

SMALL Treasury BIG Results

How a four-person treasury team handles a \$17 billion business

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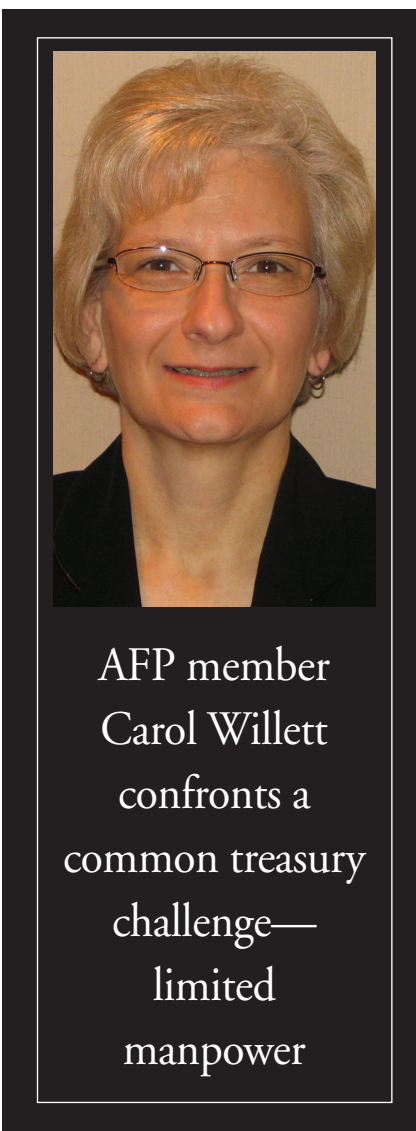
When a company grows, its employee base usually grows with it. In the case of the treasury department of Love's Travel Stops & Country Stores, a national chain of gas stations and convenience stores based in Oklahoma City, Okla., the business grew exponentially while treasury head count increased by only one person—all while providing improved cash management and financial reporting.

Carol Willett, Love's manager of treasury services and an AFP member, credits the company's use of treasury management automation for the treasury department's ability to handle an exponentially increasing workload. The company uses an online, Internet-based treasury workstation that integrates with most of its banks to manage day-to-day cash flow and plan future cash needs—proof that even a small treasury group can automate like those in Fortune 500 firms.

Founded as a solo filling station in Watonga, Oklahoma in 1964 by Tom Love, the family-owned and operated business has expanded to 230 travel stops and convenience stores across 34 states. In the past 10 years alone, annual company revenues have grown from \$3 billion to \$17 billion. Meanwhile, Love's treasury staff remained at just three people until 2007, when the company added a fourth. Yet, not only has Love's treasury department kept pace with the increased number of transactions during that time, it also has improved both quality and efficiency.

Love's began using a treasury workstation in 1999 to better track accounts and avoid time-consuming manual procedures. As in many companies, however, the initial impetus to automate treasury came from an external event: Y2K, in Love's case. "We ran a number of home-grown programs that were not Y2K compliant," Willett recalled. "So we had to do something. It just made sense to automate treasury at the same time."

Before moving to the treasury workstation software, Love's ran all cash management operations using Microsoft Excel worksheets. All bank balances were



gathered manually on a daily basis and input into a cash-position worksheet. Similarly, accounts-payable and account-receivable information required for forecasting came from Love's accounting systems and was input manually into a cash-forecasting worksheet.

Love's also faced inefficiencies in ACH payment and wire transfer initiation, as company treasury managers would use multiple bank systems to set up payments. Now they can use the single treasury workstation system to initiate payments and to set up recurring payments.

Love's saves time and has streamlined treasury processes by using its online treasury workstation and banking systems for:

- Daily bank balance import
- Daily reconciliation of store accounts
- Automatic generation of cash concentration transfers
- Recurring wire transfers and ACH payments using templates
- Monthly reconciliation with few or no errors
- Automatic assignment of general ledger codes to transactions
- Monthly export of transactions to the corporate general ledger

Disciplined treasury processes

Love's has instilled accurate financial reporting throughout its stores. At the end of each day, stores make deposits and report cash totals to treasury. Because some of Love's stores are in remote locations, in small towns and along Interstate highways, the company has about 110 bank relationships, many with smaller community banks.

Love's downloads balances directly through the treasury workstation's bank interface. Balances from about half of Love's banks are imported directly. Balances for the rest are gathered by treasury staff collecting information from online banking systems, entering it into an Access database, and importing that into the workstation using its import tool.

As a result, Love's treasury has the information it needs to reconcile store accounts daily. "We were not able to do that before," Willett reported. "We would reconcile once a month, so we

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would not know for 35-40 days after the fact if a deposit was missing.”

Love's treasury uses the treasury workstation to establish the daily cash position on the corporate account. Current-day cash information feeds into worksheets, so Willett knows the daily cash position by 10 or 10:30 a.m. and makes decisions accordingly.

The workstation's cash forecasting module also allows Love's to plan cash needs by keeping a history report for store operations. From that information, Love's treasury determines how much to sweep daily from store accounts to a corporate concentration account. When the sweep is ready, Willett clicks a button, and the treasury system creates and makes some 200-300 transfers to concentrate funds.

Another major time savings comes from the workstation's ability to link to Love's corporate accounting system. The treasury system includes a rules-based system that automatically assigns most general ledger codes to transactions for general-ledger export. “We have thousands of rules to do those assignments automatically every day,” Willett said, “so we can automatically export 40,000 to 45,000 transactions a month into the GL. This is a huge time savings.”

Greater transparency

Love's also has more transparent financial operations as a result of automated, custom reports, which improves financial communications and operations throughout the company.

“We are able to share information with other departments easier,” Willett said.

Other company financial departments now have access to specific treasury reports, which allows them to find the information they need without calling treasury staff. “We're not the only one who can see treasury transactions, so we don't get as many calls,” Willett said.

For example, Love's fuel wholesaling business makes trades for bulk fuel transactions that are paid by wire transfer. With the bank information available on the treasury system and through strong security, staff at the wholesale department can see when wire transfers hit the account without having to call Love's treasury or going to bank sites.

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Love's selection criteria

When it started its automation project in 1999, Love's installed GTreasury SS LLC's Gateway treasury workstation, which runs on desktop PCs. In 2006, Love's moved to the Internet-based application service provider (ASP) GTreasury platform.

In 1999, Love's reviewed a wide range of treasury workstation vendors and selected the GTreasury system because it had the widest range of functions.

“They could adequately handle all of the different facets we were looking for,” Willett said. “Some of the others were good in reconciliation, for instance, but not in cash positioning.” GTreasury was also willing to customize the system to meet some of Love's unique requirements.

When Love's decided to make the move to the Internet-based platform, the company decided to stay with GTreasury. Love's transition to the ASP version of the system in 2006 helped ease the additional work load of the increasing number of wire transfers from the wholesale fuel division and kept the staffing increase to a minimum.

“We really lucked out on timing,” Willett said. “Before we went to the ASP version, we were doing wire transfers through banks. We went to ASP in 2006 not realizing the wire transfer volume would increase. If we hadn't switched, we would have had problems.”

Willett's main advice for companies undertaking a treasury automation

process is to plan resources carefully. Any automation project takes more time and resources than you think, she said, and dedicating people specifically to the treasury project will help immensely. “If you have dedicated resources to apply to the product, it makes the world of difference than trying to fit it into everyone's existing schedule,” she said.

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