion USD	3.50	2.00
	\$2 billion - \$5 billion USD	1.74	1.11
	\$5 billion - \$10 billion USD	1.40	0.86
	\$10 billion - \$20 billion USD	1.00	0.62
	More than \$20 billion USD	0.52	0.37
ORGANIZATION TYPE	Publicly traded	2.02	1.00
	Privately owned	9.26	2.31
	Not-for-profit	2.37	1.30
	Government	5.31	1.75

*All companies also includes data collected from prior surveys

Number of FTEs for treasury operations per \$1 billion cost of continuing operations

		Median	Benchmark
ALL	All Companies*	5.26	1.92
	All 2013 AFP respondents	6.18	2.00
	U.S. and Canada	5.94	2.00
INDUSTRY	Energy	4.20	2.19
	Finance and Insurance	7.69	1.70
	Government	6.30	2.04
	Information and Communications	17.65	5.52
	Manufacturing	4.55	1.58
	Retail and Wholesale	6.65	0.76
	Services	11.74	2.29
	Transportation and Warehousing	5.00	1.79
ANNUAL REVENUE	Less than \$100 million USD	106.24	41.50
	\$100 million - \$249 million USD	20.00	10.52
	\$250 million - \$499 million USD	13.33	6.34
	\$500 million - \$999 million USD	8.75	5.22
	\$1 billion - \$2 billion USD	4.25	2.35
	\$2 billion - \$5 billion USD	2.19	1.49
	\$5 billion - \$10 billion USD	1.91	0.96
	\$10 billion - \$20 billion USD	2.11	1.20
	More than \$20 billion USD	0.74	0.47
ORGANIZATION TYPE	Publicly traded	3.60	1.64
	Privately owned	25.50	4.61
	Not-for-profit	2.51	1.66
	Government	6.30	2.14

*All companies also includes data collected from prior surveys

Number of FTEs for the process “manage cash” per \$1 billion of revenue

		Median	Benchmark
ALL	All Companies*	1.56	0.49
	All 2013 AFP respondents	1.17	0.39
	U.S. and Canada	1.17	0.38
INDUSTRY	Energy	0.72	0.32
	Finance and Insurance	1.18	0.38
	Government	1.67	0.47
	Information and Communications	0.95	0.27
	Manufacturing	1.03	0.36
	Retail and Wholesale	2.31	0.35
	Services	1.70	0.48
	Transportation and Warehousing	1.08	0.36
ANNUAL REVENUE	Less than \$100 million USD	36.73	12.67
	\$100 million - \$249 million USD	5.62	2.81
	\$250 million - \$499 million USD	3.31	1.68
	\$500 million - \$999 million USD	1.57	0.98
	\$1 billion - \$2 billion USD	1.13	0.53
	\$2 billion - \$5 billion USD	0.57	0.32
	\$5 billion - \$10 billion USD	0.39	0.24
	\$10 billion - \$20 billion USD	0.43	0.27
	More than US \$20 billion USD	0.17	0.08
ORGANIZATION TYPE	Publicly traded	0.73	0.31
	Privately owned	3.33	0.75
	Not-for-profit	0.55	0.36
	Government	1.20	0.36

*All companies also includes data collected from prior surveys

Number of FTEs for the process “manage cash” per \$1 billion cost of continuing operations

		Median	Benchmark
ALL	All Companies*	2.50	0.71
	All 2013 AFP respondents	1.89	0.53
	U.S. and Canada	1.84	0.53
INDUSTRY	Energy	1.05	0.60
	Finance and Insurance	2.40	0.45
	Government	1.78	0.57
	Information and Communications	7.81	1.17
	Manufacturing	1.28	0.48
	Retail and Wholesale	3.33	0.28
	Services	3.48	0.66
	Transportation and Warehousing	1.46	0.71
ANNUAL REVENUE	Less than \$100 million USD	48.07	16.43
	\$100 million - \$249 million USD	7.00	3.32
	\$250 million - \$499 million USD	3.53	1.84
	\$500 million - \$999 million USD	3.31	1.03
	\$1 billion - \$2 billion USD	1.31	0.69
	\$2 billion - \$5 billion USD	0.69	0.42
	\$5 billion - \$10 billion USD	0.53	0.31
	\$10 billion - \$20 billion USD	0.70	0.45
	More than \$20 billion USD	0.21	0.11
ORGANIZATION TYPE	Publicly traded	1.09	0.41
	Privately owned	7.73	1.23
	Not-for-profit	0.66	0.39
	Government	1.50	0.53

