
UNDERSTANDING THE MODERN CONTROLLER

A SURVEY OF FINANCIAL CONTROLLERS

February 2019

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Introduction

When looking for a description of the job of the financial controller, the typical definition references a mid-level manager who is responsible for preparation of financial reports, such as balance sheets and income statements. This stereotypical controller is a number-cruncher who hides in his office with his spreadsheets and ledgers then sends incomprehensible reports to the CFO who interprets those for the C-suite.

The modern financial controller does not fit this stereotype. As the role of the CFO and the overall finance team has expanded, the controller function has also evolved. He (and frequently she!) is likely a business-savvy and tech-savvy manager that understands the need to provide good data about business operations – both financial and non-financial – to directly impact the quality of decision making in order to reduce risks and improve outcomes.

This research study examines the changing role of the controller. What is changing? Why has that happened? How has that impacted the day-to-day lives of the men and women in the job? What has been the role of technology?

The following report, sponsored by FloQast, is based on an online survey of 306 accounting and finance professionals, including 202 financial controllers. The goal of this survey was to understand how the role of the controller is changing and why.

Key Findings

- **The role of the controller has been transformed**
 - 95% say their role is increasingly important and strategic
 - 69% characterize the controller as a risk manager that oversees internal controls
 - 73% say the controller's role is changing because the CFO role has changed
 - 90% report controllers spend more time on strategic planning than in the past
 - 86% say that financial close processes are expected to be faster
- **Controllers are on a career roller coaster**
 - 89% say the controller job is increasingly stressful
 - Top stresses include management demands for speed (67%), higher volume of work (64%) and compliance demands (63%)
 - 59% have been approached about a serious career opportunity in the past year although only 11% are actively looking
 - 64% have experienced pressure to “cook the books”



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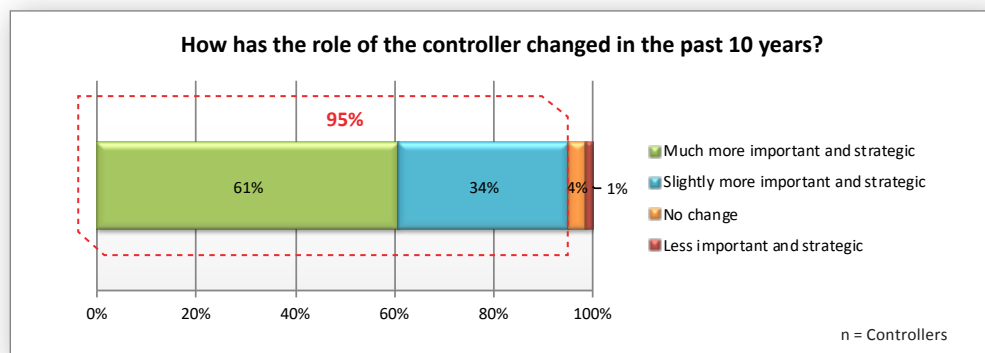
- **Technology has tremendous impact on controllers**

- 96% say technology has had a big impact on the role of the controller
- 78% say controllers spend more time on IT management
- Controllers say close management is the software with the greatest potential to positively impact controllers, even when compared to cloud ERP or online accounting software
- 63% of controllers that use close management software earn an A grade from their colleagues compared to only 29% of those that don't use it

Detailed Findings: The role of the controller has been transformed

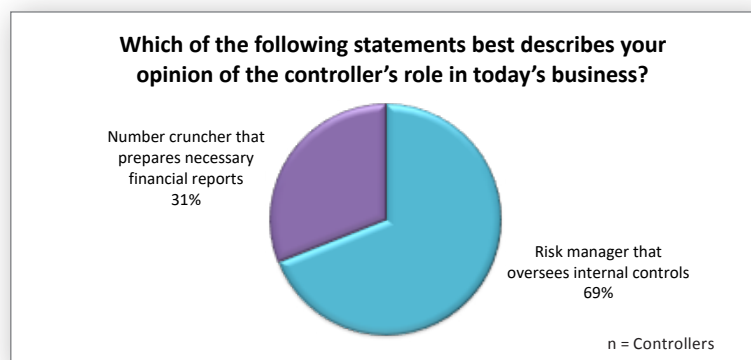
The controller is more important than ever in today's business environment

To understand how the role of the controller is evolving, we asked participants to characterize the way the role has changed in the past 10 years. Almost all controllers (95%) agreed that the job is more important and strategic than it was in the past. While about a third (34%) describe this change as fairly minor, the majority (61%) report that the controller role is now “much more” strategic and important than it was a decade ago.



Today's controllers are risk managers, not number crunchers

Given the change in the importance of their job, it is not surprising that modern controllers are moving beyond the stereotype of the number-crunching-report-writer. When asked their opinion on the controller's role in today's business, most (69%) prefer to characterize themselves as risk managers. They see their role as the overseer of internal controls, not a data jockey. Only a small number (31%) of controllers view themselves as the individual that merely delivers necessary financial reports.



