

The Strategic Lens: Former HP Treasurer Zac Nesper on How to Unlock Treasury's Full Value

NeuGroup Guide



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This guide is a compilation of articles written in 2026 by [Zac Nesper](#), whose more than two decades (2003-2024) at HP included roles in FP&A and treasury, with five years as treasurer during which he led HP's treasury separation into two companies large enough for the Fortune 50, dealt with fallout from the pandemic, and helped defeat a hostile takeover attempt by Carl Icahn. He is a former NeuGroup member whose ongoing passion for treasury is evident in writings that offer insights to treasury professionals at all points on their career journeys.



Zac Nesper

Unlocking Value With Strategic Treasury

The gap between an adequate treasury function and one that is world class rarely comes down to technical capability. Many teams can execute cash positioning, hedging, capital markets and risk management. My goal as a treasurer has always been to understand dynamics of the business at a deep level and be the bridge to translate that into world-class strategies aligned with the objectives of my CEO, CFO and board. The real differentiator is how effectively the treasurer connects deep business understanding to treasury strategy.

When treasury is anchored in the economics of the business—customer behavior, competitive dynamics, supply chain realities, secular shifts and the company's long-term strategic posture—everything changes. Liquidity planning becomes sharper. Capital structure becomes a competitive weapon. Risk management becomes proactive instead of reactive. And in volatile markets, that integration becomes a true advantage.

The mindset shift CEOs, CFOs and treasurers must adopt is simple but powerful: Treasury isn't just a control function—it's a strategic lens on the business. The more the treasurer understands the business, the more value treasury creates. World class treasury starts with that lens.

In the articles below, I share 10 questions and pro tips on a variety of treasury topics that I believe every CFO, CEO, board member and treasurer in a position to focus this lens should be asking—questions that elevate the function from operational to strategic, and help leaders unlock the full value treasury can deliver.

Working Capital Management Strategy



At HP, I had the benefit of working at a company with a negative [cash conversion cycle](#) (collecting revenue from customers before paying suppliers for inventory) and significant cyclicity. That made liquidity planning especially important. One year, we guided Wall Street to \$6 billion of free cash flow and then delivered \$9 billion two years in a row. This was in part driven by a CEO/CFO-sponsored project I led on managing working capital more effectively. When Covid hit, we had already run simulations on how cash flow would respond to a large improvement or deterioration in the business. Knowing the game plan provided us opportunities to win in the market that wouldn't have existed without that planning.

- Below are 10 strategic working capital questions for CFOs, treasurers and boards to ask to prepare for similar circumstances.

Macro, Policy & Market Dynamics

- How fast does our liquidity change when the business grows or contracts, and how could macro or policy shifts slow our cash conversion cycle? Have we run sensitivity tests and do we have enough levers—existing or new—to absorb an initial shock and sustain liquidity over time?** **Pro tip:** A 10%–20% revenue swing can accelerate or drain working capital faster than most teams expect. Knowing exactly how [DSO](#), [DPO](#) and inventory respond—and which levers are available to offset or manage the impact—is the difference between reacting to a liquidity shock and exploiting it.

Capital Structure, Liquidity & Funding Strategy

2. **How do our CCC (net cash conversion cycle) and its components (DSO, DPO and DSI) compare to competitors, and does this help or hurt us commercially? Pro tip:** CCC is a competitive metric. If peers collect faster or stretch payables further, they may be funding growth more cheaply. Benchmarking DSO, DPO, and [DSI](#) against competitors reveals whether your terms are a commercial advantage or a drag on liquidity. It also can be an incredible negotiating tool. Just make sure you read the footnotes and understand if competitors are using programs to drive their performance.
3. **Do our factoring, supply chain finance or distributor financing programs create real economic value or do they simply shift timing or add counterparty risk? Pro tip:** Financing programs create economic value only when they improve risk adjusted cash flows or reduce the firm's cost of capital. If a program merely accelerates cash- flow timing, introduces counterparty or structural risk, or is treated as debt by rating agencies or investors, it is unlikely to reduce WACC or generate incremental economic benefit. In those cases, the company pays for optics and operational complexity without creating real economic value.
4. **How exposed are we to customer- or supplier-driven working capital demands such as unfavorable terms requests, prepayments or concentrated sourcing? Pro tip:** Customer and supplier leverage over payment terms can quietly erode your cash position. Identifying concentrated exposure early gives you time to diversify or negotiate before a single counterparty's demands become a liquidity event.

Commercial, Supply Chain & Operational Exposure

5. **Where do we have concentrated AR risk and how do we protect ourselves from a customer or segment shock? Pro tip:** A single large customer default or segment downturn can cascade through AR and starve cash flow. Concentration risk in AR deserves the same rigor as credit risk in a loan portfolio.
6. **Where are we holding excess or slow-moving inventory and are we properly weighing the cost of carrying it and the obsolescence risk against the value of holding it? Pro tip:** Excess inventory ties up cash and carries obsolescence risk that rarely shows up until a write-down (our old CEO called it "rotting fish"). Disciplined SKU-level visibility forces the trade-off between service levels and carrying cost into the open. Most companies underestimate the true costs of inventory.

Governance, Risk & Performance Management

7. **Do our contracting practices and incentive structures encourage good working capital discipline across sales, marketing, procurement and operations? Could altering them be game-changing for cash flow? Pro tip:** Sales incentives tied to revenue without cash collection targets can quietly destroy working capital discipline. Aligning incentives across sales, procurement and operations around cash conversion can be transformative for free cash flow. Make sure you have a say in how these trade-offs occur in contract negotiations.