*All companies also includes data collected from prior surveys

**Number of FTEs for the process “manage debt and investments”
per \$1 billion of revenue**

		Median	Benchmark
ALL	All Companies*	0.65	0.22
	All 2013 AFP respondents	0.71	0.25
	U.S. and Canada	0.68	0.25
INDUSTRY	Energy	0.67	0.24
	Finance and Insurance	0.86	0.25
	Government	1.53	0.50
	Information and Communications	0.53	0.19
	Manufacturing	0.46	0.22
	Retail and Wholesale	0.83	0.22
	Services	0.94	0.33
	Transportation and Warehousing	0.63	0.11
ANNUAL REVENUE	Less than \$100 million USD	12.25	4.52
	\$100 million - \$249 million USD	2.20	0.81
	\$250 million - \$499 million USD	2.14	1.29
	\$500 million - \$999 million USD	1.09	0.40
	\$1 billion - \$2 billion USD	0.71	0.40
	\$2 billion - \$5 billion USD	0.38	0.20
	\$5 billion - \$10 billion USD	0.29	0.12
	\$10 billion - \$20 billion USD	0.27	0.15
	More than \$20 billion USD	0.11	0.05
ORGANIZATION TYPE	Publicly traded	0.40	0.19
	Privately owned	1.45	0.40
	Not-for-profit	0.67	0.42
	Government	1.53	0.53

*All companies also includes data collected from prior surveys

Number of FTEs for the process “manage cash” per \$1 billion cost of continuing operations

		Median	Benchmark
ALL	All Companies*	1.03	0.32
	All 2013 AFP respondents	1.17	0.40
	U.S. and Canada	1.16	0.39
INDUSTRY	Energy	1.07	0.38
	Finance and Insurance	1.31	0.46
	Government	1.88	0.43
	Information and Communications	1.94	0.66
	Manufacturing	0.73	0.31
	Retail and Wholesale	0.94	0.12
	Services	1.34	0.56
	Transportation and Warehousing	-	-
ANNUAL REVENUE	Less than \$100 million USD	15.00	5.69
	\$100 million - \$249 million USD	3.00	1.07
	\$250 million - \$499 million USD	2.35	1.51
	\$500 million - \$999 million USD	1.71	0.67
	\$1 billion - \$2 billion USD	1.00	0.50
	\$2 billion - \$5 billion USD	0.57	0.32
	\$5 billion - \$10 billion USD	0.37	0.12
	\$10 billion - \$20 billion USD	0.42	0.16
	More than \$20 billion USD	0.14	0.06
ORGANIZATION TYPE	Publicly traded	0.71	0.23
	Privately owned	3.47	0.69
	Not-for-profit	0.68	0.48
	Government	2.06	0.63

*All companies also includes data collected from prior surveys

**Number of FTEs for the process “manage financial risks”
per \$1 billion of revenue**

		Median	Benchmark
ALL	All Companies*	0.45	0.15
	All 2013 AFP respondents	0.55	0.19
	U.S. and Canada	0.54	0.19
INDUSTRY	Energy	0.40	0.18
	Finance and Insurance	0.51	0.16
	Government	0.60	0.24
	Information and Communications	0.50	0.19
	Manufacturing	0.51	0.18
	Retail and Wholesale	0.86	0.18
	Services	0.68	0.20
	Transportation and Warehousing	0.42	0.12
ANNUAL REVENUE	Less than \$100 million USD	8.76	3.33
	\$100 million - \$249 million USD	1.71	0.65
	\$250 million - \$499 million USD	2.60	0.62
	\$500 million - \$999 million USD	0.91	0.48
	\$1 billion - \$2 billion USD	0.47	0.21
	\$2 billion - \$5 billion USD	0.30	0.18
	\$5 billion - \$10 billion USD	0.19	0.11
	\$10 billion - \$20 billion USD	0.20	0.06
	More than \$20 billion USD	0.10	0.05
ORGANIZATION TYPE	Publicly traded	0.36	0.13
	Privately owned	1.00	0.29
	Not-for-profit	0.35	0.18
	Government	0.57	0.22

*All companies also includes data collected from prior surveys

**Number of FTEs for the process “manage financial risks”
per \$1 billion cost of continuing operations**

		Median	Benchmark
ALL	All Companies*	0.71	0.20
	All 2013 AFP respondents	0.87	0.27
	U.S. and Canada	0.84	0.27
INDUSTRY	Energy	0.72	0.30
	Finance and Insurance	1.17	0.22
	Government	0.56	0.23
	Information and Communications	1.57	0.48
	Manufacturing	0.71	0.26
	Retail and Wholesale	0.95	0.12
	Services	1.15	0.27
	Transportation and Warehousing	-	-
ANNUAL REVENUE	Less than \$100 million USD	11.63	4.83
	\$100 million - \$249 million USD	2.64	0.90
	\$250 million - \$499 million USD	2.45	0.71
	\$500 million - \$999 million USD	1.20	0.67
	\$1 billion - \$2 billion USD	0.59	0.27
	\$2 billion - \$5 billion USD	0.39	0.19
	\$5 billion - \$10 billion USD	0.24	0.13
	\$10 billion - \$20 billion USD	0.24	0.07
	More than \$20 billion USD	0.12	0.06
ORGANIZATION TYPE	Publicly traded	0.55	0.20
	Privately owned	3.03	0.54
	Not-for-profit	0.34	0.18
	Government	0.64	0.26

*All companies also includes data collected from prior surveys

Number of FTEs for the process “ manage treasury policies and procedures” per \$1 billion of revenue