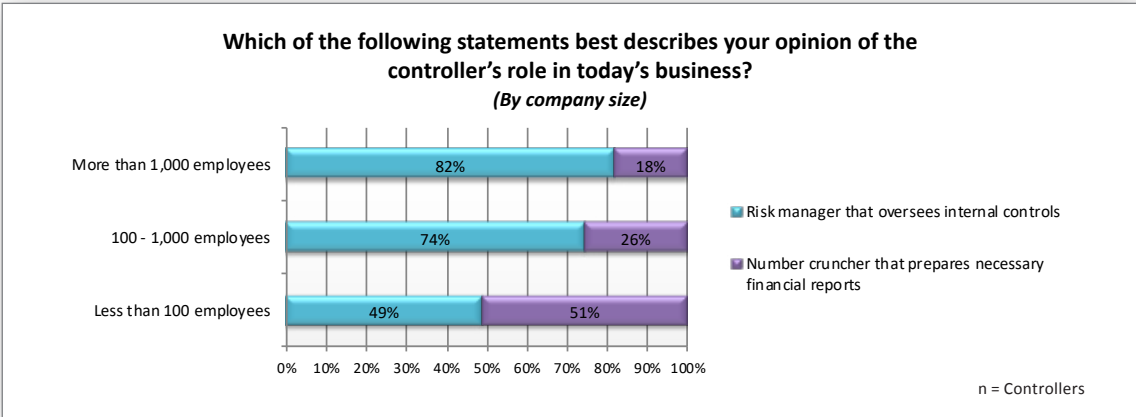
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This difference in perception of the role becomes more pronounced among controllers that work at larger organizations. Among small companies with less than 100 employees, there is an even split between controllers that see themselves as number crunchers (51%) and those that see themselves as risk managers (49%). This changes dramatically at large companies with more than 1,000 employees. Among these largest companies the vast majority (82%) characterize their role as a risk manager.



The role of the controller is evolving

There are a large number of underlying trends driving the evolution in the role of the controller. The main reason for change (73%) is the changing role of the CFO. Controllers report that as their boss has taken on a more strategic role, they have been required to backfill many of the traditional CFO responsibilities. At the at the same time many have designated traditional controller tasks to their accountants, as indicated frequently in the “Other” responses.

Technology has also had a huge (69%) impact. As technology rapidly changes, controllers have found themselves leading the charge to ensure effective use for their organization. Many of the “Other” responses provided by participants were related to specific types of technology changes including taking responsibility for BI (business intelligence) and data mining functions, digitization of workflows, and integration of financial systems.

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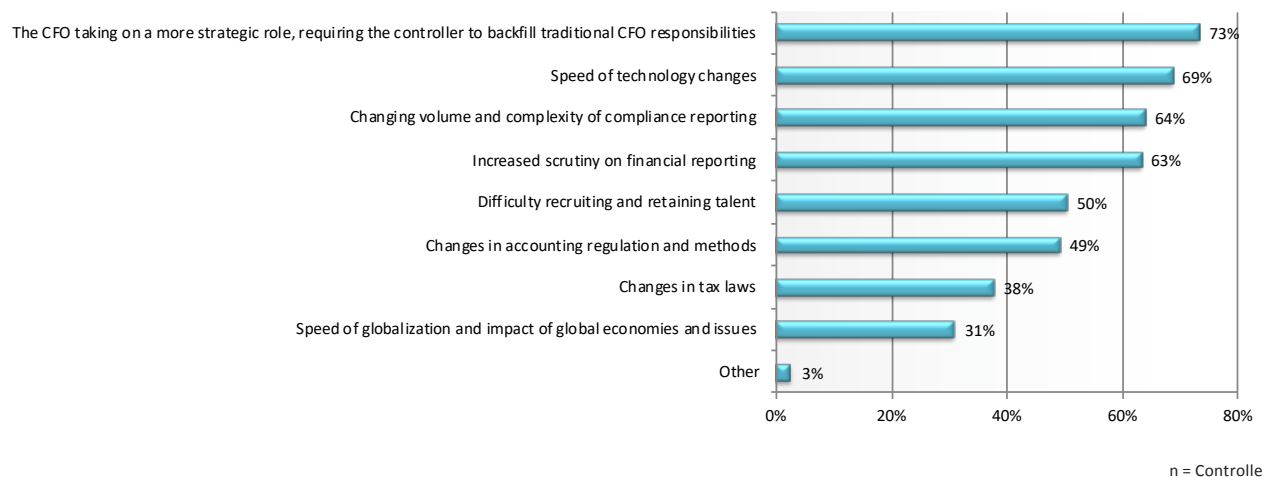
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A wide range of additional factors were also reported as causing the controller's role to evolve. These included the changing volume and complexity of compliance reporting (64%), increased scrutiny of financial reporting (63%), difficulty recruiting and retaining talent (50%), and changes in accounting regulation and methods (49%). Several other factors were reported primarily by controllers at larger companies. These included changes in tax laws (38%) and the speed of globalization and impact of global economies and issues (31%).

