



What CFOs can do to help their controllers' role keep growing

Not very long ago, the role of the controller was evolving almost as speedily as the job of the CFO. With accounting, financial reporting, and compliance as their top responsibilities, controllers could also set their sights on gradually spending more time interpreting data, moving beyond collecting it and offering input into strategic decision-making.

As a result, the controller or chief accounting officer¹ role could be viewed as preparation for the CFO post. In recent years, the breadth of the CFO's role has expanded. Rather than having experience mainly in accounting, candidates can

come from non-traditional backgrounds in investment banking or marketing.

When the executive search firm Korn Ferry surveyed CFOs of the 1,000-largest public companies three years ago, it found that the percentage with accounting backgrounds was in sharp decline—falling from 46% in 2014 to 36% in 2019.² And when Korn Ferry Principal Ashley Bowes Johnson crunched a more recent set of numbers—this one focused on Fortune 500 CFOs—she found that only 26% of 2022's sitting CFOs had come up through the controller ranks.

Once the COVID-19 pandemic hit, some controllers rededicated themselves to day-to-day responsibilities, with insufficient resources, capabilities, or time for them to plan on broadening their business acumen. In the midst of so much uncertainty, even CFOs who may otherwise have sponsored their controllers' growth may have had an even harder time than usual finding the necessary ROI to make those investments. Even as CFOs' duties expanded into overseeing such areas as IT and operations, controllers would have to wait until things returned to normal to sharpen their skills as strategists and catalysts.

But “normal,” has yet to return. Since 2020, there's been a never-ending stream of external disruptions—COVID, supply chains, the Great Resignation, inflation, social unrest, soaring interest rates, the M&A boom, prepping for ESG compliance, and on and on. Some controllers had to stay focused on managing accounting operations, never mind trying to expand their purview. The COVID-19 pandemic and subsequent disruptive economic events redirected controllers' focus to their core role: making sure their organization could steadily and accurately transact and report—while navigating a virtual work environment that was new to most. Controllers were also responsible for closely monitoring variances and financial measures amid so much uncertainty; redeploying and training teams as a result of increased employee turnover; and performing additional reviews as teams undergo transitions.

In this edition of *CFO Insights*, we explore the role CFOs can play in enabling controllers to keep broadening their skills. What duties should controllers start—or stop—doing? What types of positions should CFOs encourage their controllers to take? And how might the overall company

benefit from having the CFO help elevate the controller?

From numbers to narratives

Consider the four faces of the finance function leader—strategist, catalyst, operator, and steward. (See Figure 1, “The four faces of controllership.”) For controllers, the core duties associated with operator and steward include accounting, protecting and preserving an organization's critical assets, and issuing accurate and timely financial reports. But in advising controllers before the pandemic, we often urged them to expand their portfolios. That meant spending 40% or more of their time as catalysts and strategists—helping the C-suite with long-term strategic planning, for example, or providing timely data and insights to division chiefs that could increase sales or sidestep risks.³

To understand the forces that have impacted controllers, consider two broad, overlapping issues:

- **CFOs' jobs aren't what they used to be.** Twenty or so years ago, CFOs were perceived as budget cops. They made sure profit-and-loss statements were accurate. They submitted timely reports for shareholders. But as quarterly

earnings calls and earnings reports morphed into market-moving news events, more CFOs took on higher-profile roles as external communicators. Analysts and shareholders routinely asked CFOs to explain not only last year's or last quarter's performance but also how the company's strategic vision would create shareholder value over time.⁴ And CFOs needed to apply their business acumen to explain why certain numbers didn't meet expectations and what the company would do differently as a result.