		Median	Benchmark
ALL	All Companies*	0.43	0.13
	All 2013 AFP respondents	0.42	0.12
	U.S. and Canada	0.42	0.12
INDUSTRY	Energy	0.32	0.10
	Finance and Insurance	0.31	0.12
	Government	0.60	0.27
	Information and Communications	0.30	0.10
	Manufacturing	0.34	0.11
	Retail and Wholesale	0.66	0.15
	Services	0.57	0.22
	Transportation and Warehousing	0.27	0.10
ANNUAL REVENUE	Less than \$100 million USD	6.00	2.45
	\$100 million - \$249 million USD	1.82	0.61
	\$250 million - \$499 million USD	1.08	0.53
	\$500 million - \$999 million USD	0.77	0.26
	\$1 billion - \$2 billion USD	0.45	0.23
	\$2 billion - \$5 billion USD	0.18	0.10
	\$5 billion - \$10 billion USD	0.17	0.07
	\$10 billion - \$20 billion USD	0.12	0.07
	More than \$20 billion USD	0.05	0.02
ORGANIZATION TYPE	Publicly traded	0.25	0.09
	Privately owned	0.72	0.24
	Not-for-profit	0.36	0.13
	Government	0.50	0.20

*All companies also includes data collected from prior surveys

Number of FTEs for the process “manage treasury policies and procedures” per \$1 billion cost of continuing operations

		Median	Benchmark
ALL	All Companies*	0.63	0.16
	All 2013 AFP respondents	0.67	0.18
	U.S. and Canada	0.63	0.17
INDUSTRY	Energy	0.50	0.13
	Finance and Insurance	1.00	0.14
	Government	0.54	0.25
	Information and Communications	1.71	0.52
	Manufacturing	0.49	0.12
	Retail and Wholesale	0.63	0.09
	Services	0.91	0.33
	Transportation and Warehousing	0.42	0.13
ANNUAL REVENUE	Less than \$100 million USD	6.90	2.94
	\$100 million - \$249 million USD	2.60	0.93
	\$250 million - \$499 million USD	1.15	0.57
	\$500 million - \$999 million USD	1.20	0.54
	\$1 billion - \$2 billion USD	0.55	0.32
	\$2 billion - \$5 billion USD	0.29	0.12
	\$5 billion - \$10 billion USD	0.21	0.11
	\$10 billion - \$20 billion USD	0.15	0.10
	More than \$20 billion USD	0.10	0.05
ORGANIZATION TYPE	Publicly traded	0.45	0.11
	Privately owned	1.79	0.45
	Not-for-profit	0.36	0.12
	Government	0.60	0.24

*All companies also includes data collected from prior surveys

Number of FTEs for the process “manage in-house bank accounts” per \$1 billion of revenue

		Median	Benchmark
ALL	All Companies*	0.43	0.11
	All 2013 AFP respondents	0.51	0.16
	U.S. and Canada	0.50	0.16
INDUSTRY	Energy	0.31	0.17
	Finance and Insurance	0.60	0.19
	Government	0.45	0.30
	Information and Communications	0.33	0.13
	Manufacturing	0.36	0.11
	Retail and Wholesale	0.98	0.12
	Services	0.95	0.25
	Transportation and Warehousing	0.40	0.07
ANNUAL REVENUE	Less than \$100 million USD	14.13	4.68
	\$100 million - \$249 million USD	2.00	0.58
	\$250 million - \$499 million USD	1.38	0.67
	\$500 million - \$999 million USD	0.85	0.37
	\$1 billion - \$2 billion USD	0.50	0.20
	\$2 billion - \$5 billion USD	0.22	0.10
	\$5 billion - \$10 billion USD	0.20	0.10
	\$10 billion - \$20 billion USD	0.24	0.10
	More than \$20 billion USD	0.08	0.03
ORGANIZATION TYPE	Publicly traded	0.30	0.10
	Privately owned	1.52	0.32
	Not-for-profit	0.44	0.19
	Government	0.49	0.18

*All companies also includes data collected from prior surveys

Number of FTEs for the process “manage in-house bank accounts” per \$1 billion cost of continuing operations

		Median	Benchmark
ALL	All Companies*	0.69	0.16
	All 2013 AFP respondents	1.04	0.25
	U.S. and Canada	1.02	0.24
INDUSTRY	Energy	0.53	0.27
	Finance and Insurance	1.94	0.24
	Government	0.50	0.38
	Information and Communications	1.76	0.24
	Manufacturing	0.70	0.16
	Retail and Wholesale	0.67	0.10
	Services	1.74	0.32
	Transportation and Warehousing	-	-
ANNUAL REVENUE	Less than \$100 million USD	17.71	7.14
	\$100 million - \$249 million USD	4.14	1.06
	\$250 million - \$499 million USD	2.35	0.73
	\$500 million - \$999 million USD	1.25	0.46
	\$1 billion - \$2 billion USD	0.57	0.27
	\$2 billion - \$5 billion USD	0.25	0.11
	\$5 billion - \$10 billion USD	0.28	0.11
	\$10 billion - \$20 billion USD	0.41	0.20
	More than \$20 billion USD	0.08	0.05
ORGANIZATION TYPE	Publicly traded	0.47	0.15
	Privately owned	4.95	0.70
	Not-for-profit	0.48	0.19
	Government	0.56	0.29