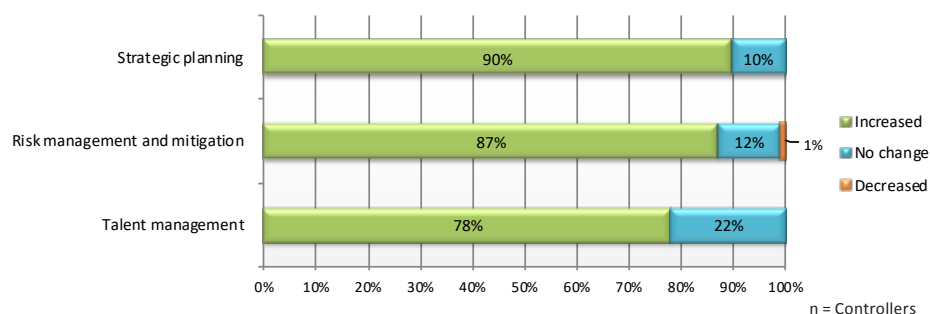
What factors have caused the role of the controller to evolve?



Controllers are spending more time on strategic tasks

As part of their evolving role, controllers report that they have increased the time that they spend on a broad range of higher-level management tasks. Most controllers (90%) say that the amount of time a typical controller spends on strategic planning has increased in the past 10 years. Similarly large numbers of controllers report a need to spend more time on risk management and mitigation (87%) and talent management (78%).

How has the time and effort that a typical controller needs to spend on each of the following responsibilities changed in the past 10 years?



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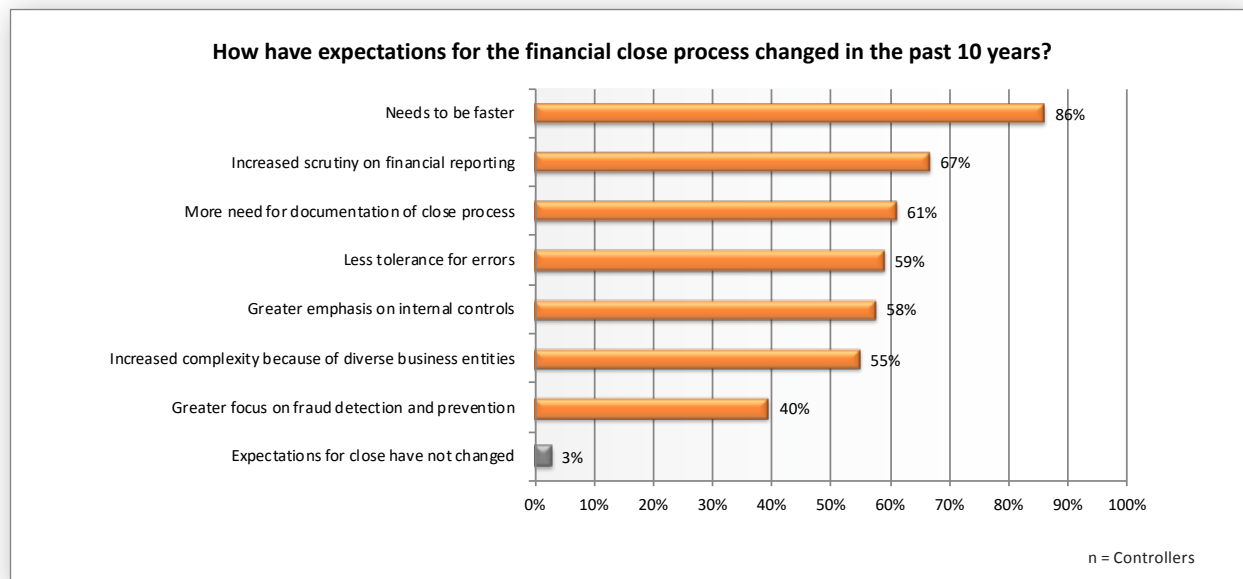


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Expectations for the financial close process have changed

While many aspects of the controller's job have changed, they continue to remain fully responsible for the financial close process. Even in this specific area of responsibility there has been significant change. Almost all controllers (97%) say that expectations for the financial close process are different now than they were 10 years ago.

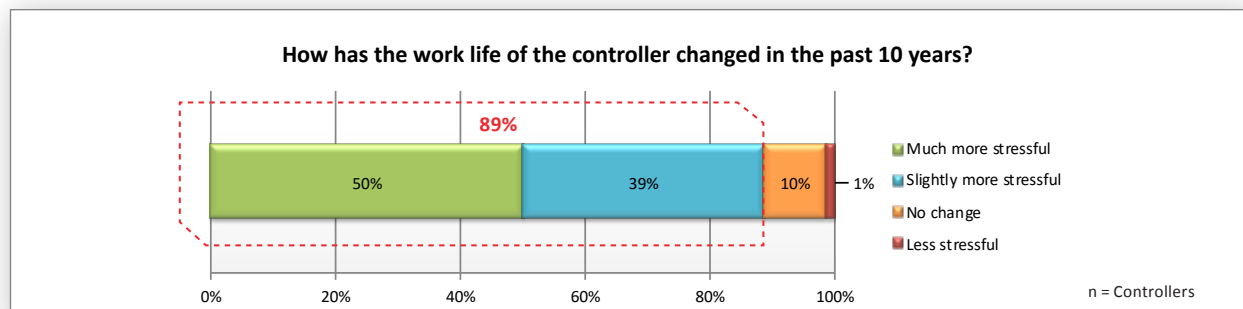
The most frequently reported change is around expectations for the time it takes to close the books. The majority of controllers (86%) report that their management expects close to be faster today than they did in the past. There has also been increased scrutiny of the financial reports provided by the controller (67%), more need for documentation of the close process (61%), lower tolerance for errors (59%), greater emphasis on internal controls (58%), increased complexity because of diverse business entities (55%), and a greater focus on fraud detection and prevention (40%).



