5 CURRENCY HEDGING "OOPS" FOR FIRST TIME MULTI-CURRENCY TEAMS

A PRACTICAL FIELD GUIDE FOR CREATIVE TEAMS AND TOURING ORGANIZATIONS OPERATING ACROSS BORDERS

Tinkerfield OÜ

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Summary

International work creates an abundance of opportunity—but it almost always introduces operational, financial and team complexity.

For producers, creative teams and international operators, currency risk rarely appears as one dramatic event. More often, it develops through small gaps between budgets, contracts, payment dates, local currencies, finance systems, and the people responsible for making decisions.

A project may receive income in EUR, pay vendors in USD, reimburse crew in local currency, and report results in GBP. If exchange rates move between the original budget and the final payment, a project's margin can change without any change to the underlying work.

Currency hedging can help reduce this uncertainty. It does not mean trying to predict the market or eliminate every currency shift. It means identifying material exposure, deciding how much risk the organization is willing to accept, and using an appropriate process to manage it.

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Disclaimer

This document is intended for general information only. Hedging products may create contractual, liquidity, accounting, tax, and regulatory obligations. It is not legal, tax, accounting, treasury, immigration, or financial advice. Requirements vary by country, entity structure, transaction type, and activity; Organizations should obtain advice appropriate to their circumstances before entering into derivative contracts of any kind.

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Making currency decisions informally, with no consistent approval process, documentation standard, or review route.

HEDGING WITHOUT MAPPING THE EXPOSURE

A

THE “OOPS”

(problem, blunder, concern)

Entering into a hedge before establishing what the organization is actually exposed to. A hedge in simple terms is, doing something to protect yourself if prices change suddenly and you could loose a lot.

New teams sometimes start with a general concern like “the dollar is moving” or “the euro is volatile” without first documenting the currencies, amounts, payment dates, and certainty of the underlying cash flows.

B

WHY IT MATTERS

(explanation, cause, brief)

Without a reliable exposure map, an organization may:

- Hedge the wrong currency.
- Hedge the wrong amount.
- Choose the wrong settlement date.
- Miss natural offsets between income and costs
- Hedge forecasts that never become real
- Leave confirmed obligations unprotected
- Make project budgets appear more certain than they are.

C

A BETTER OPERATING HABIT

(considerations, pattern, mode)

Maintain a rolling FX exposure schedule that separates:

- Currency
- Amount
- Payment or receipt date
- Confirmed, probable, or forecast status
- Income versus expenditure
- Project, tour, entity, or department
- Exposure owner
- Planned action

QUESTIONS TO ASK:

Hedging Without Mapping the Exposure

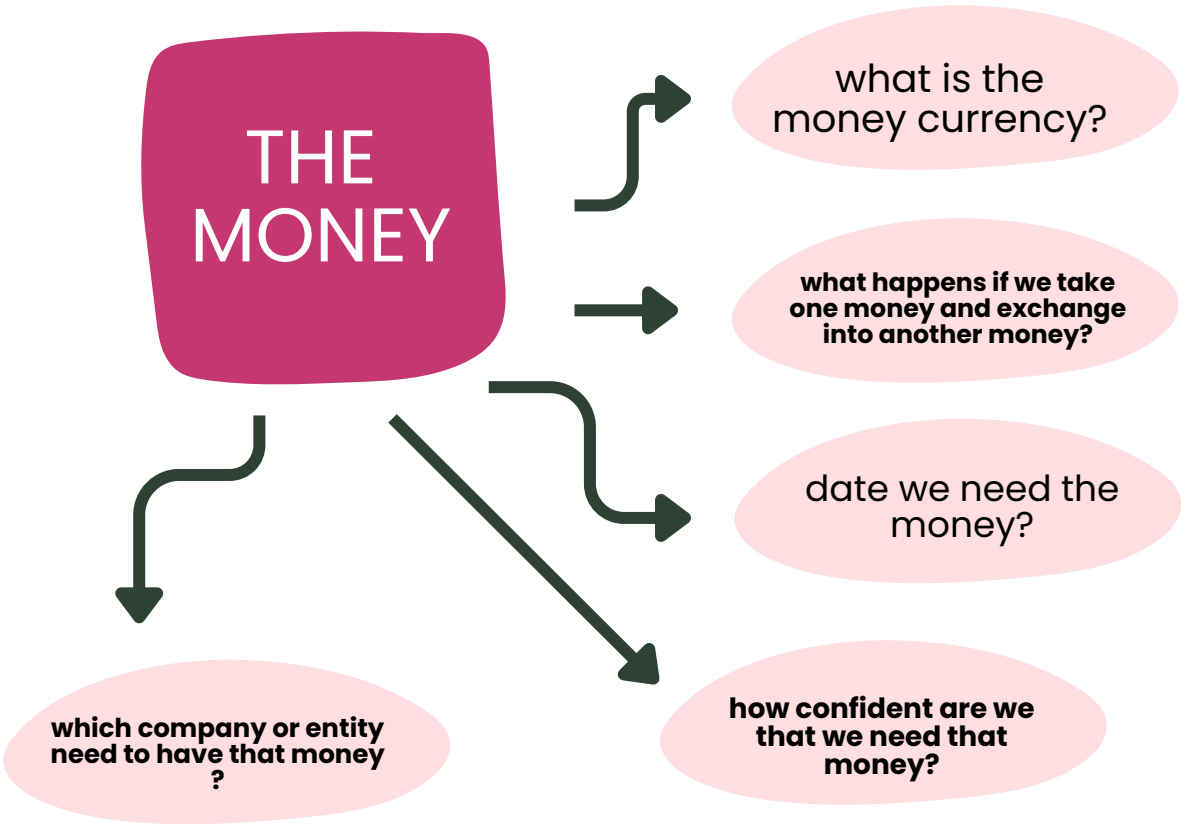
1 **WHICH CURRENCIES AFFECT THIS PROJECT'S MARGIN MOST?**

2 **WHICH FOREIGN-CURRENCY PAYMENTS ARE CONTRACTUALLY COMITTED?**

3 **ARE INCOME AND COSTS IN THE SAME CURRENCY AND TIMING WINDOW?**

PRACTICAL FIRST STEP:

Hedging Without Mapping the Exposure



ADD CURRENCY, EXCHANGE RATE ASSUMPTION, PAYMENT DATE, CONFIDENCE LEVEL, AND RESPONSIBLE OWNER TO EVERY INTERNATIONAL PROJECT BUDGET

TREATING HEDGING AS A BET ON THE MARKET

A

THE “OOPS”

(problem, blunder, concern)

A hedge is designed to reduce the financial affect of adverse currency movement. It is not intended to create a separate trading position or to reward a team for correctly predicting the market.

A forward may protect a known future payment, but the organization may later see that the market rate would have been more favorable. That does not automatically mean the hedge failed. The relevant question is whether it reduced uncertainty and protected the business objective that the hedge was intended to support.

B

WHY IT MATTERS

(explanation, cause, brief)

Confusing hedging with speculation can lead to:

- Decisions based on market predictions rather than operational needs.
- Larger positions than the underlying exposure supports.
- Pressure to “wait for a better rate.”
- Inconsistent treatment between projects.
- Financial risk that is disconnected from the organisations creative work.

C

A BETTER OPERATING HABIT

(considerations, pattern, mode)

Define the purpose of each hedge in plain language:

- What specific payment or receipt is being protected?
- Which currency risk is being reduced?
- What period does the hedge cover?
- What percentage of the exposure is being hedged?
- What would cause the hedge to be reviewed or closed?
- How will success be measured?