8. Is our working capital strategy aligned with our risk appetite, and do we have clear cash flow org ownership and clear incentives and KPIs for AR, AP and inventory?

Pro tip: Without accountability at the business unit and functional levels, excess working capital drifts higher and no one is accountable. Assigning explicit cash flow ownership creates the accountability needed to drive structural improvement. As highlighted above, at HP, we exceeded street guidance by billions simply by improving cash flow ownership, visibility, metrics and discipline.

9. Do we routinely evaluate our existing working capital programs to ensure best practices and solutions as well as fair, market-based costs? Do we have the most efficient structure in terms of the customer, supplier, bank and capital used to fund working capital and manage associated risks? **Pro tip:** Programs that haven't been strategically evaluated and competitively bid in years almost certainly carry above-market costs and questionable value. Never underestimate what a competitive bid process can do to pricing. Never underestimate what a good strategic analysis can do for tactical decisions.

Technology, Data & Structural Improvement

10. What investments in reporting/analytics, forecasting, automation or AI would materially improve visibility into AR, AP and inventory risk, enabling structural working capital reduction? **Pro tip:** Better data, forecasting and automation surface the cash trapped in receivables, payables, and inventory - enabling structural reduction rather than one-time fixes. Agentic AI is opening analytical possibilities that can drive real improvements in both predictability and cash generation. If you aren't using these tools in cash forecasting, you are falling behind.

Treasury Talent Strategy



Treasury isn't just a control function; it's a strategic lens on the business that is only as good as the people using it. At HP, the vision provided by that lens taught me to expect the unexpected. Events like a hostile takeover attempt and a corporate separation weren't on my bingo card. My ability to navigate these challenges was the result of deliberate hiring, development and succession planning by leaders who understood that treasury's strategic value resides in the people delivering it. Today, with AI reshaping workflows, baby boomers retiring and competition for financial talent intensifying, getting treasury talent right has never been more critical. Here are 10 strategic treasury talent questions for CFOs, treasurers and boards. **Team Size, Structure & Organizational Design**

- 1. How large should my treasury team be? Pro tip:** The tried-and-true headcount benchmark of one treasury [FTE](#) per \$1 billion of revenue is a great guideline, but not a rule. It's about to face its fiercest opponent yet: AI. One major technology company I know operates at roughly two-thirds of that ratio (0.67 treasury FTE per \$1 billion of revenue) by concentrating great people in the Bay Area and leveraging technology extensively. At HP, we were at the one-FTE-per-\$1 billion benchmark even though deliberate business choices (a captive financing company, factoring, supply chain financing, extensive hedging, a pension plan) required expertise across a broader range of functions than most peers. We could still run below the industry cost benchmark because we invested in strong offshore teams who handled operational complexity at a fraction of onshore cost.

Many fast-growing companies fail to scale treasury as revenue grows and wind up at \$2–\$3 billion of revenue per FTE. The result: an understaffed function that falls behind operationally and loses its strategic seat exactly when it's needed most. The rule is

drifting; lean teams are more common, and AI will accelerate the trend as it eventually becomes the great equalizer. The key question: what's the ROI on the next team member?

2. **How do I know if my treasurer is the right treasurer?** **Pro tip:** I'll give you one simple test: Do you want the person in the room when major capital allocation decisions are being made? Once there, do they add insight? If your treasurer is excellent at operations but absent from strategic conversations, you have a very good treasury manager, not a treasurer. Evaluate treasurers on five qualities: Can they communicate risk and opportunity in business terms, not jargon? Are they proactive in bringing strategic insights before being asked? Are they building the team below them? Are they driving technology adoption and streamlining operations? And do they have credibility outside finance, with business units, procurement, legal and the board?

Developing and Retaining Treasury Talent

3. **How do I develop my next treasurer and other key treasury talent from within?** **Pro tip:** World-class treasury organizations produce treasurers who go on to lead elsewhere, and that doesn't happen by accident. At HP, I hired [Andrea Nosedà](#), who was new to treasury, for a capital markets role. Four years later, she became my successor as treasurer. The development path that made that possible included rotating high-potential individuals through the major treasury functions: cash management, FX, debt capital markets, risk. Give them external-facing experience: rating agency presentations, bank group negotiations, board committee presentations. Assign cross-functional projects that connect treasury to FP&A, M&A and business operations. And expose them to high-pressure situations where they can demonstrate judgment.
4. **Should I rotate a potential CFO successor through treasury?** **Pro tip:** Maybe; the answer depends almost entirely on the strength of the team below. A business CFO who has run treasury understands capital markets, capital structure, cash forecasting, liquidity planning, rating agency strategy, FX and capital allocation at an instinctive level. However, one who lacks the technical ability to run the function and must learn on the job can destroy a significant amount of value while "training." If you have a strong team underneath, this rotation can be an absolute winner: The team runs the operation while the CFO candidate absorbs the strategic dimensions and deepens the partnership with the business. If the bench is thin and the candidate lacks the curiosity to go deep on technical topics, you sacrifice treasury's effectiveness at the altar of executive development.
5. **How should I view compensation in treasury?** **Pro tip:** At HP, one measure I tracked was the return on a treasury FTE. When I started transforming the function, this ran at roughly 30x—a \$100K investment had approximately a \$3 million return based on projects we could pursue. As we optimized, it settled between 5x and 10x—still extraordinary. Like superstar engineers, the best treasury professionals pay for themselves in spades. I had an FX trader who, simply by asking if a bidder could improve their price, saved the company \$2 million in 10 seconds on a single Brazilian real trade. You cannot generate that return from mediocre talent. Treasury skill sets command premium pay in investment banking and asset management; and while corporates won't match those benchmarks, the value creation that drives the compensation is similar.

