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Panelists:

- Randall Durling, Director of Int'l Finance, The Boeing Company
- Tracy Stover, Managing Director, Citi
- Jeanne Ewing, Manager, Accts Payable, Continental Airlines
- Frank Fiorille, Director of Enterprise Risk Mgmt, Paychex, Inc
- Jiro Okochi, CEO, Reval

# Tool of the Year

*Treasury & Risk's 12th annual*

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BEST PRACTICES SUMMIT



# Transforming Boeing's Foreign Exchange Risk Management Through a Holistic Approach

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Director, International Finance  
Global Treasury Operations  
The Boeing Company

# Treasury Challenges

- To accommodate the business model changes, Boeing's Treasury had to address the challenges related to its foreign exchange program
- The challenges fell into 4 categories:
  - Highly manual and labor intensive processes
  - Inconsistent reporting formats and processes
  - Inaccessible data
  - Communication between systems
- These challenges cost the company time, money, and valuable resources

# The Remedy

## Where To Start?

- Determine the overarching structure
  - The Hub
    - central area to store all of the FX related data
  - The Spokes
    - a variety of users and specialized tools that were connected and accessible to the Boeing population globally
- Buy it or build it?
- Had to address all of our challenges
- Web-based solution desired for:
  - cost-savings
  - speed of deployment
  - disaster recovery