QUESTIONS TO ASK:

Treating hedging as a bet on the market

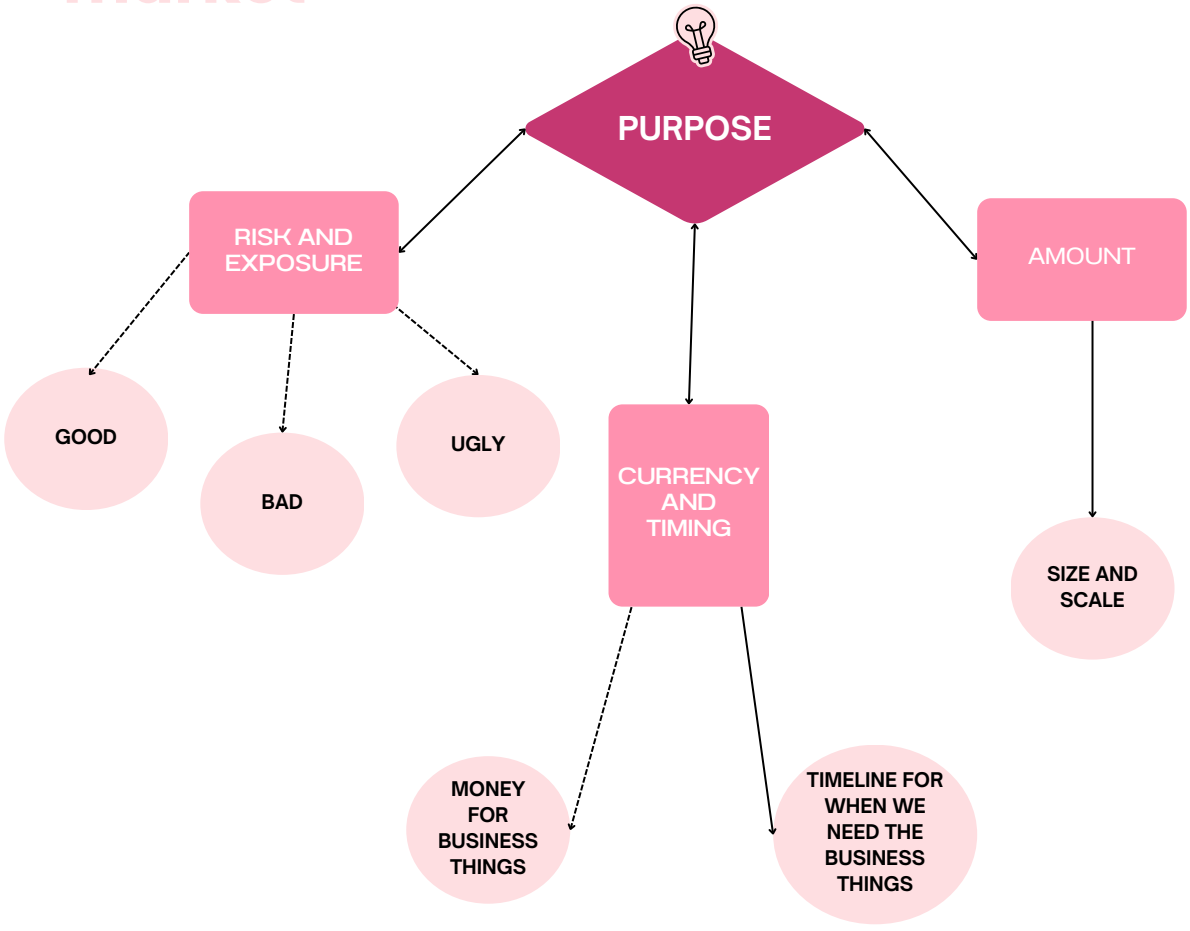
1 **WHAT UNDERLYING COMMERCIAL EXPOSURE DOES THIS HEDGE RELATE TO?**

2 **ARE WE PROTECTING A BUDGET OR TRYING TO OUTPERFORM THE MARKET?**

3 **CAN THE TEAM EXPLAIN THE PURPOSE WITHOUT USING TECHNICAL LANGUAGE?**

PRACTICAL FIRST STEP:

Treating hedging as a bet on the market



REQUIRE EVERY HEDGE REQUEST TO STATE THE UNDERLYING EXPOSURE, BUSINESS PURPOSE, AMOUNT, CURRENCY, TIMING, AND APPROVAL OWNER

IGNORING NATURAL OFFSETS AND HEDGING GROSS AMOUNTS

A

THE “OOPS”

(problem, blunder, concern)

Natural hedging happens when income and expenses are received or paid in the same currency, reducing the amount that must be converted. It may also occur when a group keeps foreign-currency income in a local account to pay suppliers, rather than converting funds back into it’s home currency and later converting them back.

B

WHY IT MATTERS

(explanation, cause, brief)

Failing to identify natural offsets can create:

- Unnecessary hedging costs.
- Excessive or duplicated hedges.
- More complicated settlement administration
- Avoidable conversions and bank charges
- A mismatch between the hedge and the projects actual net risk
- Reduced flexibility when local funds are needed for operations.

C

A BETTER OPERATING HABIT

(considerations, pattern, mode)

Review exposure at three levels:

- Project or tour level: What foreign currency income and costs relate to the same activity?
- Entity level: Which inflows and outflows belong to the same legal entity?
- Group level: Are there legitimate offsets between related entities, and are they documented appropriately?

QUESTIONS TO ASK:

Ignoring Natural Offsets and Hedging Gross Amounts

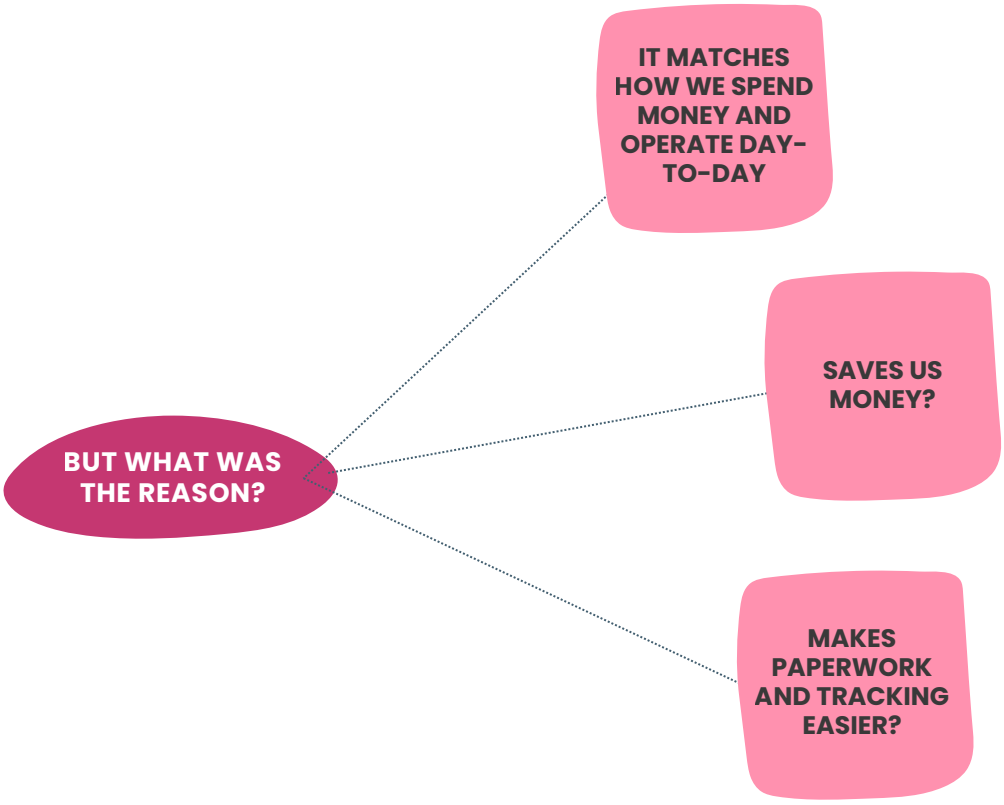
1 **ARE WE LOOKING AT GROSS OR NET EXPOSURE?**