Detailed Findings: Controllers are on a career roller coaster

Controllers are increasingly stressed

Given that their role has changed so dramatically in only a few years, it is unsurprising that controllers are reporting higher job-related stress than in the past. Almost 9 in 10 controllers (89%) report that the work life of the controller is more stressful than it was 10 years ago and half (50%) characterize the change as “much more” stressful.



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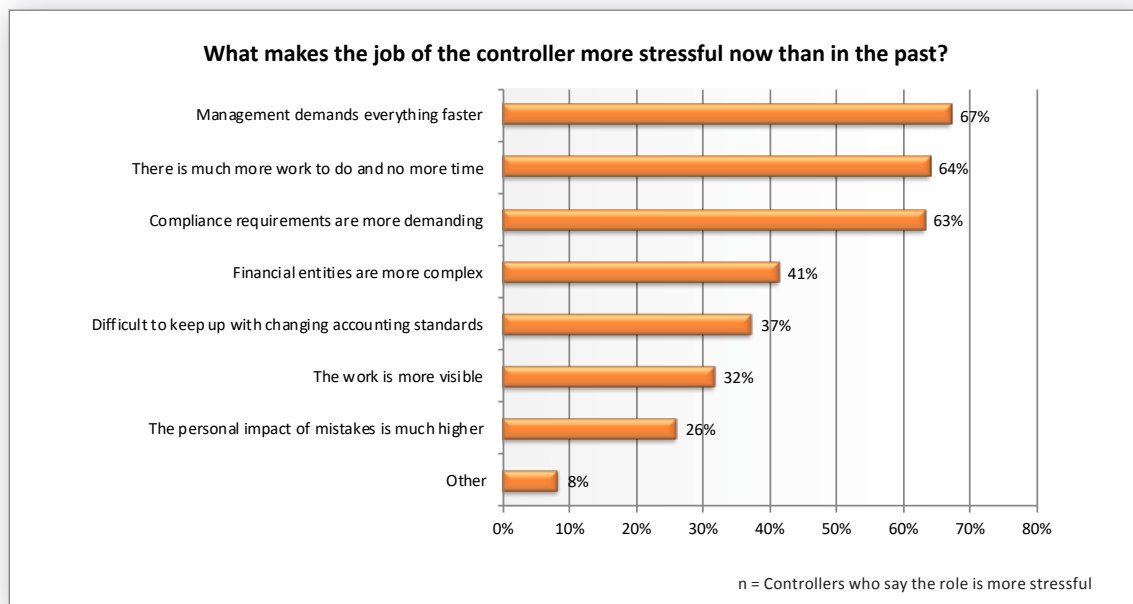


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It is not just one change that has impacted the stress level of the controller job. There are a wide range of contributing factors, but three clearly jump to the top of the list. The first two are seen across many types of jobs: management is demanding that everything happens more quickly (67%) and there is more work to do but no more time (64%). However, the third is unique to the controller role: the increasing demands of compliance requirements (63%).

Controllers also report a variety of other contributors to the increasing stress of their job. This includes the increasing complexity of financial entities (41%), difficulty keeping up with changing accounting standards (37%), the increased visibility of the work (32%), and the higher personal impact when there is a mistake (26%).

The topic of job stress clearly resonated with the controllers in our study, as many took the time to write in “Other” responses. These most frequently included the need to keep abreast of changing technology such as cyber security, very large data sets, increasingly connected systems, and technology project implementations. Controllers also proactively mentioned the stress of simplifying reports for a board-level audience, adapting to the needs of new front-line staff, constant connectivity, and rapid business growth.



Controllers are being recruited aggressively, although most are not looking

Given these increased stress levels, it would be reasonable to assume that controllers are looking to change firms in hopes of finding a less stressful situation. Our data indicates that this is not the case. Controllers are regularly presented with real career opportunities, but they are not actively looking to change jobs. It appears that controllers understand that the increased stress is happening to their peers across the industry and it would not help to simply take on a new job.

