

Research on the role of the controller in the future

Can the real controller step forward please?

A prominent role as a strategic business partner seems a nice perspective to many controllers. This image has been very appealing for a long time. However, in reality, this does not often occur. What is taking that new controller so long?

What does the controller's profession aim for? This is an interesting question and a clear answer is difficult to give. In discussions about the future of the profession and position, the control function has been expected to evolve into a more strategic position within the organization. This expectation is generally rife with the term business partner. Everyone can probably imagine the content of this term, but it naturally does not lead to mutual consensus. Let alone that controllers in reality actually act as a strategic business partner. In the search for the future role of the registered controller, the VRC (Registered Controllers Association) to survey its own members. In collaboration with RGP, VRC conducted a survey into the expected development of the profession of controller towards 2020.

Management styles

Prior to preparing the questionnaire for this survey, three researchers got together to brainstorm about the different roles that a controller may fulfil, applying Quinn's so-called competitive value model. This thinking framework for management styles is based on two axis (internal versus external and controlling versus flexibility) with four quadrants, focusing consecutively on the organization, the people, the environment and the results. "Eventually, our brainstorm eventually resulted in a series of professional roles that perfectly fit in with the dimensions of Quinn's model", says Jacques Vervuurt (see image Controller for the Future). Vervuurt is an independent consultant with In2Governance and together with Remko Renes (Nyenrode Business University) and Mario Cornel (RGP) he was part of the trio that conducted the survey among VRC members. Eventually, they defined eight different roles that can be fulfilled by controllers (see text box). "We think it is important for controllers to be aware of the fact that they can operate in different roles", says Vervuurt. "The art is being able to switch between these different roles rather than sinking into one-sided expertise. The roles are therefore not a plea for more types of controllers; the controller's internal customers are naturally not eager to have further specialisations, necessitating them to knock on eight different doors."

Input voor discussion

First the survey: in terms of set-up, in particular used as input of the discussion on the future of the profession. The research was presented to the 3,300 VRC members in the form of a web survey. Subsequently, 148 (4%) responded. When asked for the relevance of the different roles for the controller of the future, a clear top three arose: the business controller, followed by the business intelligence manager and the strategic partner, in that order. Bottom of the list of roles deemed

important in the future are the risk controller, the financial controller and the sustainability controller. That the sustainability controller is last on the list fits in with the average time spent on this role, i.e. 2%. According to the respondents, they spend most of their time on the business controller role (29%), followed by financial controller (23%), strategic partner (14%) and business intelligence manager (10%). That is a remarkable outcome. Where the respondents indicate that their role as the financial controller is not as important in view of the future, almost a quarter of their daily working hours is spent on this role. Now, you would be justified in saying that 2020 is some time away. A previous survey in 2007, even then, indicated an expected shift of the controller profession toward business and strategic partnership. However, in reality, this transition is as yet not taking shape to a major extent. The question is: where is the new controller?

Serving character

"In the first place it is important to realize that a controller does not need to be able to do it all", says Remko Renes. "Someone who is now working as a risk controller or financial controller may be in exactly the right place. It is of course not the intention that the competencies focusing on control dwindle, as without proper control, the management will not accept the controller as a business partner." Mario Cornel agrees: "In many organizations that I see, the controller function still focuses on financial control, business control and risk control. That is historically determined to a large extent. The job traditionally focuses on control and has a serving character. Development into a strategic partner to the management takes time, and in particular requires attention. This should also be a point of attention during the training process."

Practice underlines a gaping hole between current state and future state. You could indeed say: the control function traditionally feels familiar with internal control, and therefore likes sticking to the traditional core tasks. "On the other hand", says Jacques Vervuurt, "the controller has traditionally operated in the context of market thinking, centering on believing in result. That is a form of dynamics that is more imaginative than checking ledger codes." Unfortunately, this pioneering resulted in undesirable effects, is Vervuurt's conclusion. "We saw situations where controllers had less attention for risk and compliance due to focus on performance. The risk managers and compliance officers picked this up."