*All companies also includes data collected from prior surveys

Costs: Total, Personnel and Systems

Total cost of treasury operations per \$1,000 of revenue

		Median	Benchmark
ALL	All Companies*	\$0.78	\$0.27
	All 2013 AFP respondents	\$0.84	\$0.28
	U.S. and Canada	\$0.84	\$0.29
INDUSTRY	Energy	\$0.70	\$0.53
	Finance and Insurance	\$0.47	\$0.10
	Government	-	-
	Information and Communications	\$0.70	\$0.11
	Manufacturing	\$0.61	\$0.25
	Retail and Wholesale	\$1.35	\$0.49
	Services	\$0.99	\$0.38
	Transportation and Warehousing	-	-
ANNUAL REVENUE	Less than \$100 million USD	\$6.00	\$2.96
	\$100 million - \$249 million USD	\$1.50	\$0.76
	\$250 million - \$499 million USD	\$2.14	\$0.74
	\$500 million - \$999 million USD	\$0.83	\$0.49
	\$1 billion - \$2 billion USD	\$0.58	\$0.30
	\$2 billion - \$5 billion USD	\$0.44	\$0.21
	\$5 billion - \$10 billion USD	\$0.20	\$0.10
	\$10 billion - \$20 billion USD	\$0.43	\$0.20
	More than \$20 billion USD	\$0.13	\$0.10
ORGANIZATION TYPE	Publicly traded	\$0.54	\$0.23
	Privately owned	\$1.18	\$0.47
	Not-for-profit	\$0.84	\$0.25
	Government	\$1.35	\$0.51

*All companies also includes data collected from prior surveys

Total cost of treasury operations per \$1,000 cost of continuing operations

		Median	Benchmark
ALL	All Companies*	\$1.09	\$0.35
	All 2013 AFP respondents	\$1.25	\$0.36
	U.S. and Canada	\$1.25	\$0.39
INDUSTRY	Energy	\$1.40	\$0.64
	Finance and Insurance	\$0.63	\$0.10
	Government	-	-
	Information and Communications	-	-
	Manufacturing	\$1.07	\$0.24
	Retail and Wholesale	\$1.59	\$1.07
	Services	\$1.71	\$0.46
	Transportation and Warehousing	-	-
ANNUAL REVENUE	Less than \$100 million USD	\$7.48	\$3.33
	\$100 million - \$249 million USD	\$2.27	\$1.23
	\$250 million - \$499 million USD	\$2.45	\$0.89
	\$500 million - \$999 million USD	-	-
	\$1 billion - \$2 billion USD	\$0.75	\$0.37
	\$2 billion - \$5 billion USD	\$0.63	\$0.24
	\$5 billion - \$10 billion USD	\$ 0.23	\$0.11
	\$10 billion - \$20 billion USD	-	-
	More than \$20 billion USD	-	-
ORGANIZATION TYPE	Publicly traded	\$0.80	\$0.30
	Privately owned	\$2.50	\$0.55
	Not-for-profit	\$0.84	\$0.30
	Government	\$2.55	\$0.46

*All companies also includes data collected from prior surveys

**Personnel cost (including benefits) of treasury operations
per \$1,000 of revenue**

		Median	Benchmark
ALL	All Companies*	\$ 0.44	\$ 0.18
	All 2013 AFP respondents	\$0.41	\$0.16
	U.S. and Canada	\$0.41	\$0.16
INDUSTRY	Energy	\$0.33	\$0.13
	Finance and Insurance	\$0.37	\$0.08
	Government	-	-
	Information and Communications	\$0.42	\$0.10
	Manufacturing	\$ 0.31	\$0.11
	Retail and Wholesale	\$ 0.66	\$0.22
	Services	\$0.47	\$0.21
	Transportation and Warehousing	\$0.22	\$0.16
ANNUAL REVENUE	Less than \$100 million USD	\$2.93	\$1.25
	\$100 million - \$249 million USD	\$1.19	\$0.48
	\$250 million - \$499 million USD	\$1.08	\$0.41
	\$500 million - \$999 million USD	\$0.38	\$0.28
	\$1 billion - \$2 billion USD	\$0.28	\$0.19
	\$2 billion - \$5 billion USD	\$0.20	\$0.10
	\$5 billion - \$10 billion USD	\$0.14	\$0.06
	\$10 billion - \$20 billion USD	\$0.20	\$0.08
	More than \$20 billion USD	\$0.07	\$0.05
ORGANIZATION TYPE	Publicly traded	\$0.27	\$0.10
	Privately owned	\$0.69	\$0.26
	Not-for-profit	\$0.26	\$0.14
	Government	\$0.62	\$0.39

*All companies also includes data collected from prior surveys

Personnel cost (including benefits) of treasury operations per \$1,000 cost of continuing operations