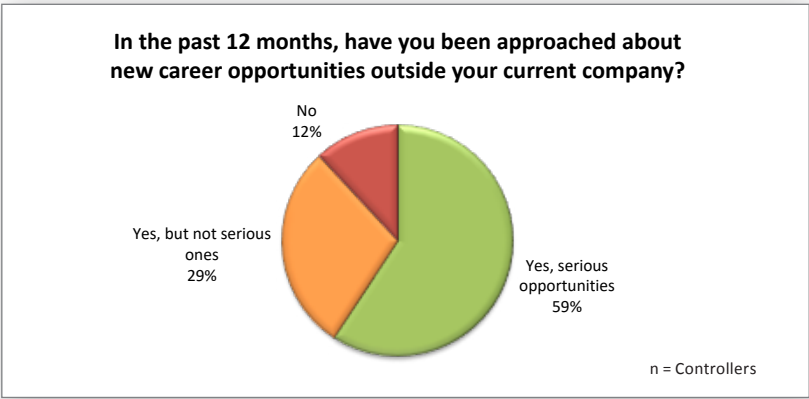
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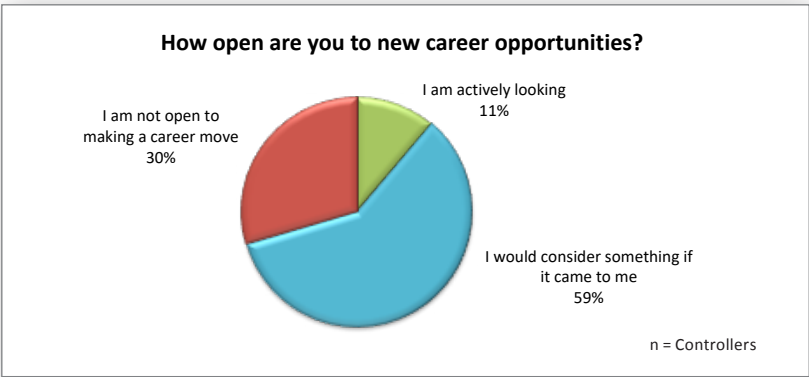


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The vast majority of controllers (88%) have been approached about a career opportunity at a different company in the past year. While some of these were not serious, most (59%) report that they had received a genuine inquiry. For controllers that want to change jobs, the opportunities are real.



However, for the most part, controllers are not pursuing different situations. The opportunities are mostly unsolicited. Only 11% report that they are actively looking for a new job. Almost three times as many (30%) are not open to any kind of career move. Employers should not be complacent though. Well over half (59%) would consider a new career opportunity if the right one was presented to them.



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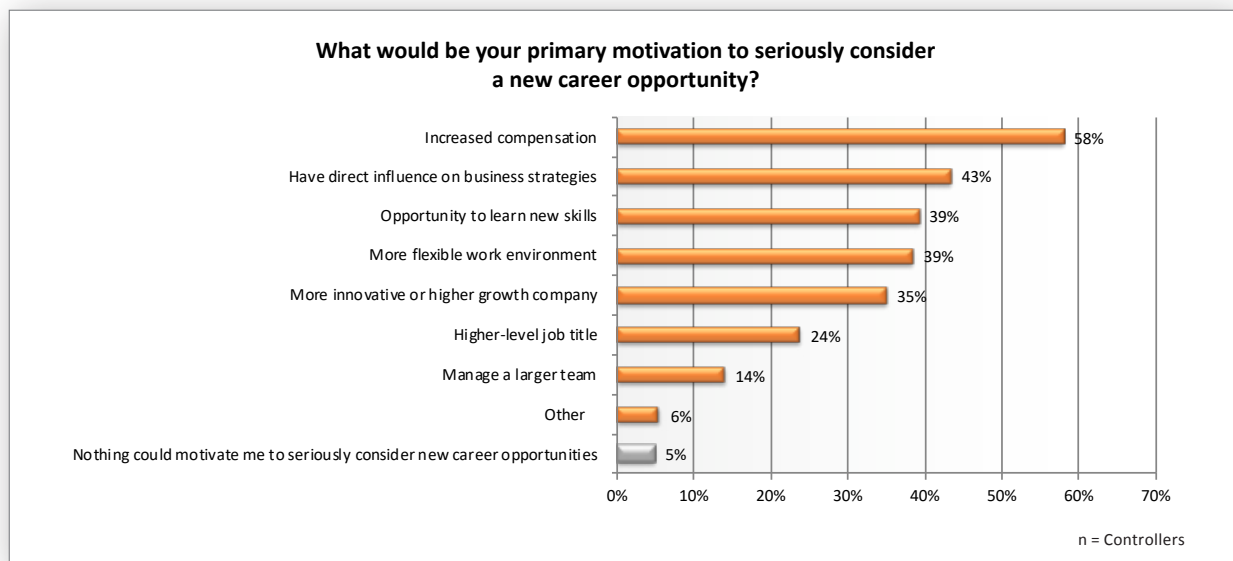
Compensation is the main driver to consider new opportunities

Like most professionals, controllers do care about their compensation and, unsurprisingly, it would be the main driver in considering any new job opportunity (58%).

However, our research shows that there are many other factors that controllers consider when evaluating a career move. This is a group that values the opportunity to have a direct impact on business strategies (43%) and learn new skills (39%). They also care about their work environment citing flexibility (39%) and working for an innovative or high growth company (35%) as primary motivators to move jobs.