2 **DO THE INCOME AND COSTS OCCUR AT SIMILAR TIMES?**

3 **ARE THEY HELD BY THE SAME ENTITY?**

PRACTICAL FIRST STEP:

Ignoring Natural Offsets and Hedging Gross Amounts



ADD A NET-EXPOSURE COLUMN TO THE FX SCHEDULE AND RECORD THE REASON FOR EVERY NATURAL OFFSET USED IN THE CALCULATION.

FORGETTING LIQUIDITY, SETTLEMENT, AND CONTRACT TERMS

A

THE “OOPS”

(problem, blunder, concern)

A hedge can reduce exchange rate uncertainty, but it does not remove the need to manage cash, documentation, counter parties, settlement dates, and contract terms. A forward may require the organization to deliver one currency and receive another on a specified date. If the underlying payment is delayed or cancelled, the organization may still need to settle, adjust, or close the contract.

B

WHY IT MATTERS

(explanation, cause, brief))

Weak operational preparation can result in:

- Insufficient funds on the settlement date.
- Counter-party or platform dependency.
- Emergency borrowing or conversion.
- Failed settlements.
- Unclear responsibility for contract changes.
- Problems when a tour is postponed or a project is cancelled.

These issues can affect people directly. A delayed hedge settlement may compete with artist payments, payroll, deposits, or travel costs for the same available cash.

C

A BETTER OPERATING HABIT

(considerations, pattern, mode)

Before entering into a hedge, document:

- The exact currency pair and amount.
- The settlement date or settlement window.
- The underlying payment or receipt.
- Required credit support, deposits, or limits.
- Cancellation, extension, and early-termination terms.
- Contingency arrangements if the project changes.

Include hedging commitments in the organizations cash forecast. A hedge should never be managed separately from the operating cash plan.

QUESTIONS TO ASK:

Forgetting Liquidity, Settlement, and Contract Terms

1 **WILL WE HAVE THE REQUIRED CURRENCY ON THE SETTLEMENT DATE?**

2 **WHAT HAPPENS IF THE UNDERLYING PAYMENT IS LATE?**

3 **DOES THE TEAM UNDERSTAND THE CASH-FLOW CONSEQUENCES?**

PRACTICAL FIRST STEP:

Forgetting Liquidity, Settlement, and Contract Terms

date	**amount and currency we need**	whats the cash for	USD	EUR	GBP
	10K USD	very important business things	10K	8.67K	7.4K
	12K EUR	more things	13.8K	12K	10.6K

ADD EVERY HEDGE SETTLEMENT DATE AND EXPECTED CASH REQUIREMENT TO THE SAME CASH FORECAST USED FOR PAYROLL, VENDORS, TRAVEL, AND PRODUCTION COSTS.

FAILING TO CREATE A SIMPLE HEDGING POLICY

A THE "OOPS"

(problem, blunder, concern)

This often happens in growing organizations where one founder, producer, finance lead, or external advisor has historically made decisions based on experience. That approach may work temporarily, but it becomes fragile when projects multiply, staff change, and operations span several entities.

A hedging policy does not need to be long or corporate. It needs to make responsibilities and boundaries clear.

B WHY IT MATTERS

(explanation, cause, brief)

Without a basic policy, an organization may experience:

- Different decisions for similar exposures.
- Unclear authority to enter into contracts.
- Inconsistent treatment of forecasts.
- Missing documentation.
- Poor handovers between finance and production.
- Difficulty explaining decisions to trustees, directors, auditors, funders, or partners.
- Dependence on one person's memory.