		Median	Benchmark
ALL	All Companies*	\$0.67	\$0.23
	All 2013 AFP respondents	\$0.60	\$0.21
	U.S. and Canada	\$0.61	\$0.21
INDUSTRY	Energy	\$0.60	\$0.22
	Finance and Insurance	\$0.54	\$0.07
	Government	-	-
	Information and Communications	\$0.95	\$0.37
	Manufacturing	\$0.43	\$0.14
	Retail and Wholesale	\$0.80	\$0.22
	Services	\$0.64	\$0.26
	Transportation and Warehousing	-	-
ANNUAL REVENUE	Less than \$100 million USD	\$4.11	\$1.92
	\$100 million - \$249 million USD	\$1.33	\$0.72
	\$250 million - \$499 million USD	\$1.23	0.42
	\$500 million - \$999 million USD	\$0.54	\$0.37
	\$1 billion - \$2 billion USD	\$0.36	\$0.22
	\$2 billion - \$5 billion USD	\$0.24	\$0.12
	\$5 billion - \$10 billion USD	\$ 0.23	\$0.07
	\$10 billion - \$20 billion USD	\$0.21	\$0.08
	More than \$20 billion USD	-	-
ORGANIZATION TYPE	Publicly traded	\$0.41	\$0.14
	Privately owned	\$1.52	\$0.38
	Not-for-profit	\$0.34	\$0.17
	Government	\$1.05	\$0.41

*All companies also includes data collected from prior surveys

Systems cost of treasury operations per \$100,000 of revenue

		Median	Benchmark
ALL	All Companies*	\$4.78	\$1.32
	All 2013 AFP respondents	\$6.71	\$2.00
	U.S. and Canada	\$6.71	\$2.00
INDUSTRY	Energy	\$9.71	\$2.70
	Finance and Insurance	\$4.35	\$1.04
	Government	-	-
	Information and Communications	\$5.84	\$1.02
	Manufacturing	\$4.79	\$2.72
	Retail and Wholesale	\$14.92	\$6.41
	Services	\$8.85	\$1.91
	Transportation and Warehousing	\$5.08	\$1.85
ANNUAL REVENUE	Less than \$100 million USD	\$62.50	\$20.97
	\$100 million - \$249 million USD	\$16.80	\$4.35
	\$250 million - \$499 million USD	\$16.35	\$6.51
	\$500 million - \$999 million USD	\$6.67	\$2.21
	\$1 billion - \$2 billion USD	\$4.46	\$2.00
	\$2 billion - \$5 billion USD	\$2.92	\$1.40
	\$5 billion - \$10 billion USD	\$3.13	\$1.60
	\$10 billion - \$20 billion USD	\$2.80	\$0.41
	More than \$20 billion USD	\$1.52	\$0.63
ORGANIZATION TYPE	Publicly traded	\$4.36	\$2.11
	Privately owned	\$15.00	\$2.35
	Not-for-profit	\$3.79	\$1.46
	Government	\$6.67	\$1.45

*All companies also includes data collected from prior surveys

Systems cost of treasury operations per \$100,000 cost of continuing operations

		Median	Benchmark
ALL	All Companies*	\$7.00	\$1.71
	All 2013 AFP respondents	\$10.02	\$2.68
	U.S. and Canada	\$9.80	\$2.70
INDUSTRY	Energy	\$14.45	\$3.20
	Finance and Insurance	\$7.14	\$1.17
	Government	-	-
	Information and Communications	\$11.37	\$5.67
	Manufacturing	\$7.73	\$3.60
	Retail and Wholesale	\$17.56	\$5.80
	Services	\$2.14	\$2.56
	Transportation and Warehousing	-	-
ANNUAL REVENUE	Less than \$100 million USD	\$62.98	\$19.82
	\$100 million - \$249 million USD	\$19.38	\$5.91
	\$250 million - \$499 million USD	\$16.79	\$10.68
	\$500 million - \$999 million USD	\$6.81	\$2.34
	\$1 billion - \$2 billion USD	\$5.00	\$2.21
	\$2 billion - \$5 billion USD	\$4.70	\$1.60
	\$5 billion - \$10 billion USD	\$4.29	\$1.34
	\$10 billion - \$20 billion USD	-	-
	More than \$20 billion USD	-	-
ORGANIZATION TYPE	Publicly traded	\$6.25	\$2.68
	Privately owned	\$19.79	\$2.92
	Not-for-profit	\$4.61	\$1.83
	Government	\$15.75	\$1.13

*All companies also includes data collected from prior surveys

Cycle Time and Throughput

Cycle time in hours to reconcile a single bank account from the receipt of bank account statement through the reconciliation of ending book balance