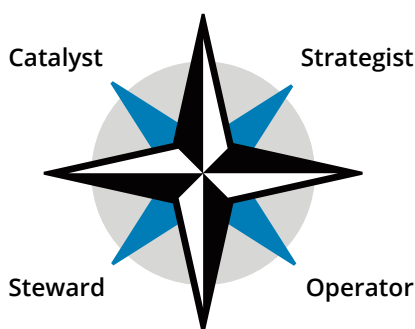
More recently, this storyteller role has become internal as well as external. Today's CFOs are expected to share forward-looking guidance with shareholders, employees, and business partners alike. As overseers of the financial planning and analytics (FP&A) function, for example, CFOs are counted on to advise business units on everything from what happens to revenues if interest rates spike to the impact on profit margins if the job market tightens. According to a recent Deloitte Crunch time series report, this internal storytelling role is just as important as the external one: “That same story that makes investors want to buy in must be

Figure 1. The four faces of controllership

The controllership's role

Catalysts provide timely information and insights that enable the organization to execute strategic business initiatives and drive a risk intelligent culture.

Stewards protect and preserve the critical assets of the organization and accurately report on financial positions and operations to internal and external stakeholders.



Strategists provide financial and management information and analysis that enables the CFO and other stakeholders to shape the strategic direction of the organization to improve shareholder value.

Operators balance capabilities, talent, costs and service levels to fulfill the financial organization's controllership responsibilities efficiently.

told to the business units, from marketing and communications to the factory floor. Without it, a workforce may have less connection with the work and their organization's purpose."⁵

Refinements to accounting rules, dating back two decades, may have also contributed to the changing CFO role. Based on changing requirements, including the Sarbanes-Oxley Act of 2002, many large companies strengthened the accounting knowledge in their controller functions, enabling CFOs to focus more on strategy. (See "[Sarbanes-Oxley at 20: For CFOs, it may be time for a refreshing experience](#)," *CFO Insights*, September 8, 2022.)⁶

- **The controller's role has not evolved at the same pace as the CFO's.** The shift in CFOs' duties has reduced the time available for controllers to pivot beyond their domain. Still, the jobs of controllers are more forward-facing than they used to be, in some respects. In some areas, they do act as business partners, thinking about what's coming down the pike for the business and how their company's infrastructure can support it. For example, according to a poll conducted during a recent Deloitte Dbriefs webinar, "[How mergers and acquisitions drive controllership transformation](#)," 47% of controllers said they are involved with their organization's M&A plans. (For more on how transactions affect controllership, see the accompanying story, "How M&A Drives Controllership Transformation.")

Some of the limitations controllers face may be tied to staffing. Abundant job opportunities for those who work within the finance function, combined with employees' quest for more purpose and meaning in their work, may have led to greater turnover. As a result, controllers nowadays may not have the same stable team supporting them that they had pre-pandemic. Plus, the shift to virtual work—having to close the books remotely—has been especially challenging (see "[Closing time: Preparing for the next virtual financial close](#)," *CFO Insights*, May 2020).

Controllers also face new challenges associated with the SEC's forthcoming regulatory requirements regarding ESG. Controllership can play a key role in navigating the ESG landscape by spearheading the development of internal controls and governance that will drive an ESG strategy and readiness plan. Organizations may need to release yearly sustainability reports, climate change reports, social capital and human capital information, and other disclosures and performance targets in the current environment. The required information for these reports may already be hitting the threshold of difficulty for an organization to sustain. With the addition of new regulatory requirements and anticipated SEC disclosures, the roles of finance, risk, internal audit, and compliance will grow further against the increasing complexities around data governance, controls, and overall strategy. Controllership will likely play a key role in ESG governance if a sustainability team owns it, or it may even switch to complete controllership ownership.⁷

Rules of engagement

Given the still-hot job market for controllers, CFOs may want to pay extra attention to making sure controllers are engaged. This means positioning them with the tools they need to keep growing.