CFOs should benchmark total compensation—base, bonus, equity, benefits—against both internal peers and the external market and consciously choose how much of a gap is reasonable. Complexity, risk mitigation and value from the undone projects are key indicators of where the sweet spot is located. Also remember that flexibility and meaningful work have become de facto compensation elements that top talent now expects.

AI, Technology & Workforce Transformation

6. How do I prepare treasury for the impact of AI, and how will it change the talent I need?

Pro tip: Fully harnessing AI's value takes system reengineering, not just optimization. Much of treasury's work depends on regulatory, tax and bank-driven processes; KYC and regulatory reporting aren't going away. AI will redefine staffing benchmarks: Future teams will likely be 20%–50% smaller. But treasury will lag other finance processes in headcount reduction because so much of the work involves external stakeholders and regulators who move at their own pace.

Be relentless in making high-quality treasury data accessible in a company data lake and aggressively deploy AI agents at any manual process. On talent, AI will accelerate the shift from transaction processing to strategic advisory. You need people who are curious about technology and willing to work alongside AI, with data literacy, strategic judgment and the communication skills to translate AI-driven insights into C-suite and board-level narratives.

Succession, Retirement & Workforce Planning

7. How do I handle the impending retirement of one or more of my key treasury people?

Pro tip: Retirement risk hits treasury harder than most functions. Specialized knowledge (banking relationships, debt covenant nuances, hedging program history, system configurations) often resides in one or two long-tenured individuals. Identify your single points of failure now, not when key people give notice. Begin knowledge transfer 18–24 months before anticipated retirement. Document tribal knowledge: bank contacts, system workarounds, historical context for current structures. And use the transition to modernize. The replacement doesn't need to replicate the retiree's role; they need to fill the role the organization needs going forward.

8. How do I find treasury talent in the marketplace? **Pro tip: Network relentlessly. Bankers are invaluable, not only as potential hires but because they know who is good and where they work. Your team should be spending time at industry conferences, not just for content but to stay sharp and to recruit. Look internally: Transfers from FP&A, accounting and business unit finance bring business knowledge, and treasury-specific skills can be taught. Broaden your aperture; a strong quantitative analyst with intellectual curiosity may outperform a treasury specialist who lacks strategic thinking. The best hire I ever made was someone who had never worked a day in treasury. All the great ones came from my network.**

Strategic Role & Organizational Positioning

9. Should treasury have a strategic seat at the board, CEO and CFO table? **Pro tip:**

Unequivocally yes. Treasury's expertise in liquidity, risk management, capital markets and M&A execution is among the most strategically valuable capabilities a company has, yet that expertise often remains untapped. Most treasury organizations have zero involvement in supplier negotiations and often aren't there when capital structure-defining M&A deliberations occur. The key: Treasurers need to communicate upward in business language, not jargon. Simplify the complex and speak in terms of the P&L and cash flow, from the perspective of an investor. Deliver strategic analysis before being asked as a thought leader rather than a task executor. And measure your value creation. If you can't quantify treasury's strategic contribution, don't be surprised when someone else defines your role for you.

Operating Model & Culture

10. What is the right operating model, and how do I build a culture that attracts top talent?

Pro tip: Large organizations are increasingly centralizing (in-house banks, payment factories, payment-on-behalf-of models) because it drives efficiency, visibility and control. AI will accelerate this. The modern model combines a centralized center of excellence for policy, risk and strategic advisory; shared services for transactional work; regional hubs for time zone coverage; and technology to connect the layers. If it's rule-based, automate it. If it requires judgment, staff it with your best people. Optimize for decision-making speed and strategic contribution, not cost reduction alone. On culture: make the work stimulating, invest in development and celebrate treasury's impact. That's the culture that produces leaders who go on to run treasury elsewhere.

Capital Structure Strategy



Decisions about capital structure are among the most consequential in corporate finance and arguably the most important decisions a treasurer ever makes. Yet many treasurers inherit capital structures rather than architect them. They also face whiplash. The textbook says minimize [WACC](#). The boardroom wants financial flexibility and distance from financial peril. Investors want near-term returns. Rating agencies want guardrails. Activists say you are wrong. And the CEO has opinions.

We are also in an era where hyperscalers are committing hundreds of billions to AI infrastructure, and there the conversation reframes again: Capital structure becomes a tool for funding transformational growth and staking a claim to a lucrative market at speed, not merely a WACC minimization exercise.

At HP, capital structure was central to how we competed. When Xerox and Carl Icahn launched a hostile takeover, we committed \$16 billion in shareholder returns over three years, roughly half of market cap, while maintaining investment-grade credit at 1.5x to 2.0x debt to EBITDA. Earlier, when HP separated into two companies, we stood up two distinct, optimal capital structures, each calibrated to the business, its cyclicity and its rating profile. Neither outcome was improvised. Both reflected years of analytical work on the ideal capital structure, deep relationships with rating agencies, scenario planning for downturns, and a board that understood the trade-offs.

Capital structure theories ([Modigliani-Miller](#), [the trade-off model](#), [pecking order](#)) provide useful frameworks. But real-world decisions require integrating theory with executive priorities, board viewpoints, competitive dynamics, rating agency realities and capital market conditions that shift constantly. Getting this right is core to the treasurer's job. Here are 10 strategic questions for CFOs, treasurers and boards.