		Median	Benchmark
ALL	All Companies*	2.00	1.00
	All 2013 AFP respondents	2.00	1.00
	U.S. and Canada	2.00	1.00
INDUSTRY	Energy	2.00	1.00
	Finance and Insurance	2.00	1.00
	Government	2.50	2.00
	Information and Communications	2.00	1.00
	Manufacturing	2.00	1.00
	Retail and Wholesale	2.50	1.00
	Services	3.00	1.00
	Transportation and Warehousing	3.00	1.00
ANNUAL REVENUE	Less than \$100 million USD	2.00	1.00
	\$100 million - \$249 million USD	2.00	0.60
	\$250 million - \$499 million USD	3.00	1.20
	\$500 million - \$999 million USD	3.00	1.00
	\$1 billion - \$2 billion USD	2.00	1.00
	\$2 billion - \$5 billion USD	2.00	1.00
	\$5 billion - \$10 billion USD	2.00	1.00
	\$10 billion - \$20 billion USD	2.00	1.00
	More than \$20 billion USD	3.00	1.00
ORGANIZATION TYPE	Publicly traded	2.00	1.00
	Privately owned	2.00	1.00
	Not-for-profit	3.00	1.00
	Government	3.00	1.00

*All companies also includes data collected from prior surveys

Cycle time in days from the time a discrepancy is discovered during bank account reconciliation until the discrepancy is resolved

		Median	Benchmark
ALL	All Companies*	2.00	1.00
	All 2013 AFP respondents	2.00	1.00
	U.S. and Canada	2.00	1.00
INDUSTRY	Energy	2.00	1.00
	Finance and Insurance	2.00	1.00
	Government	2.00	1.10
	Information and Communications	2.00	1.00
	Manufacturing	2.00	1.00
	Retail and Wholesale	2.00	1.00
	Services	2.00	1.00
	Transportation and Warehousing	1.00	1.00
ANNUAL REVENUE	Less than \$100 million USD	1.00	1.00
	\$100 million - \$249 million USD	2.00	1.00
	\$250 million - \$499 million USD	2.50	1.50
	\$500 million - \$999 million USD	2.00	1.40
	\$1 billion - \$2 billion USD	2.00	1.80
	\$2 billion - \$5 billion USD	2.00	1.00
	\$5 billion - \$10 billion USD	2.00	1.00
	\$10 billion - \$20 billion USD	2.00	1.00
	More than \$20 billion USD	3.00	1.00
ORGANIZATION TYPE	Publicly traded	2.00	1.00
	Privately owned	2.00	1.00
	Not-for-profit	2.00	1.00
	Government	3.00	1.00

*All companies also includes data collected from prior surveys

Cycle time in hours to develop a short-term cash flow forecast

		Median	Benchmark
ALL	All Companies*	4.00	2.00
	All 2013 AFP respondents	4.00	2.00
	U.S. and Canada	4.00	2.00
INDUSTRY	Energy	6.50	2.00
	Finance and Insurance	2.75	1.20
	Government	3.00	1.00
	Information and Communications	5.00	2.00
	Manufacturing	4.00	2.00
	Retail and Wholesale	4.00	2.00
	Services	4.00	2.00
	Transportation and Warehousing	2.00	1.40
ANNUAL REVENUE	Less than \$100 million USD	3.00	1.20
	\$100 million - \$249 million USD	4.00	2.00
	\$250 million - \$499 million USD	4.00	2.00
	\$500 million - \$999 million USD	4.00	2.00
	\$1 billion - \$2 billion USD	5.00	2.00
	\$2 billion - \$5 billion USD	4.00	2.00
	\$5 billion - \$10 billion USD	4.00	2.00
	\$10 billion - \$20 billion USD	6.00	2.60
	More than \$20 billion USD	8.00	3.00
ORGANIZATION TYPE	Publicly traded	4.00	2.00
	Privately owned	4.00	2.00
	Not-for-profit	4.00	2.00
	Government	3.50	1.00

*All companies also includes data collected from prior surveys

Cycle time in hours to concentrate/physically pool cash and establish a daily cash position

		Median	Benchmark
ALL	All Companies*	2.00	1.00
	All 2013 AFP respondents	2.00	1.00
	U.S. and Canada	2.00	1.00
INDUSTRY	Energy	2.00	1.00
	Finance and Insurance	2.00	1.00
	Government	2.00	0.70
	Information and Communications	1.00	1.00
	Manufacturing	2.00	1.00
	Retail and Wholesale	1.00	1.00
	Services	1.50	1.00
	Transportation and Warehousing	2.00	1.00
ANNUAL REVENUE	Less than \$100 million USD	1.00	1.00
	\$100 million - \$249 million USD	1.00	0.50
	\$250 million - \$499 million USD	2.00	1.00
	\$500 million - \$999 million USD	2.00	1.00
	\$1 billion - \$2 billion USD	1.25	0.50
	\$2 billion - \$5 billion USD	2.00	1.00
	\$5 billion - \$10 billion USD	2.00	1.00
	\$10 billion - \$20 billion USD	3.00	2.00
	More than \$20 billion USD	3.00	2.00
ORGANIZATION TYPE	Publicly traded	2.00	1.00
	Privately owned	1.00	1.00
	Not-for-profit	1.00	0.50
	Government	2.00	1.00