Here are some possible solutions CFOs can consider:

- **Help give controllers access to broadening experiences.** This could involve giving controllers strategic initiatives to work on. Such initiatives could include taking the lead on ERP modernization or tasking controllers with determining what ESG information the broader organization should be conveying to investors, vendors and customers. Another way to broaden the controller's work experience would be rotating the CFOs' top deputies through the key functions—controllership, treasury, and FP&A—which would give the controller exposure to all four faces of finance and do the same for other finance leaders.
- **Support a lateral move.** Becoming the CFO of a business unit or subsidiary might be useful in developing greater business-savvy. According to Korn Ferry's Ashley Bowes Johnson, controllers applying for CFO jobs sometimes suffer from perception bias. Someone who followed a pure controller path may be perceived as having a strictly corporate orientation, rather than having a day-to-day field orientation. A lateral move to business-unit CFO would provide controllers with significant experience working closely with general managers



or division presidents to help drive daily business decisions. They'd also likely be partnering on corporate FP&A and investor relations.

- **Make sure controllers have a successor in mind.** With so much change and disruption in today's business environment, it's hard to pull controllers out of their jobs and put them into new ones. So, make sure there's a future controller on staff being groomed as a replacement.

A new story

To grow into more strategic roles, controllers may want to seek out more opportunities to focus on value creation: moving beyond the day-to-day duties of finance and accounting to help strategize and assess the company's financial strengths—suggesting corrective actions, where needed. With CFOs enabling them to get better and better at finding and sharing the narrative behind the numbers, controllers may be using those skills to build a new story for themselves.

How M&A can drive controllership transformation

One of the external challenges facing controllers these days is M&A. How do two companies merge systems and processes quickly enough to meet the requirements of regulators and the demands of stakeholders?

According to Deloitte's 2022 M&A Trends Survey, which drew responses from over 1,000 US companies, 34% of surveyed companies report implementing transformational restructuring—digital transformation, automation, process simplification—while their deals were underway.⁸ Deloitte's framework for controllership transformation is known as Controllershship in the Green™ (CIG), a plan built around goals for financial integrity and health, business growth, and sustainability.⁹ But getting "into the green" can be challenging, especially in the context of M&A deals.

Below are three challenges and three digital transformations that may help organizations address them.

- 1. Challenge:** Controllers are confronted with fragmented processes and systems with hand-offs between buyer and target that add processing time.
Potential solution: Deals can accelerate the business case for ERP modernization. A strong data model early in the transaction can reduce redundant effort across the controllership organization.
- 2. Challenge:** Merging two organizations' transaction processing—payroll, accounts payable, and accounts receivable—can result in overnight growth in the volume of repetitive tasks, which may result in under-capacity, errors, and higher turnover.
Potential solution: Utilize workflow solutions to reduce business disruption and accelerate the adoption of new roles and responsibilities. Implementing leading technology enables strategic control modernization.
- 3. Challenge:** The accounting operations processing division may stop overnight and on weekends, which could lead to delays.
Potential solution: In-memory ledger unlocks immediate and consistent financial information. Process automation reduces manual work effort and frees up time to focus on more strategic tasks, which can improve the employee experience and the bottom line. Cloud delivers on the promise of seamless record-to-report processes.¹⁰

End notes

- 1 Throughout this article the term controller also refers to chief accounting officer.
- 2 "Why You Don't Need to Be an Accountant to Be a CFO," *Wall Street Journal*, January 29, 2020.
- 3 "World-class Controllershship: Charting your course to success," Deloitte Development LLC, 2017.
- 4 "From controller to CFO," *Strategic Finance*, December 1, 2021.
- 5 "Crunch time series for CFOs: The finance workforce of now," Deloitte Development LLC, 2022.
- 6 "Sarbanes-Oxley at 20: For CFOs, it may be time for a refreshing experience," *CFO Insights*, September 8, 2022. "Companies don't need CFOs to be CPAs anymore," CFO.com, May 20, 2016.
- 7 "Preparing for the ESG Landscape," Blog post, *Perspectives*, Deloitte & Touche LLP.
- 8 "Dbriefs: How mergers and acquisitions drive controllership transformation," Deloitte Development LLC, 2022.
- 9 "Keeping financial controllership 'in the green,'" Deloitte Development LLC, 2022.
- 10 "Dbriefs: How mergers and acquisitions drive controllership transformation."

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