C A BETTER OPERATING HABIT

(considerations, pattern, mode)

Create a short FX policy. The policy should be matched to the organization's size and risk. A small touring company may only need a two-page process, rather than a complex treasury manual.

Consider covering:

- The organization's base and/or reporting currency.
- Currencies considered material.
- Types of exposure included.
- Instruments permitted and prohibited.
- Approval levels.
- Cash and settlement controls.

QUESTIONS TO ASK:

Failing to create a simple hedging policy

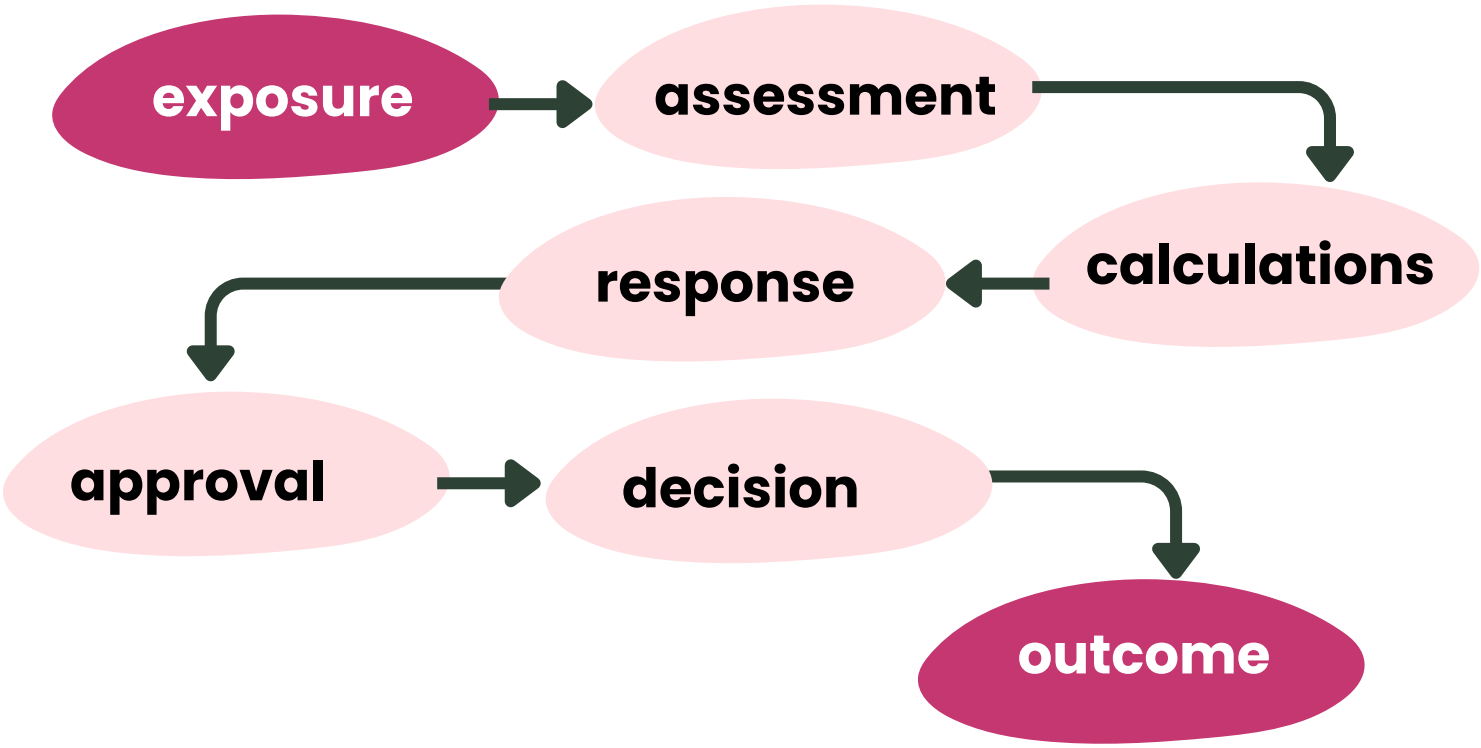
1 **WHO CAN REQUEST, APPROVE, EXECUTE, AND REVIEW A HEDGE?**