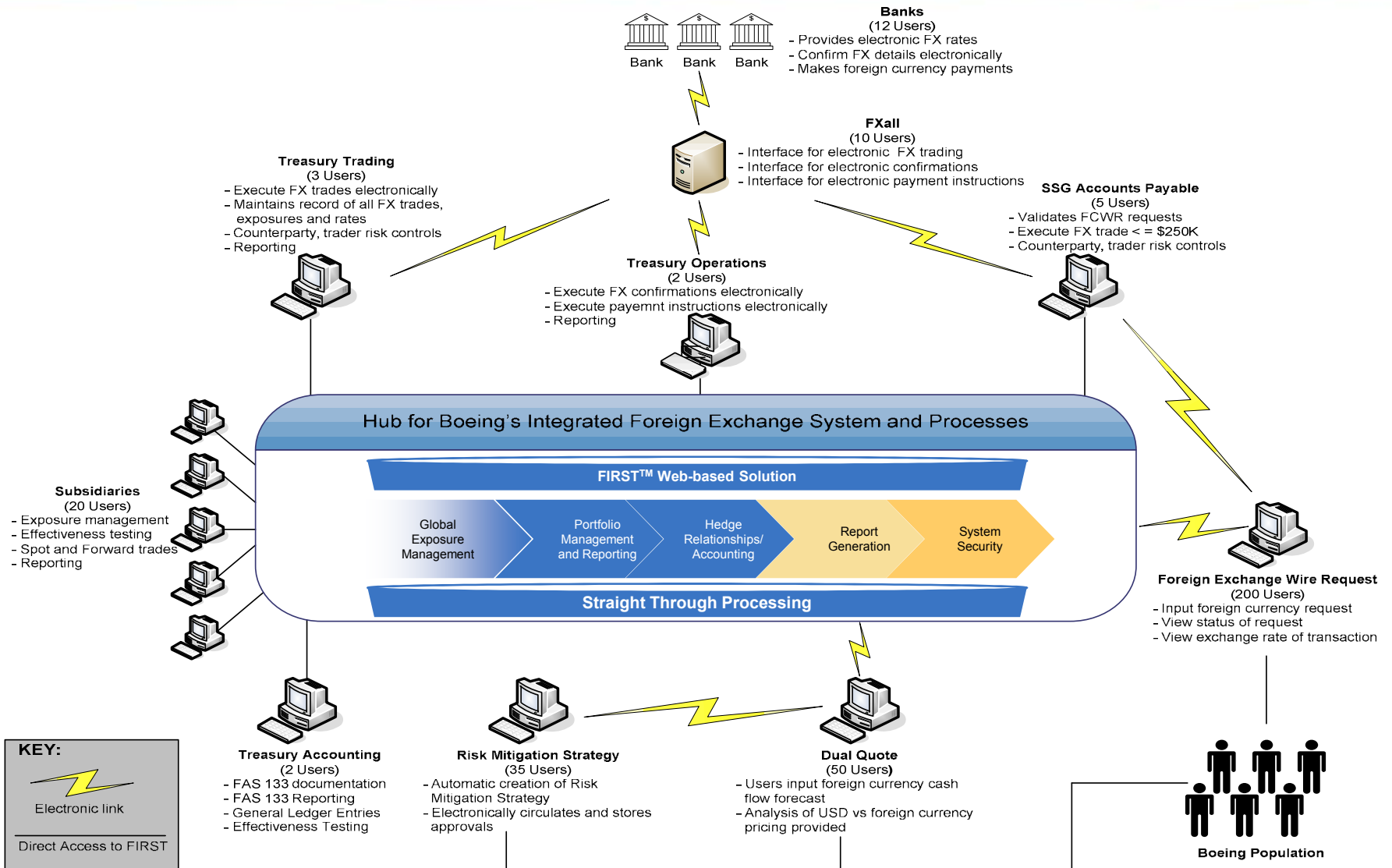
# Implementation

## Boeing Production System – A Lean Process

BPS Tactic	Treasury Application
<b>Value Stream Mapping</b>	Map process flow and seek methods to eliminate bottlenecks, waste, and inefficiencies.
<b>Balance the Line</b>	Balance the work load so those that one area, Treasury, is not performing all analysis or data entry. Put work load where it is originating.
<b>Standard Work</b>	Create policy, procedures, and provide training on standard methods of work.
<b>Visuals in Place</b>	Provide automated email notifications with instructions and web links for activity requiring work.
<b>Point of Use Staging</b>	Tools provided to computer desktop via single intranet portal.
<b>Feeder Lines</b>	Boeing users perform tasks in preparation for Treasury's final action related to the foreign exchange process.
<b>Process Breakthrough Redesign</b>	Treasury's application of a holistic suite of tools which communicate with each other and provide 90% straight-through-processing.
<b>Pulse Line</b>	Process or "part" moves through various departments or functions and pauses while work is performed and then moves to next area.
<b>Moving Line</b>	Process or "part" moves continuously through different tools with the implementation of straight-through processing.

# Implementation

## Boeing's Integrated Foreign Exchange Structure



# Benchmarks for Success

Challenge	Resource Allocation per month	Benchmark for Success	Resource Allocation per month	Impact
<b>Manual FAS 133 accounting processes</b>	24 hours	FAS 133 accounting running general ledge entries created by FIRST	1 hour	96% reduction
<b>Spreadsheet usage for accounting and subsidiaries</b>	14 spreadsheets	Systems capture all information with SOX controls	5 spreadsheets	64% reduction
<b>Treasury handling low-value trading</b>	20 hours	Shift all low value, non-production trading to A/P	1 hour	95% reduction
<b>Inconsistent reporting tracked in spreadsheet and distributed via email</b>	15 hours	Standardized and simplified reporting generation through FIRST and accessible to both corporate and subsidiary	1 hour	93% reduction
<b>Data inaccessible to subsidiaries so requests are fielded by Treasury</b>	20 requests	Very limited requests have to be fielded by Treasury because the subsidiary can access their own data in FIRST via the Web	2-3 requests	85% reduction
<b>Trade execution for subsidiaries</b>	20 trades	Subsidiaries have access to the Foreign Exchange Portal, Dual Quote, Risk Mitigation Tool and FIRST for trade execution	2-3 requests	85% reduction
<b>Fielding general workflow questions from subsidiaries</b>	20 hours	Established best practices and documentation around system usage and workflows	5 hours	75% reduction
<b>Lack of communication between systems</b>	0% STP	Interfaces and electronic connections allow seamless flow of data from one system to the next	90% STP	90% increase
<b>No disaster recovery</b>		Full disaster recovery with the ability to work remotely		100% increase

# Benefits of Change

## Benefits

Increased efficiency due to workflow automation

Foreign currency requests, trades, validations, risk analysis and approvals are now maintained and fully visible

Job duties are more transferable

Less training required due to set standards and full documentation

Treasury moved up the value chain

Treasury can focus on:

- Increasing exposure volume
- Business unit education
- Strategic idea generation

Now Treasury closely collaborates with subsidiaries

Ability research markets which influences hedging decisions and strategies

Benefits extend to auditors through standardization

Business continuity and disaster recovery