On the flip side, controllers are not as motivated by some of the traditional external trappings of success. Only a few (24%) cite a higher-level job title as a consideration to move jobs, and even less (14%) would be lured by the opportunity to manage a larger team.

Considering reasons to leave their current job for a new company resulted in many thoughtful “Other” responses. The most common reasons reported were reduced commutes and better work/life balance.



Controllers regularly experience pressure to “cook the books”

The role of the controller is uniquely tied to factual results. Unlike marketing or operational roles where project success or failure can be tied to looser metrics, it is the job of the controller to give a clear and factual reporting of a company’s finances. However, it is also a position where those facts can be uncomfortable for a company, with significant negative repercussions when things go bad, ranging from investor reaction to employee morale. This creates the perfect environment for a job with pressure to overlook or misreport negative realities.

But does this really happen? Are controllers ever pressured to “cook the books” or is it a job where the truth is valued above all and there is no wiggle room to present facts in an inaccurate way?

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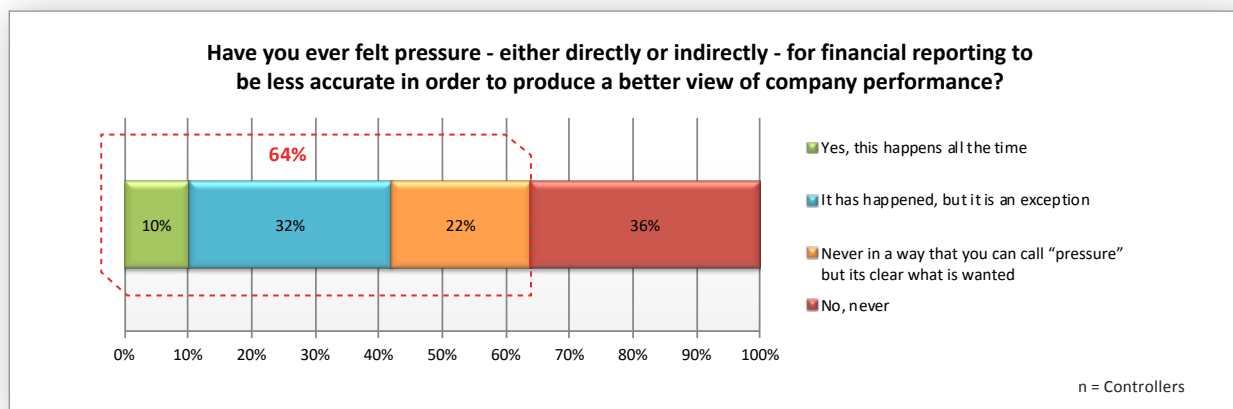
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Alarming, this study shows that this kind of pressure is all too common. Only a third (36%) of controllers report that they have never felt pressure for financial reporting to be less accurate in order to produce a better view of company performance!

Among the remaining two-thirds (64%) that have felt pressure to misrepresent their company's performance, a worrying 10% report that this is a regular part of their job. For a third (32%) it does happen but is fortunately an exception. The remaining 22% are in a particularly difficult position where there is never direct pressure that they might be able to respond to head on. Instead there are unspoken expectations about the desired outcome that may be the most difficult to address.

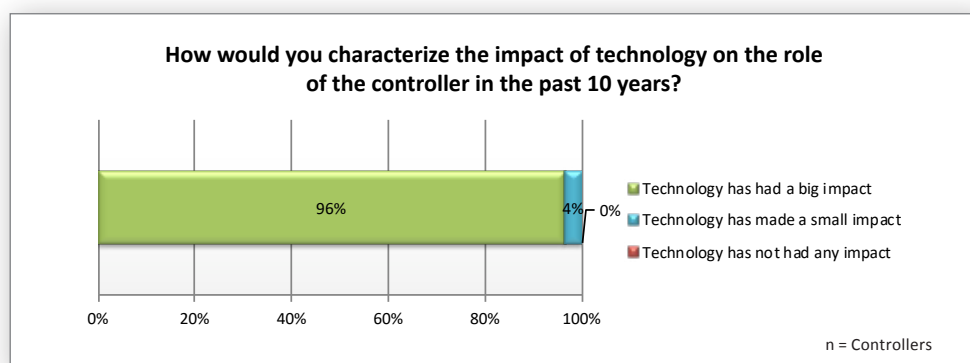


Detailed Findings: Technology has tremendous impact on controllers

The impact of technology has been significant

When it comes to technology, the modern controller is in a difficult position. Their role has been dramatically impacted by technology, yet few have received any training in technology. They are financial and accounting experts who have been thrust into a situation where they have had to develop an unrelated IT skill set - dealing with major system implementations, identifying opportunities for integration or streamlining, and training their teams on user interfaces.

The impact on the controller's role has been significant. There are not any controllers (0%) that report that technology has not impacted them. For almost all (96%) the impact has been major.