*All companies also includes data collected from prior surveys

**Number of bank accounts reconciled per “manage cash” FTE
(including concentration, lockbox, disbursement, trust and fiduciary)**

		Median	Benchmark
ALL	All Companies*	20.00	70.15
	All 2013 AFP respondents	25.83	98.40
	U.S. and Canada	25.83	100.00
INDUSTRY	Energy	25.00	107.14
	Finance and Insurance	44.44	155.56
	Government	10.42	57.44
	Information and Communications	21.82	68.53
	Manufacturing	31.28	104.00
	Retail and Wholesale	19.00	59.05
	Services	27.98	94.18
	Transportation and Warehousing	10.56	42.60
ANNUAL REVENUE	Less than \$100 million USD	10.67	44.10
	\$100 million - \$249 million USD	23.33	86.67
	\$250 million - \$499 million USD	32.95	125.00
	\$500 million - \$999 million USD	41.56	108.00
	\$1 billion - \$2 billion USD	28.57	95.24
	\$2 billion - \$5 billion USD	35.42	136.00
	\$5 billion - \$10 billion USD	33.33	94.69
	\$10 billion - \$20 billion USD	20.09	48.89
	More than \$20 billion USD	43.94	160.42
ORGANIZATION TYPE	Publicly traded	33.33	120.00
	Privately owned	17.57	71.89
	Not-for-profit	38.37	116.67
	Government	25.00	161.33

*All companies also includes data collected from prior surveys

**Total annual number of cash receipts processed
per “manage cash” FTE**

		Median	Benchmark
ALL	All Companies*	12,000	162,040
	All 2013 AFP respondents	10,000	112,222
	U.S. and Canada	10,000	111,667
INDUSTRY	Energy	3,036	71,250
	Finance and Insurance	4,900	690,000
	Government	-	-
	Information and Communications	5,000	59,600
	Manufacturing	7,273	30,400
	Retail and Wholesale	30,000	480,000
	Services	13,333	140,444
	Transportation and Warehousing	-	-
ANNUAL REVENUE	Less than \$100 million USD	3,254	16,267
	\$100 million - \$249 million USD	20,750	101,333
	\$250 million - \$499 million USD	13,143	196,000
	\$500 million - \$999 million USD	12,500	27,200
	\$1 billion - \$2 billion USD	24,250	251,429
	\$2 billion - \$5 billion USD	25,000	466,667
	\$5 billion - \$10 billion USD	-	-
	\$10 billion - \$20 billion USD	-	-
	More than \$20 billion USD	5,000	95,238
ORGANIZATION TYPE	Publicly traded	9,762	123,333
	Privately owned	7,500	81,592
	Not-for-profit	15,208	356,389
	Government	46,667	387,500

*All companies also includes data collected from prior surveys

Appendix 2: Glossary of Terms

Activity Map and Process Overview

The following processes and activities were included as part of the *AFP Treasury Benchmarking Program* survey. These processes may cross departments and/or site locations. To ensure consistent collection of survey data, some survey respondents needed to assimilate data from other departments or entities in order to reflect the complete costs and activities for this module.

Processes



Activities

- | | | | | |
|--|---|--|--|---|
| <ul style="list-style-type: none"> • Management activities • Formalize the domain and governance of Treasury operations • Establish and publish Treasury policies • Develop and monitor Treasury procedures • Audit and revise Treasury procedures • Develop and confirm internal controls for Treasury • Define system security requirements | <ul style="list-style-type: none"> • Management activities • Manage and oversee banking relationships • Manage and reconcile cash positions • Manage cash equivalents • Manage cash flows • Develop cash flow forecasts • Negotiate, analyze, resolve and confirm bank fees • Process and oversee electronic fund transfers (EFTs) • Produce cash management accounting transactions and reports | <ul style="list-style-type: none"> • Management activities • Manage in-house bank accounts for subsidiaries • Manage and facilitate inter-company borrowing transactions • Manage centralized outgoing payments on behalf of subsidiaries • Manage central incoming payments on netting transactions • Calculate interest and fees for in-house bank accounts • Provide account statements for in-house bank accounts | <ul style="list-style-type: none"> • Management activities • Manage financial intermediary relationships • Manage liquidity • Manage debt and investments • Manage issuer exposure • Process and oversee debt and investment transactions • Process and oversee foreign currency transactions • Produce debt and investment accounting transaction reports | <ul style="list-style-type: none"> • Management activities • Manage interest rate risk • Manage foreign exchange risk • Manage exposure risk • Develop and execute hedging transactions • Produce hedge accounting transactions and reports • Monitor credit |
|--|---|--|--|---|

Cost Definitions

Revenue/Net Revenue

Total annual revenue is net revenue generated from the sale of products or services. This should reflect the selling price less any allowances such as quantity, discounts, rebates and returns.

Revenue for Government Agencies

“Revenue” for government agencies participating in benchmarking surveys is defined as budget authority, fees and other funding that is associated with the delivery of services under the agency’s mission. To avoid potential distortions of revenue as compared with private sector organizations, survey respondents from government agencies were asked to exclude from revenue those funds that “pass through” the agency to other organizations. These exclusions cover grants, benefit payments, and royalties, fees, debt collections, etc., where the funds are not retained within the agency for internal use.