Analytical Foundation: Cost of Capital, Ratings, Liquidity

1. **Have you done the analytical work to determine where your WACC is minimized, across both the cost of debt and the cost of equity, and what that implies for your target capital structure and credit rating?** **Pro tip:** The textbook says debt is cheaper than equity until bankruptcy risk drives the cost of debt high enough to reverse the benefit. This is directionally correct but practically useless. In real capital markets, the inflection points are not smooth curves. They are cliffs, and they shift with market conditions.

There are two commercial paper cliffs treasurers need to map. The first is falling from a credit rating of A1/P1 to A2/P2 and finding a much shallower investor base and materially wider pricing. The second is the loss of investment-grade status, which is effectively losing CP market access. Both cliffs reprice your funding stack and reshape your investor mix overnight. These are structural features of how capital markets work. Management of the margins matters, so know where your cliffs are, build a buffer above them so you are prepared for adverse markets, and manage the levers that compress both halves of WACC. Also look at the opposite. If you are just below a cliff, it's incumbent on you to find your way to the top given the interest savings and financial flexibility you'll find there.

The reality is that while most treasurers can quote their cost of debt to the basis point, few can articulate the cost of equity with the same precision. Practically, it is reflected in valuation multiples. A company trading at 8x earnings has an implied cost of equity far higher than one at 12x that's growing at the same rate. That point is critical: high-growth technology companies have equity costs that contain embedded growth expectations, reinvestment rates and optionality values that also drive the implied cost of equity in those names.

Cash flow is the conduit that connects capital structure to equity value. Free cash flow can be managed through working capital discipline, capital allocation rigor and operational efficiency in ways that directly influence how the market prices your equity. Today, some companies with real market power are raising large amounts of equity rather than carefully looking at their working capital as a source of funds. That is a missed opportunity.

Between pure debt and pure equity sits a continuum of hybrids—preferred stock, perpetuals, convertibles—that can earn partial equity credit from rating agencies (often 50%) while pricing closer to debt, giving treasurers a third lever to tune WACC against ratings headroom. Beyond the classic hybrids, structured instruments—[sale-leasebacks](#), project finance, joint ventures and private credit—deserve a seat at the same table. For hyperscaler issuers financing massive AI infrastructure builds at scale, these structures are where the real innovation is happening: They preserve balance sheet capacity, align funding tenor with asset life and create optionality that pure debt or equity choices cannot.

A good exercise: Model your WACC across a range of leverage ratios, anchored to real-world breakpoints where CP access degrades, bond spreads gap wider, your investor base shifts and the equity multiple compresses. Understand the impact of hitting a ratings/debt cost cliff in both good and bad market environments. Most importantly, make sure the CEO, CFO and board understand and support the strategy as one that is aligned with their growth objectives.

2. Do you have a cohesive strategy for engaging with credit rating agencies? **Pro tip:**

Rating agency relationships are not unlike investor relations. You need a narrative, credibility and consistency. The level of touch should be proportional to your proximity to a ratings outcome. If you are comfortably mid-BBB with a stable outlook, an annual meeting plus a quarterly update may suffice. If you are near a downgrade threshold or pursuing a transaction, you should be on the phone proactively, walking analysts through your business dynamics, addressing methodology-specific concerns and making sure the CFO is on the call when the chips are down.

When HP separated into two Fortune 50 companies, we conducted a full ratings advisory process, engaged all three agencies months ahead and established capital structures that achieved dual BBB+ ratings for both entities. That did not happen by sending a press release. We took analysts through the business model in detail, segment by segment. Some companies sit at sub-investment-grade ratings that could be higher if they invested the time to improve understanding of their fundamentals. Ratings are partly quantitative (leverage, coverage, cash flow), but the qualitative overlay (management credibility, financial policy clarity, willingness to engage) matters enormously. Understand ratings analyst methodology, speak their language and build the relationship before you need it.

3. How well do you understand the interest rate sensitivity of your balance sheet, and are you actively managing asset-liability mismatches? **Pro tip:**

Asset-liability management in a corporate context is less discussed than in banking, but no less important. Run a sensitivity analysis: What happens to net interest expense, pension funded status and operating margins if rates move 100, 200 or 300 basis points in either direction? At HP, we managed \$14 billion in pension assets alongside our debt stack. When I started, a 100-basis-point move could shift pension funded status by hundreds of millions and alter debt service costs materially. By understanding those dynamics, we used swaps to recalibrate our mix of fixed- to floating-rate debt, reducing interest expense and lowering interest rate sensitivity. We also altered pension duration and asset allocation to better match assets and liabilities, reducing risk while improving returns.

Understand your interest rate risk by modeling the sensitivity of your P&L and balance sheet to rate changes across scenarios, and then determine whether swaps, callable structures or natural hedging through your operating model are the most efficient approach to manage your risk. The same discipline applies across currencies; issuing debt in the currencies where you generate cash flow and hold net investments creates a natural hedge against translation exposure and reduces reliance on the cross-currency swap market, which tends to dislocate precisely when you need it most.

Treat the balance sheet as an integrated whole and make your interest rate sensitivity choice consciously.

4. How clearly have you articulated your capital structure objectives to the investment community? **Pro tip:**

Investors demand clarity on capital allocation and capital structure. Ambiguity invites someone else to define your framework for you. Explicit commitments (a 2.0x to 2.5x leverage band, a 75% free cash flow return target, conditions under which debt will rise for an acquisition) provide clarity but also reduce flexibility. The right level of specificity depends on where you sit in the corporate lifecycle: More mature companies must operate with more defined policies because the market will assume the worst in the absence of them.