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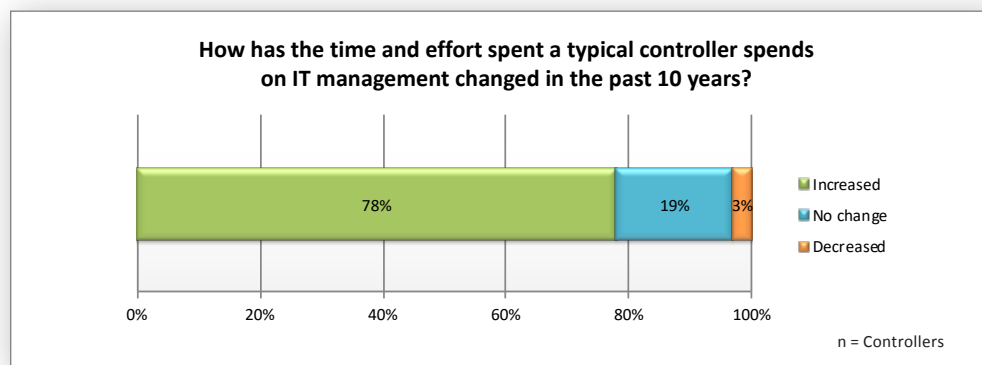
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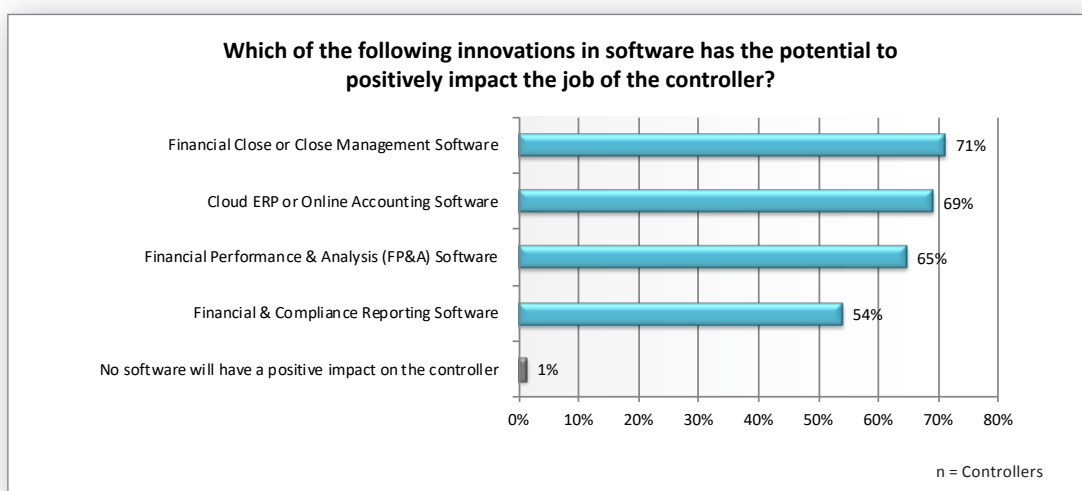
Technology has had some negative impacts on the role of the controller, particularly the time spent learning about new technologies mentioned above. However, for the most part technology has been very positive for the profession. Finance and accounting professionals agree that technology has provided information that helps make better decisions (98%), it has dramatically increased the quality of financial statements (91%), and it frees up time to take on the more strategic tasks (91%).

Interestingly, while technology has freed up some time, it has added more work in other areas. One direct impact of technology is the time that controllers are spending on IT management. More than three quarters (78%) report that the time and effort a typical controller spends on IT management has increased in the past 10 years.



Controllers rank close management as the software to have the most potential for positive impact

Not all technology is created equally, and we wanted to understand what software innovations today's controllers were excited about. The type of software innovation that most controllers identified as having the potential to positively impact their job is financial close software (71%), also known as close management software.



