

Modern Responsibilities of a Financial Controller



In discussing the disruptive effects of digital transformation, much attention has been paid to the tools and technology currently redefining competitive commerce in the modern economy.

But digital transformation is also changing—sometimes radically—the responsibilities traditionally associated with various positions within a typical organization.

One especially notable transformation is in the expanding role and responsibilities of a financial controller (FC). In a data-driven economy, this changing role is poised to help center finance as the heart of value creation and operational excellence for successful businesses of all kinds.

The Changing Responsibilities of the Financial Controller

Financial controllers (also called *comptrollers*) play an important role in modern business.

Traditionally situated as the leader and primary accountant of their organizations' finance department, FCs have historically been responsible for a substantial list of duties, including:

- Monitoring the organization's overall financial health
- Managing the finance team
- Collecting and compiling financial information
- Establishing corporate bank accounts and credit cards
- Liaising with certified public accountants (CPAs) outside the organization
- Developing, implementing, and maintaining internal financial controls
- Monitoring financial transactions and transaction processing
- Maintaining the general ledger and providing oversight for company balance sheets
- Invoice approval
- Preparing and filing tax returns
- Preparing forecasts and budgets
- Overseeing the preparation of monthly, quarterly, and year-end financial statements
- Overseeing financial reporting

Generally speaking, financial controllers have reported directly to the chief financial officer (CFO) and collaborate with them to guide their organizations' financial decision-making (and continue to do so).

In a small business, the financial controller and the CFO may be the same person.

At a larger corporation, they traditionally liaise between finance and the C-suite to provide accurate and complete financial information and ensure finance is supporting business critical goals.

Regardless of company size, the FC has long been "The Numbers Person"—a key individual acting as a steward to manage risk and preserve assets while providing context for financial data to senior management.

The data they provide drives the insights critical to smart, strategic, and profitable business decisions.

As with so many other roles altered by digital transformation, however, the

financial controller's responsibilities are both evolving and expanding over time. The modern FC must be ready to move beyond crunching numbers, accounting oversight, and providing clarification to senior management.

They need to be ready to enhance their interpersonal communication skills, brush up on their leadership skills, and enrich their own knowledge of, and skills related to, emerging technologies essential to competing, innovating, and growing in today's global economy.

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CFO, or Financial Controller? A Rapidly Blurring Line

Change doesn't happen in a vacuum, and the evolving role of the financial controller can, in many ways, be directly attributed to the changing role of the CFO.

CFOs are increasingly required to display the skills and acumen of a chief operating officer (COO), and are asking FCs to step up their game and become, in some ways, CFOs.

Financial controllers historically had two primary roles in their job description:

- **Stewards**, performing financial management and oversight along with asset preservation and risk avoidance.
- **Operators**, maximizing the efficiency and efficacy of financial operations.

Modern FCs, however, are expected to take a more proactive and expanded role.

Rather than serving as a subject-matter expert who provides volumes of financial data the CFO must then "translate" for senior management, the modern financial controller collects, manages, analyzes, and interprets that data on their own, and then provides relevant and actionable insights to the C-Suite.

These changes are already happening across industries. Research conducted in 2018 by Deloitte and the Institute of Management Accountants (IMA) identified *four* key roles played by modern financial controllers in the course of their duties, broken out by traditional and strategic responsibilities:

- **Stewards** manage risk and protect existing assets. (Traditional)
- **Operators** focus on optimizing the efficiency and efficacy of financial operations. (Traditional)
- **Strategists** provide insights, oversee risk management, and contribute to the company's future direction. (Strategic)
- **Catalysts** act as agents of change, focused on driving execution. (Strategic)

Researchers categorized nearly 800 financial professionals into the roles of stewards, operators, and mixed, based on the time they spent in those roles.

- **Traditional FCs** spent 75% - 100% in the traditional role.
- **Strategic FCs** spent 0% - 59% of their time in the traditional role.
- **Mixed FCs** spent 60% - 74% of their time in the traditional role.

In comparing this to respondents' *desired* work time spent in each task, we see a strong trend toward a more equitable balance of traditional and strategic roles.

- **Steward:** 26%
- **Operator:** 23%
- **Strategist:** 25%
- **Catalyst:** 26%

The researchers found that despite increasing expectations to provide CFO-level insight and intelligence, financial controllers locked into traditional roles often lacked access to resources or support necessary to provide them, underscoring the disparity between the amount of time spent on traditional and new tasks.