Activists exploit holes in logic or the absence of any logic. When a business struggles, a company without a clearly articulated capital allocation framework becomes a target. The activist's pitch is simple:

"Management has no framework; we do—and ours returns more cash to shareholders." Today's activist landscape has also expanded beyond under-returning industrials to over-capitalized technology companies sitting on cash and underleveraged balance sheets, so the framework needs to defend both directions. Clearly articulate a strategy that optimizes returns and build a track record of execution consistent with the policy. The best defense is a good offense: Do the analysis, own the narrative and communicate with conviction.

5. Do you know how your business and capital structure will respond in an economic downturn, and have you stress-tested your liquidity sources? **Pro tip:** Every company plans for growth. Far fewer plan rigorously for contraction. To do that, answer the questions that matter:

- If revenue drops 15% to 25%, how fast does cash flow deteriorate?
- If commercial paper access is cut off, either because your rating slips or because the market freezes as it did in 2008, how much revolver capacity do you have?
- Are your revolver covenants set at levels that survive a recession, or will a downturn trigger a technical default at exactly the wrong moment?

Post-Covid, the relevant scenarios also extend beyond revenue declines to tariff shocks, regulatory fragmentation and supply-chain disruptions where capex commitments are contractually locked while revenue assumptions shift underneath you. Before Covid, HP ran simulations on how cash flow would respond to significant business deterioration. When the pandemic hit, we already had a playbook. Knowing the game plan opened opportunities to win in the market that would not have existed without that planning.

The capital structure implications of a downturn compound. Revenue falls, working capital may consume cash, ratings come under pressure, borrowing costs rise, and access to short-term funding narrows—all simultaneously. Map this cascade. Know your revolver capacity, your CP backup, your covenant headroom and your ability to pull discretionary levers (capex, buybacks, factoring, dividends) quickly. The treasurer who has done this work becomes indispensable in a crisis. The one who has not becomes a liability and sometimes finds themselves unemployed.

Stakeholder Management & Governance

6. How do you engage the CEO and the board on capital structure, and have you cultivated their understanding before you need it? **Pro tip:** CEOs and boards are rarely agnostic about capital structure. They have instincts, sometimes brilliant, sometimes shaped by experiences that do not translate to your company's situation. A CEO who built a career at a cash-rich technology company may resist leverage. One who came from private equity may want more of it. Engage early and bring analysis, not opinions. Frame the trade-offs in terms the CEO and board value: earnings accretion, shareholder returns, competitive positioning, M&A flexibility, ratings headroom. If the leadership instinct is directionally wrong, the analysis should make that evident without making it personal.

Board governance of capital structure is situation dependent. A stable company generating consistent free cash flow may need only an annual capital allocation review. But a company navigating a downturn, pursuing transformative M&A or facing activist pressure needs more frequent communication to give the board a deep understanding of the trade-offs between leverage, liquidity, ratings and shareholder returns.

One treasurer I know meets proactively with new directors or board advisors for a deep dive on the nuts and bolts of how she approaches capital planning, the sizing of excess liquidity and where ratings headroom sits before any major capital structure decision is on the table. That helps treasury build and bank credibility for the day the treasurer actually needs board support.

At HP, I was the finance lead for the board's Finance, Investments and Technology Committee. That role provided the platform to educate board members on capital structure dynamics, stress-test scenarios together and build alignment before high-stakes decisions. When the Xerox takeover emerged, the board was not starting from zero. They understood our leverage capacity, our ratings headroom, and the trade-offs of committing \$8 billion in capital returns in year one. Build your board's understanding incrementally through regular updates. The board that understands the capital structure is the board that can move decisively and correctly when it matters.

7. **Do you know who has the ear of the CEO and the board, and are you engaging with that ecosystem?** **Pro tip:** All CEOs and boards have advisory ecosystems: investment bankers, legal counsel, compensation consultants, former executives, board members with financial backgrounds. These advisors shape views on leverage, capital returns, M&A appetite and risk tolerance. A treasurer who operates in isolation from this ecosystem will find that capital structure decisions get made around them, not with them. Build relationships with the company's lead investment bank, outside counsel and any board members with capital markets backgrounds. Understand which banks have influence with these decision-makers and connect with them. Make sure your analysis is at least as rigorous as what the outside advisors are providing, ideally more so, because you have the informational advantage of understanding the company from the inside. Engage with the advisory ecosystem proactively, not reactively. You are a partner, not a bystander.

Market Dynamics, Execution & Strategic Positioning

8. **Is your debt maturity profile aligned with your business cycle, and are you managing refinancing risk proactively?** **Pro tip:** Academic research (Barclay and Smith, 1995; Guedes and Opler, 1996) and market practice point to the same conclusion: maturity management is a first-order capital structure decision, not an afterthought. A debt maturity wall creates refinancing risk that compounds in a downturn when credit markets may be closed or prohibitively expensive. Ladder your maturities to avoid concentration. Refinance your revolver with plenty of runway: This is one of your most important de-risking tools. Target no more than 15% to 20% of total debt maturing in any single year. Plan by modeling "what if" scenarios on upcoming maturities and begin thinking about refinancing 12 to 18 months before maturity to avoid being forced into the market at the wrong time.

9. Does your capital allocation framework integrate organic investment, M&A, dividends and buybacks into a unified decision model, and how much should flow to share repurchase? *Pro tip:*

Too many companies treat capital allocation in silos. Business units request capex, corporate development pursues M&A, and treasury manages buybacks and dividends while borrowing to fund the plan. The result is often an uncoordinated set of claims on cash that may not reflect optimal risk-adjusted returns. The right model forces every dollar to compete for capital on a risk-adjusted basis, with explicit trade-offs visible to the CFO and board. The practical challenge is governance.