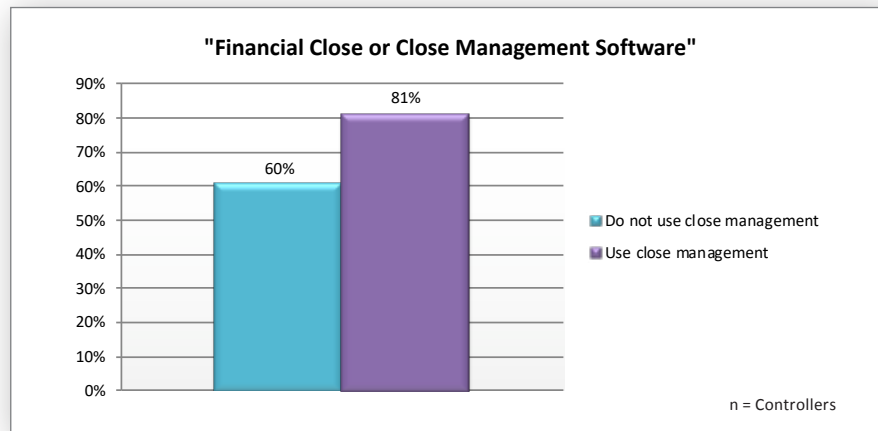
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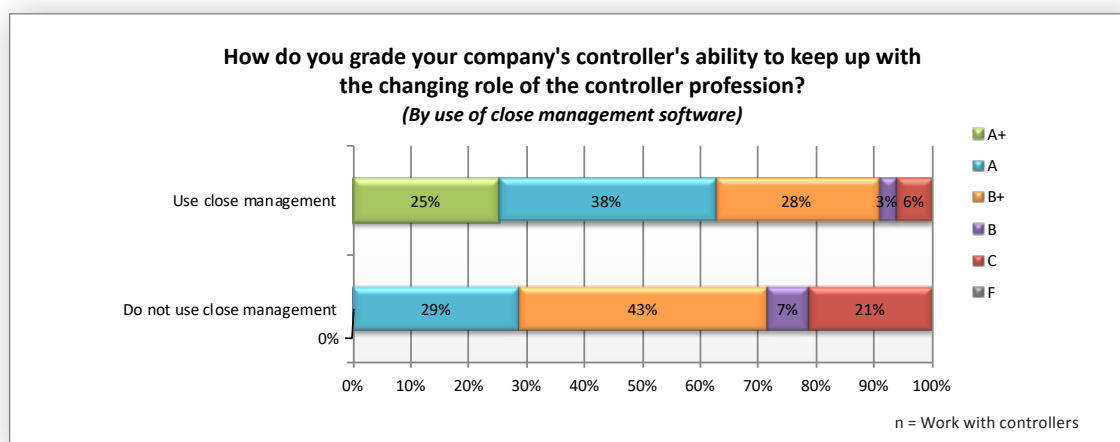
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Increased knowledge of close management software correlates strongly to being bullish about the positive impact. Among controllers that use close management software more than 4 in 5 (81%) say that close management is the software that is likely to have a positive impact on the controller. For those that don't use close management software, that same number drops to 3 in 5 (60%).



Interestingly, use of close management software also correlates strongly to a positive perception of a controller's reputation among their non-controller peers. We asked the financial and accounting participants in our study that worked with controllers what they thought of their controller's ability to keep up with the changes in the profession.

Most (63%) financial professionals at companies that have adopted close management software gave their controller an A+ (25%) or A (38%) grade. At companies that have not adopted close management, controllers were given much lower grades. None of these controllers were given an A+ (0%) and only a few were given an A (29%).



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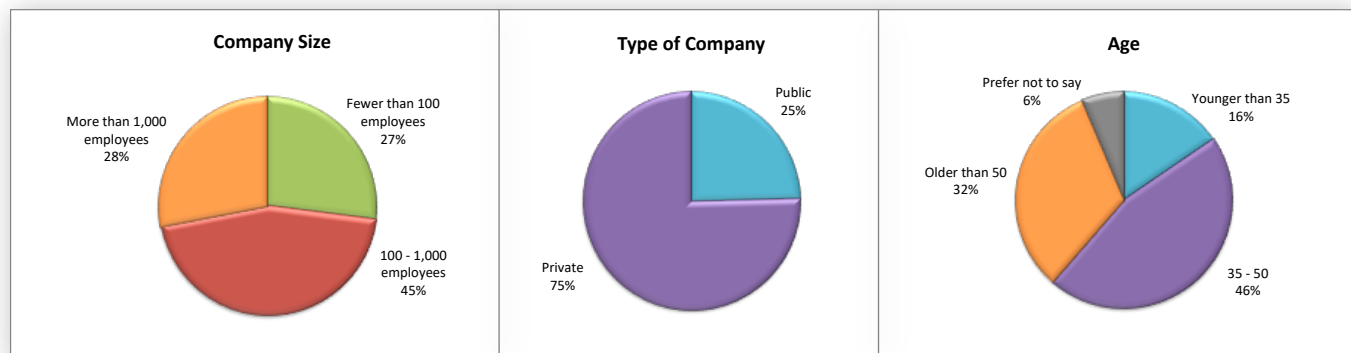


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Survey Methodology and Participant Demographics

Controllers and other accounting and finance stakeholders that work with controllers were invited to participate in an online survey on the topic of the evolving role of the controller. The incentive for participating in the survey was a copy of the final report.

A total of 306 accounting and finance professionals participated in the survey included 202 financial controllers. A wide range of types of companies were represented. Participants in this global survey came primarily from the United States and Canada, but there was participation from around the globe including Europe, Asia, Africa, and Latin America.



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About FloQast

FloQast is award-winning close management software, created by accountants for accountants to close faster and more accurately. On average, accounting teams who rely on FloQast close three days faster. Seamlessly integrated with ERPs and leveraging your existing checklists and Excel, FloQast provides a single place to manage the month-end close and gives everyone visibility. The cloud-based software is trusted by hundreds of accounting departments, including those at Door Dash, AdRoll, Indeed, Shopify, Ancestry.com, Twilio, Dollar Shave Club, Zillow and The Golden State Warriors. Join the conversation on Twitter at [@FloQast](https://twitter.com/FloQast).