Respondents also reported a significant desire for more advanced technology and more ambitious digital transformation strategies, as digital tools vastly improve the speed, accuracy, and efficiency of business-critical processes—particularly in finance and procurement, where financial data must be complete, transparent, and accurate to provide useful insights for strategic decision making.

In the age of the strategic CFO, those in the financial controller role have higher

expectations placed upon them; they are collaborators, expected to provide both useful financial data and strategies of their own.

In order to secure the resources and access needed to meet these growing expectations, financial controllers must be prepared to develop or expand their existing skills and pivot in their approach to the technical, leadership, and executive aspects now required by their position.

A New Breed of Financial Controller

In a role that already requires substantial education and both financial and technical acumen, financial controllers are now moving toward executive-level responsibilities; the modern FC will come to be regarded as an essential part of the senior management team.

And while the controller's duties will continue to include accounting oversight, forecasting, and streamlining accounting operations, it will also include business administration, financial planning, and leveraging technical innovations to manage risk and generate value.

Let's examine more closely some of the skills that will define effective financial controllers in the years ahead:

Collaboration and Critical Thinking

Given their detailed view of financial activity in accounts receivable as well as accounts payable (and its partner, procurement), financial controllers already have immediate access to information useful to the CFO.

However, today's FC is more likely to leverage their position to analyze and generate their own strategic insights in collaboration with the CFO, rather than simply serving up information.

In this way, the FC can provide high-detail, granulated financial analysis that can be used by the CFO for broader financial planning.

A collaborative approach can also vastly improve risk management. With their detailed view of internal processes (and related internal controls), FCs are well positioned to identify and communicate risk to the C-Suite before a potential

problem becomes an actual crisis.

Financial controllers can also proactively develop risk mitigation strategies based on their own analyses.

Communication and Interpersonal Skills

In addition to interpreting financial data and generating and executing strategic planning, financial controllers will need strong communication skills.

The so-called soft skills are critical to communicating their needs and securing resources (talent, tech, and tools) from senior management.

They also help FCs manage their teams more effectively, and engage in cross-functional relationship building.

Blending Tradition with Strategy

The FC of tomorrow isn't replacing their skill set so much as expanding it. They're committed to the roles of steward and operator, but invested in being both a strategist and a catalyst, too.

Depending on their organization's goals, this will likely include:

- Deepening one's understanding of critical business functions and value drivers. This can include investing in further education and training (adding a Master's Degree to an existing Bachelor's Degree, investing in financial, operational, and technological certifications, attending seminars, etc.) as well as taking on projects in other areas of the business to gain knowledge and insight.
- Using analytics and performance metrics to identify opportunities for not just cost savings, but value creation through cost avoidance and proactive accounts payable risk management.
- Engaging with senior management to expand the responsibilities of the FC as reasonable to drive greater value.
- Reorienting the finance function toward value in tandem with savings.
- Eliminating skill gaps in the accounting department, both through training for existing staff and by recruiting team members well-versed in strategic planning, collaboration and communication, digital

transformation technologies, etc.

Leveraging Digital Tools

Financial operations are well-suited to three of the most powerful technologies associated with digital transformation: process automation, advanced analytics, and artificial intelligence.

Properly leveraged, these technologies not only boost speed and improve the accuracy of financial operations; they also provide clear, complete, and transparent data in real time, along with the analytical tools needed to turn said data into insights.

Automation and AI also simplify risk management. A comprehensive AP automation and procurement suite like PLANERGY offers tools such as guided buying and centralized data management to reduce or eliminate rogue spending, invoice fraud, and costly human error. Integration with existing accounting software further streamlines workflows, too.

Plus, more accurate and transparent data means more accurate financial planning, budgets, cash flow management and tax reporting—all backed up by an intuitive audit trail.

In addition, automation and analytics allow financial controllers to monitor and improve the internal controls they establish. Better metrics lead to better performance and savings, and can be applied more broadly to generate value through process optimization and relationship development outside of accounting.

Today's Financial Controllers are Tomorrow's Corporate Leaders

From stepping up to take on new challenges to helping their teams center finance as a value center for their businesses, financial controllers are driving real, and positive, change for their organizations.

By understanding the responsibilities and expectations that come with the job, expanding their skill sets, and working to secure the digital tools they need to thrive, today's financial controllers can be sure they're ready to thrive in the high-

speed, strategy-driven landscape of tomorrow.

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