Within that unified model, sizing share repurchase is critical. Free cash flow provides a useful starting point. Then position it against your target leverage: How much can you return and still stay within your capital structure guardrails? From there, valuation matters. Be humble. Research consistently shows companies overestimate their ability to time repurchases. Assess competitive norms: What do peers spend on dividends versus buybacks, and does your mix signal confidence or distress? Preserve M&A firepower in a market where inorganic transactions are a requirement to compete. A company that exhausts balance sheet capacity on buybacks and then overpays for a leveraged acquisition is compounding errors. Understand the interconnectedness of buybacks with other investment decisions and consciously develop a plan that is as close as possible to the [Pareto frontier](#) for value creation.

10. Are you actively shaping how the capital markets price your company compared to peers and relative to your true potential? Or are you accepting the market's verdict? *Pro tip:*

Capital structure benchmarking against peers is a standard exercise, but most companies stop at superficial leverage comparisons without asking why the differences exist. Are you more levered than peers because you generate more stable cash flows and can support it, or because you have been slow to delever after an acquisition? Are you less levered because your business is more cyclical, or because you have not done the analytical work to determine optimal leverage?

When HP became two companies, we benchmarked both against their respective peer sets: HP Inc. against hardware technology peers and HPE against enterprise IT peers. We designed capital structures appropriate to each business's cash flow profile, cyclicity and strategic needs. Investors and analysts will benchmark you whether you like it or not. Make sure you have made the comparison first and can explain every material deviation. Deliberate differentiation from peers is a strategic choice. Accidental deviation is a vulnerability.

Under an active approach, credit spreads are not a fait accompli. Management actions can materially influence them. The tools include: transparent communication with fixed-income investors, a constituency many companies neglect; proactive liability management (tenders, calls, exchanges); consistent execution against stated financial policy; and maintaining secondary market liquidity in your bonds. Engage your debt investor base the way you engage your equity investors. Fixed-income investors control your cost of debt. A 50-basis-point reduction in your weighted average cost of debt on a \$10 billion debt stack is \$50 million in annual pre-tax interest savings. That is worth managing.

Drive the Outcome

This directive is the throughline of every point made above. After you have done the WACC analysis, built the rating agency relationships, stress-tested for downturns, modeled asset-liability sensitivities, funded growth and mapped the advisory ecosystem, what do you do with it? The answer separates great treasurers from good ones. You engage the C-suite proactively. You understand the CEO's strategic priorities and shape how capital structure supports them. You understand the CFO's risk appetite and quantify the boundaries. You understand the board's expectations and frame the narrative. You are a partner, you are the subject matter expert and this is core to your job.

Too many treasurers do excellent analytical work and then wait to be asked or communicate in academic language that doesn't resonate with the audience. The research sits in a drawer or in the presentation appendix. The stress tests gather dust. The rating agency relationships are transactional rather than strategic. The best treasurers translate that analytical work into practical actions and bring recommendations to the right stakeholders at the appropriate time. They shape the company's financial strategy rather than executing someone else's.

Do the research. Own the expertise. Drive the outcome.

FX Risk Management Strategy



HP had one of the most sophisticated FX hedging programs in the world, staffed by a full team of strategists and traders. We fully understood the interaction of country-by-country exposures and market dynamics, pricing, contractual terms, competitive dynamics, market instruments, correlations and investor risk appetite. That provided the company with significant protection through several currency crises and periods of market volatility, providing the board and investors with confidence. Here are 10 Strategic FX questions (some are multipart) for CFOs, treasurers and boards looking to drive real value and investor confidence in the strength of a company's FX risk management.

Macro, Policy & Global Monetary Regimes

1. **Which currencies drive our largest exposures and how vulnerable are we to diverging global monetary policies or major political shifts?** **Pro tip:** Strategic FX management starts with the basics of exposure and risk. You must know where you are exposed before you can mitigate the risk.
2. **How would a prolonged period of strong or weak functional currency change our revenue mix, competitiveness and capital allocation? How long does our hedge program realistically protect us, and have we modeled a 10–20% swing in both directions?** **Pro tip:** A prolonged move reprices your entire P&L—revenue mix, input costs and competitive position. Model a 10–20% swing in both directions and know exactly how many quarters your hedges protect your earnings and cash flow. Then assess if your business can adjust in that horizon and if you are competitively advantaged or disadvantaged.

Governance, Capital Structure, Liquidity & Funding Strategy

3. **Is our debt and liquidity mix aligned with our currency exposures or are we carrying structural FX mismatches we could fix by changing our operational footprint? Pro tip:** Natural hedges achieved through local-currency debt or operational footprint changes can reduce notional hedge volumes and structurally lower risk. If your debt stack doesn't mirror your exposure map, you may be leaving durable risk reduction on the table and paying for hedges you don't really need.
4. **How do investors react to FX impacts in our sector and does our approach to hedging strategy support the guidance and expectations we set? Is the way we have conditioned investors optimal? Pro tip:** Investors price FX volatility differently by sector. A hedging program that smooths reported results can build credibility with analysts and improve your price/earnings multiple. However, some companies have found success by conditioning the Street to look through FX volatility and manage it within their own investment portfolio. Define your objective and conditioning strategy and be ready to be held accountable for what you choose.
5. **Are we relying on funding currencies that could become expensive or unstable, and how resilient is our liquidity if one of them dislocates? Pro tip:** Concentration in a single funding currency is a hidden liquidity risk. Stress-test what happens if swap markets seize or basis costs spike—diversified funding, including intercompany options, buys you time when markets dislocate.