2 **WHAT DOCUMENTATION IS REQUIRED BEFORE EXECUTION? HOW ARE EXEMPTIONS ESCALATED?**

3 **WHAT TYPES OF INSTRUMENTS CAN THE ORGANIZATION USE?**

PRACTICAL FIRST STEP:

Failing to create a simple hedging policy



WRITE A ONE-PAGE FX DECISION FLOW: IDENTIFY THE EXPOSURE, ASSESS CERTAINTY, CALCULATE THE NET AMOUNT, SELECT THE PERMITTED RESPONSE, OBTAIN APPROVAL, RECORD THE DECISION, AND REVIEW THE OUTCOME.

A SIMPLE CURRENCY RISK HEALTH CHECK

Use the following questions as a starting point for an internal review:

X/Y	Area	Healthy Operating Signal	Warning Signs
	EXPOSURE	Currency, amount, timing, and certainty are visible	Exposure is estimated from memory or scattered spreadsheets
	FORECASTING	Confirmed and uncertain cash flows are separated	The organization hedges the full forecast automatically
	NATURAL OFFSETS	Income and costs are reviewed on a net basis	Gross amounts are hedged without checking offsets
	HEDGING PURPOSE	Each hedge is linked to a specific business exposure	Decisions are based on expectations about market direction
	LIQUIDITY	Hedge settlements are included in the cash forecast	A hedge competes with payroll or vendor payments
	GOVERNANCE	Approval limits and responsibilities are documented	One person makes decisions without a clear record
	MONITORING	Hedges are compared with actual cash flows	Contracts are treated as “set and forget”
	COMMUNICATION	Producers, finance, and project leads understand the decision	Teams discover the financial impact after the fact

Perspective

Currency hedging works best when it is treated as part of the operating system-not as a last-minute finance transaction.

For producers, creative teams and international operators, the exchange rate is only one part of the picture. The process must also account for changing schedules, uncertain income, local partners, payment deadlines, staff capacity, and the real human consequences of financial delays.

Strong multi-currency operations are often built from simple habits:

- Clear ownership
- Consistent exposure information
- Realistic cash forecasts
- Documented decisions
- Proportionate controls
- Open communication between finance, production, and creative teams.

THE GOAL IS NOT TO REMOVE EVERY CURRENCY MOVEMENT. IT IS TO MAKE EXPOSURE VISIBLE, DECISIONS EXPLAINABLE, AND RISKS MANAGEABLE BEFORE THEY BECOME SOMEONE ELSE'S EMERGENCY.

How we help

We are an independent business and research consultancy, helping creative teams and touring organizations manage international operations.

Our work sits at the intersection of logistics, finance, compliance, and coordination. We help organizations understand and create practical systems for:

- International payments and cash coordination.
- Cross-border project and tour planning.
- Compliance and documentation workflows.
- Entity and partner coordination.
- Operational risk reviews
- Clear communication across teams and jurisdictions.

We bring experience with the nuanced side of international work - from payments and compliance to operational coordination and the realities of life on the road.

We also understand that a process is only useful if people can use it. That means plain-language guidance, respectful partnerships, clear ownership, and processes that support rather than burden the teams delivering the work.

Start a conversation

If your business is operating internationally or is preparing for a project, we can help you identify the pressure points and prioritize improvements.

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We'd love to connect with innovative companies, creators, entertainment organizations, startups, and investors to explore pilot projects and long-term partnerships.

CURIOSITY DRIVES EVERYTHING WE DO.