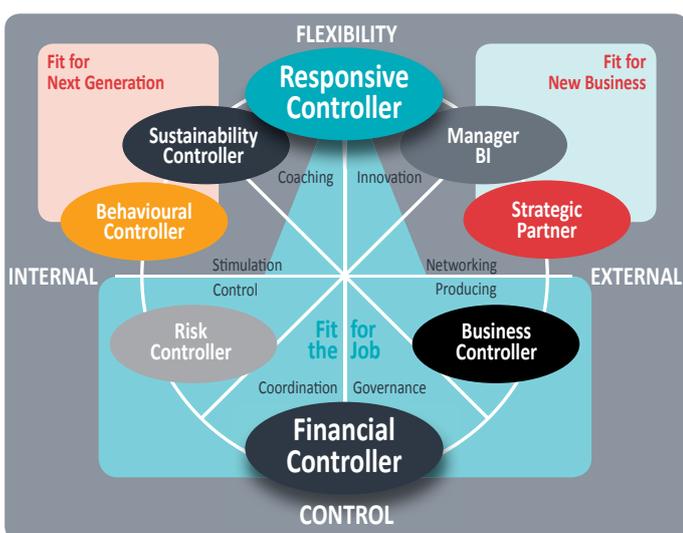
Taking control

The researchers stress: all roles and supplementary tasks are part of the domain of the financial function – that includes risk and compliance. “In the past, designing a risk control framework was sacred to the average CEO. That is no longer the case in many instances”, says Cornel. According to Cornel, it is up to the controllers and CFOs to take control and balance tasks and responsibilities of the financial people. This balance is key to the effectiveness of the control function. “Moving in concert is the key challenge”, says Renes. “You need people who want to grab the opportunity, but you also need to have people on board who will step on the brakes in time. The Controller for the Future model can also be very useful to discuss wishes and expectations regarding the financial function with the internal client.”

In whichever direction the control function should develop, there will always be many colleagues feeling most at home in the basic skills of this profession, perceived as their comfort zone. This should most definitely stay that way, in the opinion of the surveyors, as these basic skills are and remain the backbone of an effective control function. In the model, these form the foundation on which different, new roles can be built. However, “the controller must dare look beyond the limits of the current roles”, says Vervuurt.

“The controller must be able to serve as the eyes and ears of the management, even in areas outside their core expertise. Dare report on what you perceive, and enter into the dialogue. That is mighty exciting. It requires a portion of guts”, adds Cornel. “In that respect it is a pity, and also quite remarkable, that the subject of guts is not yet taught anywhere.”

Perhaps that is another explanation of the fact that we have not seen much of the new controller. “The controller of the future is not a gutsy booster, but at times shows courage, guts and daring, initiating topics outside the traditional focal areas”, is Renes’ conclusion.



The model Controller for the Future. The bottom of the model contains the controller's existing tasks. Those who master these skills is 'fit for the job'. The innovation of the profession is shown in the top of the model. Controllers expanding their expertise with managing sustainability and human relations are 'fit for next generation'. Controllers pro-actively looking for opportunities and risks, actively contributing to better performance, are 'fit for new business'.



The controller spends one quarter of his/her working hours to work that is perceived as less important in the long run.

The eight roles of the controller

In the context of the orientation on the future content of the controller profession, a division into eight role variations was prepared. Together, these variations cover the spectre of both current and expected future professional focus.

- The financial controller is in fact the archetype of the entire professional group. Focuses on traditional core tasks in the field of planning & control and internal and external financial and non-financial reporting.
- The business controller steers the implementation of the business planning with the commercial management. The focus is on business support and value creation. Is generally highly appreciated by the management.
- The risk controller focuses on governance, risk management and compliance. Provides the organization's management assurance in these fields. Should not accept any domineering by risk managers and compliance officers.
- The responsive controller detects strategic opportunities and risks for the company. Towards the management, takes a proactive and solution-driven attitude. Can grow into an archetype similar to the financial controller.
- The manager Business Intelligence translates data into steering information to support the business and strategy focusing on better performance. Relevance and added value are key terms in this context.
- The strategic partner charts the external environment and charts the opportunities and risks that impact the current strategy. Relevance and added value are also key factors in this context.
- The behavioural controller promotes effectiveness by actively contributing to the organization's integrity performance in both behaviour and culture. Is focused on soft controls, behaviour ethics and the tone at the top. Has growth potential.
- The sustainability controller is in the lead for corporate social responsibility. Takes an active role in triple-P reporting: Profit, People, Planet. Seemingly fits in seamlessly in the popular sustainability thinking - but the current generation of controllers are not convinced yet.