Commercial, Supply Chain & Pricing Strategy

6. **How do the functional currencies of competitors and FX swings affect our pricing power and competitiveness, and how quickly can we reprice or recontract when conditions shift? Pro tip:** If a key competitor reports in a weakening currency, an FX move can hand them a pricing advantage overnight. Understanding competitor functional currencies and building repricing speed into contracts turns FX awareness into a competitive weapon.
7. **Where are suppliers exposed to FX volatility and could their currency risk become an indirect cost or operational risk for us? Pro tip:** Supplier FX stress can lead to price increases, delivery delays or quality issues. Mapping your supply chain's currency exposure and contract terms turns a blind spot into a manageable risk.

Risk, Hedging Philosophy & Governance

8. **Do our hedging policies reflect today's volatility regime or are they anchored to outdated assumptions about mean reversion or correlations? Are we unintentionally speculating? Pro tip:** Volatility regimes shift faster than policy manuals. If your hedge ratios and tenor assumptions haven't been recalibrated for the current environment, the program may be creating risk rather than reducing it. Relying on correlations for protection can be a hidden form of speculation.

Technology, Data & FX Market Structure

9. Which analytics, automation or AI investments would materially improve our ability to forecast, price, contractually adjust or hedge FX risk? **Pro tip:** Automation and AI can compress the time spent building forecasts and running scenarios, freeing the team to focus on strategy, instruments, and trading optimization—where the real value lies.

10. Do we have sufficient counterparty diversification and/or stress-tested collateral programs in place? Are we bidding out all material transactions on a liquid platform?

Pro tip: Counterparty concentration and opaque execution are avoidable risks. Diversifying counterparties and bidding all material trades on an electronic platform improve pricing transparency and strengthen your negotiating position. Banks are happy to seamlessly execute trades on noncompetitive platforms. But if it seems too good to be true...

Cash & Liquidity Management Strategy



Cash management is the foundation the rest of treasury stands on, and the part most likely to be taken for granted. Capital structure reaches the board and FX losses reach the earnings call, but the daily machinery of cash is invisible when it works and existential when it fails. Most treasurers inherit this machinery rather than design it, and the inheritance shows.

HP was no exception. Before the [2015 separation](#), the combined company had several thousand bank accounts. HP Inc. alone emerged with 85 banks and more than 1,100 accounts, tens of millions of dollars a year in bank fees, no daily view of our cash and no forecast beyond six days. I asked our CFO for \$4 million to fund a transformation. She gave us her full support and no budget, so we self-funded it, starting with bank fee savings and letting each win pay for the next. Over four years, we closed nearly 400 accounts and 27 banking relationships, cut bank fees by 60%, connected 80% of our accounts through SWIFT, freed \$2 billion of trapped liquidity and reached 100% daily visibility to cash in every account around the globe. We estimated the project would generate roughly \$150 million in net present value. It delivered more than double that.

The value showed up in 2020. When Covid shut our factories in Asia, our negative cash conversion cycle went from friend to foe: collections slowed against a 30-day [DSO](#) while payables kept running closer to 90 days, and the intra-quarter swing in cash flow was measured in billions just as the commercial paper market closed. We managed through without incident. We had borrowed commercial paper before the market shut, accelerated a \$1 billion revolver addition, and lined up nine banks and five insurers to support our customers and suppliers. We never drew on the revolver while panic drawdowns elsewhere made a fragile market worse.

Here are 10 strategic cash and liquidity questions for CFOs, treasurers, and boards.

Visibility, Forecasting & Cash Intelligence

1. Do we have timely visibility into every account worldwide, and do we know how much of that cash is available to deploy? **Pro tip:** You cannot manage what you cannot see. Daily visibility across every account is table stakes and real time is becoming the bar. Headline cash is not available cash: Balances in joint ventures, regulated entities and minimum operating buffers are not deployable, and boards deserve to see both numbers. Our best view of cash originally took the better part of a week to assemble, and we produced it only once a quarter. Getting to 100% daily visibility changed every crisis conversation that followed.

2. How accurate is our cash forecast, do we measure the misses, and does the forecast drive our funding and investment decisions? **Pro tip:** Run two engines: a short-term direct forecast for funding and investment decisions, and a longer-term indirect forecast that connects to capital allocation. Then close the loop: measure forecast-to-actual variance by entity and by category and chase the misses, because variance analysis is where a forecast improves. AI is now good enough to run a machine forecast in parallel with the traditional one, with the gap between the two providing a third dimension of variance. Our APAC team took cash forecasting from fully manual to fully automated, work that won an [Adam Smith Award](#) in 2024. A reliable forecast shrinks precautionary buffers, extends investment tenors and grounds downturn planning.

Structural Efficiency: The Plumbing

3. Is our cash concentrated into structures where we can use it, or is it scattered across subsidiary accounts where it sits idle? **Pro tip:** Every dollar idle in a local account is potentially a dollar the parent is borrowing at the same moment. Sweep cash to the center through physical or notional pooling structures and know which countries cannot participate and why. Measure the share of global cash usable within 24 hours and drive it up; it is one of the highest-return projects in treasury. I met with a treasurer on the day I wrote this who had a fully automated and prompt-accepting AI dashboard to show exactly this. Concentration and visibility together eventually let us run HP on roughly half the operating cash we had needed at separation. The difference funded buybacks and debt reduction and helped defeat a hostile takeover attempt.

