

Controllershship: The Other Accounting Career

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September 28, 2004

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Controllership is one of the major career paths available to accounting students who enter the business world. However, students' exposure to controllership may be limited to the definition of a controller given during an introductory accounting class. The purpose of this article is to define controllership, describe their responsibilities, and discuss the skill set of a successful controller.

The accounting profession offers a wide variety of career paths to those with the proper skill sets. Most students who enter a university accounting program follow a generic financial reporting model. The financial reporting model is a major designed to meet the minimum entry requirements for public accounting. This default accounting track has a significant focus on financial reporting, treating the tools and skill set required for many corporate accounting positions as a by-product of their program. While a one-size-fits-all approach may adequately serve those who enter public accounting, it is not well tailored for the majority of students who have other accounting career paths, such as *controllership*.

While a significant number of accounting majors are recruited directly into controllership positions, some cross over later in their careers from public accounting. Those who begin a professional controllership path must first face the learning hurdle. Many companies, such as Ford, Visteon, DTE, and Masco have two-year training programs to help develop their new hire's skills for their controllership career tracks. These programs not only teach company specific issues and structures, but also expose entry-level individuals to a set of critical skills not emphasized in an academic financial

reporting track. Professional accounting programs linked to direct corporate participation, to develop controller skills, are rare. However, with some planning, accounting students can subsidize their academic experience to better prepare themselves for a corporate career.

Defining the Elements of Controllership

A controller analyzes and develops timely and accurate financial information, enabling the company to deliver and improve its future overall performance. Traditional accounting and financial functions act as rear view mirrors, measuring past performance. Controllers are forward looking, acting as the businesses headlights. They need to anticipate issues and act to resolve the issues. The earlier in the process that a controller can influence a course of action, the more likely the process will be successful. This requires those in a controller track to develop both a theoretical understanding and practical skills in advanced management accounting, process and structure cost control, and revenue stream management. In short, the controller's job is to make the company's business objectives achievable. Professionals who understand the specifics of their business environment from both a practical and conceptual standpoint contribute immediately to cost management and profit improvement efforts of the overall company and its divisions.

Both controllership and financial reporting positions involve the development and maintenance of information and reporting processes to ensure that company objectives are achieved. Beyond this commonality, the focus of the controller's career path involves direct support for future operating decisions. There are five essential elements that need

to be emphasized in controllership: *Production process* includes the set of tools needed to manage product component cost, production cost, and revenue streams; *Manufacturing cost standards* and objectives for operations (including purchased raw materials and component parts); *Revenue analysis methods* to improve both aggregate revenue sources and per unit revenue; *Budgeting processes* and objectives such as tracking structure costs, costs behaviors and revenue streams; *Communication process* ensuring that management receives accurate information on issues in a timely manner to take appropriate action.

While the above elements emphasize the integration of advanced managerial and financial accounting tools, successful controllers also excel in organization behavior and leadership skills, operations (production) management, business cycle economics, and managerial finance. In aggregate, they are seen as a strong contributing member of the management team.

Other Skills that Allow Controllers to be Company Enablers

The above elements focus on an academic tool set that supports the primary objective of controllership: To assist operation management in **setting** and **achieving** operating and related financial objectives by providing timely and accurate data to support decision-making. However, there are other hard lessons from experience that evolve the trained accountant into the professional controller. First, and always first, **“WE DEAL IN TRUTH.”** A controller’s job is to make the company’s objectives achievable. Producing achievable results focus on altering the physical process, not on manipulating the numbers. When the cost structure versus revenue stream is negative, a positive forecast should not be forced through liberal accounting assumptions and methods. Financial objectives must be achievable without "stretch" (using overly

optimistic assumptions). Any objective, excluding "stretch" must deliver an acceptable result. Adding "stretch" to projections, by definition, has less than a 50-50 chance of being successful. Sometimes it is the controller's position to deliver the unpopular information that "it will not work," and to stand by the results. There is always pressure to make projects successful, but stopping failure is just as important as enabling success.

Successful controllers master the physicals by understanding what their firm designs, develops, manufactures, sells, and finances. They also know how the manufacturing process (labor, materials, and overhead) relates to, and drives their cost structures. A controller of a manufacturing operation must get on the plant or shop floor to understand the physicals of what drives cost.

Understand that timing is critical. This not only means that decisions have deadlines, but they usually need to be made sooner to be useful. Deliver decisions that you promise on time, and stick to the decision. The practical side of this is to learn how to use incomplete data to establish direction. Waiting for complete data risks making the right decisions too late to be useful.

Experienced controllers identify potential problem areas before they surface, so they develop hindsight from early data. Missed deadlines and cost problems at the early stages of a project are all signals of inadequate development and flawed planning. Recognizing the early signals of failure is an art. It is the controller who is responsible to guide management away from potential denial, and focus their attention on the problem. Controllers lead the implementation of timely solutions based on facts and data, not popularity and politics. They outline alternatives supported by analysis, recommending an optimal course of action. With operating management's support, they provide a

roadmap to a resolution by taking an active role in assignment of responsibilities and the implementation of the plan. Whether projects are a success or failure, controllers ensure that ownership and others with accountability are regularly informed and do not waiver from both cost discipline and maintaining focus on bottom line results. As with recent economic events, businesses have relearned that the cost of recovery is a high multiple of the cost of control.

A simple definition: A budget is an operating plan expressed in financial terms. A complex reality: A budget is a commitment by operating management that clearly ties financial objectives to operating objectives. Controllers must not only lead the budget process, but also gain management commitment. At the end of the process it is all about results. Positive results require bottom line profit enhancement and managements' continued commitment to cost discipline (the budget). Finally, the controller ensures that everything operating management does is focused on achieving the desired results. Within the boundaries of ethics and integrity, do what it takes to achieve the results.

Leadership skills bind everything into a successful package. Developing these skills requires the controller to understand many dynamic interpersonal relationships. For example: understanding the mind set of those on the plant floor; teambuilding skills to create alliances with other businesses and your own management; development of good relationships with vendors and customers; ability to sell and persuade diverse audiences on ideas and actions; presenting financial information in an understandable format to non-financial people by translating issues and their financial implications.

Building Your Controllershship Skills

“We deal in truth.” Make it your motto and let your actions demonstrate your commitment! When everything else is stripped away, you are left with your integrity, personal ethics, and good name. These three things are your only true commodities, that when added to your skill set, make you a controller. Once those things are lost, so is your value to the company. Ethical behavior earns you trust which is the overriding requirement for leadership. Ethics cannot be acquired by taking a course, it is simply how who you decide to act.

Fortunately, there are some courses in the business school curriculum that will help you build some of the above skills. Accounting students interested in controllershship should consider using any of their limited electives by taking a second managerial finance, organizational behavior, or operations management course. While there are very few academic programs that offer an actual controllershship course, advanced managerial accounting and cost control courses will add significantly to a your skill set. Finally, if available, take the time to do a controller internship. Not only can internships lead to post degree positions, but they also enhance an academic program with professional experience.