

PARTNERING FOR SUCCESS:

How one company uses benchmarking to drive change in its business



Raj Melvani, Thomson Reuters and Kenneth Ng, DFS Group.

OVERALL WINNER

Best in Class Benchmarking

DFS Group

Kenneth C. K. Ng,
Director & Corporate Treasurer



Adam Smith Awards DFS Group Overall Winner for Best in Class Benchmarking

COMPANY PROFILE

DFS is the world's leading luxury travel retailer, offering products across five pillars of luxury: fashion and accessories, beauty and fragrances, watches and jewellery, wines and spirits, and food and gifts. DFS operates across three continents and employs more than 9,000.

THE CHALLENGE:

With operations spanning 11 countries around the world it is of course crucial for DFS Group to know the exact financial position of the company, in order for it to be able to plan its next move. It is equally important to constantly improve operational efficiency, costs and performance through benchmarking.

Benchmarking however can come in many forms, both internal and external. The challenge therefore for the DFS Group was to devise a strategy and use tools which would not only allow them to effectively benchmark their performance in a number of areas – most notably FX, funding and investments and also internal performance evaluation – but to be able to take away this information and drive change through the business.

"DFS is constantly audited by internal partners and we need to prove we have the tools and capabilities to get the best deal in the market. That is our main KPI. By using these tools we save costs and time as well complying with audit requirements."

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KEY BENEFITS

- ✓ Cost savings
- ✓ Productivity gains
- ✓ Process efficiencies
- ✓ FX gains
- ✓ Compliance with audit requirements
- ✓ Better decision-making
- ✓ Improved transaction execution

THE SOLUTION:

Having scoured the market, talked to their peers and analysed numerous solutions and methods, the DFS treasury team decided to leverage the capabilities offered by a financial markets information provider. On the FX side DFS adopted FXall IQ to benchmark available FX rates. This has enabled treasury to effectively monitor and track the best rates in the market allowing it to obtain prices above market average at least 90% of the time. Given the automated nature of the platform, the solution allows them to save time and effort in both FX execution and around auditing by providing an audit trail that complies with all internal requirements.

On the funding and investment side the treasury team set a number of key performance indicators (KPIs). For instance, term deposit rates should be better than the USD deposit rates with the same tenor quoted in Reuters on the day of term-deposit fixing. Also the MMF yield is benchmarked with the USD overnight deposit rate to ensure funding and investment decisions are done in the best interests of the company. DFS gets indicative quotes from the money markets as well as real-time pricing on time deposits and short term loans. This has allowed the treasury team to accurately gauge market direction and make informed decisions.

Together these solutions have afforded DFS the opportunity to confidently handle end of day derivatives revaluation by benchmarking against internal departments such as accounting and external providers such as banks. The team is also able to accurately and confidently report on accounting and P&L to management, as well as benchmark themselves against the market and competitors.

For more information, please visit
financial.tr.com/corporate-treasury

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