4. Are we funding our divisions through an in-house bank, or are we paying banks a spread to stand between our own entities? **Pro tip:** An in-house bank centralizes intercompany lending and borrowing, nets funding needs across the group and gives treasury one integrated view of internal positions. The prerequisites are unglamorous: clean intercompany agreements, arm's-length pricing, tight alignment with tax and a system build that comes at real cost. Internal funding is also the platform that makes pooling, netting, payment factories and centralized FX visibility and hedging easier to build. The group can borrow once at the parent's cost of funds instead of dozens of subsidiaries overpaying. Housed in the right jurisdiction, an in-house bank can add tax efficiency on top.

5. How much of our settlement volume, intercompany and FX alike, is settled gross when it could be netted? **Pro tip:** When we started the transformation, our subsidiaries were settling with each other through external banks at a scale that dwarfed our commercial flows. We were paying banks to move money between our own entities. Implementing cashless netting eliminated tens of billions of dollars in external financial flows, and the fees, FX spreads and operational risk that traveled with them. Net FX exposures internally before hedging externally, so you only pay spreads on the residual.

6. Does our bank account and banking relationship footprint reflect deliberate design, or just the accumulated history of the company? **Pro tip:** Every account creates fees, KYC and FBAR obligations, audit work and fraud exposure. Dormant accounts are risk with no return; close them. Our 85 banks and 1,100-plus accounts at separation were not designed by anyone; they were what acquisitions and local workarounds left behind. Closing nearly 400 accounts and 27 relationships took years of patient work and paid for the entire transformation through a 60% reduction in bank fees. Apply the same discipline to the bank group: Align your wallet with the banks that commit credit to you.

Funding, Deployment & Investment

7. How much of our offshore cash is genuinely trapped, what would it cost to bring home, and are we working the problem with tax and legal rather than around them? **Pro tip:** Between dividends, intercompany loans and royalty flows, and after the 2017 shift in U.S. tax law, most trapped cash has a path home at a knowable cost; treasurers routinely overestimate how trapped it really is. Tax wants certainty and a low effective tax rate, legal wants protection and treasury wants the cash. The best treasurers treat tax and legal as partners on the path rather than barricades; cash is rarely trapped so much as waiting for the right structure and the right relationships. Maintain a living repatriation road map rather than building one under duress: Move forward entity by entity, with the cost of each path articulated and the factors that could change the outcome enumerated and delegated to owners. We worked restricted cash down deliberately, extracting nearly \$1 billion in about a year, at exactly the moment leverage was elevated and cash flow was constrained. If offshore cash is earning money market yields while the parent borrows term debt, that is a negative-carry position dressed up as conservatism.

8. Does our investment policy put safety and liquidity ahead of yield, and is the portfolio segmented so each dollar is invested to its true horizon? **Pro tip:** Prioritizing is the policy: Segment the portfolio into operating, reserve and strategic cash; invest each bucket with a time horizon reflecting when it's truly needed; enforce counterparty and concentration limits. When Silicon Valley Bank failed in 2023, one technology company disclosed that nearly \$500 million, roughly a quarter of its cash, was sitting at that single institution. Concentration limits exist for exactly that kind of event. Write the policy to give the treasury team enough flexibility to optimize as markets move, inside robust controls and guardrails agreed upon with the CFO and the board. That alignment protects more than principal: A policy everyone understands up front removes the misunderstandings that cost companies cash and treasurers careers. Resist reaching for yield: The extra basis points are never remembered and a frozen fund or counterparty loss is never forgotten. The durable way to earn more is structural: turning uninvested cash into invested cash, or raising yield on what

is already deployed. More creatively, we deployed a portion of our cash into supplier early-pay programs, more than doubling the yield on those dollars with counterparties we already understood: our own suppliers.

Governance, Controls & Fraud

9. Would our payment controls hold up against a determined fraudster, and are they as strong in our smallest subsidiary as they are at headquarters? **Pro tip:** Cash is where fraud happens, and a payment is the moment of no return. Standardize flows through a payment factory with on-behalf-of structures (POBO for payments, COBO for collections) so every entity inherits the same controls: dual authorization, segregation of duties, sanctions and watchlist screening, and out-of-band callback verification on any change of payment instructions. In many business email compromise schemes, fraudsters manipulate payment instructions before a payment is initiated, rather than compromising the payment system itself. The consequences are not hypothetical: An Austrian aerospace supplier lost nearly \$50 million to emails impersonating its CEO, and the supervisory board fired both the CEO and the CFO. Cash and careers went out the same door. Fraudsters attack the weakest entity in the group, so uniformity matters. Signatory hygiene belongs in the same discipline: Every signer who changed roles or left years ago is an open door, so keep signatories to a minimum and review them on a cadence. Then test them the way an attacker would.

Technology, Data & the Future

10. Is our treasury technology a single source of truth, and is our operating model ready for money that moves around the clock? **Pro tip:** A TMS should be the system of record for cash, connected to your banks through standardized channels, SWIFT or APIs as each bank best supports, so balances and transactions flow straight through without rekeying and without rogue spreadsheets accumulating in the gaps. We went live on SAP S/4HANA for treasury in 2020. AI is already improving forecasting and anomaly detection, and instant payment rails and stablecoins are making money move at all hours, which collapses float and demands a control framework built for continuous operation and not limited by banking hours. Teams that build clean, structured, centralized data will find each wave of technology an accelerant; teams that skip that work will find the same waves overwhelming.

Little of this work is glamorous and none of it is optional. Cash management compounds: Each element makes the others more valuable and done well the work funds itself many times over. The treasurer with this machinery in place spends a downturn executing a plan. The one without it spends the downturn looking for the cash.