Total Cost of Continuing Operations

For purposes of this study, survey respondents were asked to include all costs associated with generating the income that results from continuing operations. Total cost of continuing operations includes cost of goods sold, selling expenses, and general and administrative expenses. Excluded were the following costs: taxes, extraordinary items, unusual or infrequent items stated below the “Income from Continuing Operations” line, and gains or losses due to discontinued operations or changes in accounting principles.

Personnel Cost

Personnel cost is the cost associated with personnel compensation and fringe benefits of employees (i.e., those classified as FTEs which includes both

full-time and part-time salaried/hourly employees) contributing to each respective process. Personnel cost included all of the following costs.

- **Employee Compensation:** Includes salaries and wages, bonuses, overtime and benefits.
- **Fringe:** Includes contributions made towards the employees’ government retirement fund, workers compensation, insurance plans, savings plans, pension funds/retirement plans, and stock purchase plans. This also includes special allowances, such as relocation expenses and car/transportation allowances.

Systems Cost

Systems costs include all expenses, paid or incurred, in conjunction with:

- Computer hardware or computer software acquired by the organization or provided to the organization through service contracts.
- Any related costs to process, service and maintain computer hardware or computer software.
- The costs of providing and maintaining services for each applicable process (e.g., computer system(s) processing (CPU) time, network/system communication charges, maintenance costs for applications and data storage). This includes the costs related to LANs, WANs, etc. This does not include one-time costs for major new systems developments/replacements.
- Consultant fees were not included in depreciation of new system implementations. Survey respondents were asked to include only those costs that occur more than six (6) months after implementation, as normal system maintenance costs.
- Any systems cost (e.g., maintenance) which is outsourced to a

third party supplier should have been captured in the separate cost category labeled “outsourced cost.”

- All salaries, overtime, employee benefits, bonuses or fees paid to full-time, part-time or temporary employees or independent contractors who perform services relating to computer hardware, computer software, processing or systems support.

Overhead Costs

For the purpose of this study, survey respondents were asked to provide the total actual overhead costs for the year related to the specified process. These are costs that cannot be identified as a direct cost of providing a product or a service. The costs include the primary allocated costs such as occupancy, facilities, utilities, maintenance costs, and other major costs allocated to the consuming departments. *Excluded* were systems costs that are allocated, since these were captured separately as systems cost.

Outsourced Cost

In determining outsourced cost, survey respondents were asked to include the total cost of outsourcing all aspects of each process to a third-party supplier. Excluded were one-time charges for any type of restructuring or reorganization. Outsourced costs also included costs for intra-company outsourcing (i.e., reliance on a shared services center).

Other Cost

Other costs are costs associated with the specified process, but not specifically covered in personnel cost, systems cost, overhead cost and outsourced cost in this questionnaire. These other costs include costs for supplies and office equipment, travel, training and seminars. Include the cost of telephones, except for that portion captured in systems cost.

AFP Research

AFP Research provides financial professionals with proprietary and timely research that drives business performance. The AFP Research team is led by Managing Director, Research and Strategic Analysis, Kevin A. Roth, PhD, who is joined by a team of research analysts. AFP Research also draws on the knowledge of the Association's members and its subject matter experts in areas that include bank relationship management, risk management, payments, and financial accounting and reporting. AFP Research also produces *AFP EconWatch*, a weekly economic newsletter. Study reports on a variety of topics, including AFP's annual compensation survey, and *AFP EconWatch*, are available online at www.AFPonline.org/research.



About the Association for Financial Professionals

The Association for Financial Professionals (AFP) headquartered in Bethesda, Maryland, supports more than 16,000 individual members from a wide range of industries throughout all stages of their careers in various aspects of treasury and financial management. AFP is the preferred resource for financial professionals for continuing education, financial tools and publications, career development, certifications, research, representation to legislators and regulators, and the development of industry standards.

General Inquiries AFP@AFPonline.org

Web Site www.AFPonline.org

Phone 301.907.2862

SHARPEN YOUR TREASURY AND FINANCE
SKILLS // CTP CERTIFICATION // WORLD-
CLASS EDUCATION AND TRAINING // GAIN
INSIGHT INTO TRENDS // COMPLIMENTARY
WEBINARS // FP&A CERTIFICATION // LEARN
PEER-TESTED, PRACTICAL SOLUTIONS //
MANAGE BANK RELATIONSHIPS // TIME-
SAVING TOOLS // LEVERAGE EXPERIENCES
FROM YOUR PEERS // BENCHMARK WITH
PROPRIETARY RESEARCH // CONFIRM BEST
PRACTICES // EXCHANGE ISSUES AND IDEAS
// EXPAND YOUR GLOBAL PROFESSIONAL
NETWORK // ENHANCE YOUR CAREER //

/ Your Community / Your Resource
/ Your AFP.



Join today.
www.AFPonline.org/Join