

# Moving from Traditional Controller to Strategic Organizational Leader



If your organization isn't currently a strategic, high-performing one, you, as controller, can lead that transformation.

So what does a high-performance organization look like? And what kinds of questions should you be asking?

## CONTENTS

- 2 More Sales? or More Insight?
- 2 A Look at Traditional Management Accounting
- 3 The Fundamentals of a High-Performance Organization
- 4 Building a High-Performance Organization
- 5 Find the Right Tools
- 6 An Experienced Partner for Today's Controller

## MORE SALES? OR MORE INSIGHT?

The month is closing, financial statements are being finalized, and controllers are preparing to present their metrics to their CEOs.

When a C-Suite leader examines a financial statement, the first line he or she notices is typically the bottom line: Did the company make money or not? And if the answer is not, the go-to solution is often to create more revenue.

But understanding a profit and loss statement – and being educated and empowered to read between the lines – is a far more complex undertaking. A controller who truly understands all the intricacies of the business understands that the solution may very well lie somewhere else. Is the cost structure imbalanced? Is the pricing wrong? Can the process be tightened to increase productivity?

**Next-generation controllers know the answer isn't always a sales problem—often, the solution exists somewhere more unexpected. And they know how to find—and fix—it.**

If your organization isn't currently a strategic, high-performing one, you – as controller – can lead that transformation.

## A LOOK AT TRADITIONAL MANAGEMENT ACCOUNTING

In the traditional financial accounting model, accounting is process-driven and governed by routines. Output is measured, but the factors that drive results aren't necessarily measured or understood.

**FINANCIAL  
ACCOUNTING**

**MANAGEMENT  
ACCOUNTING**

By adopting a more strategic approach—one that switches the perspective from financial accounting to a broader management accounting view—you are able to identify variations in the process where changes can be made. A number of tools can help organizations understand their critical success factors and how they're measured. When this understanding happens in real-time, immediate changes—and immediate impact—can be made. When you know what's normal, what the variations are, why those variations exist, and how to adjust them for maximum performance, that's when you go from being financial reporter to strategic partner.



**A financial accounting paradigm shift must take place for an organization to reach its full potential and for you to be positioned as a strategic leader.**

## THE FUNDAMENTALS OF A HIGH-PERFORMANCE ORGANIZATION

So what does a high-performance organization look like? And what kinds of questions should you be asking?

In a high-performance organization, operational changes – the kind that traditional accounting isn't normally involved with – must take place. A transformational controller understands that asking more strategic questions and getting operational expertise involved in the decision-making process is the key to creating change.

A high-performance organization creates competitive, sustainable advantages by effectively using resource capacity, maximizing revenue, and controlling expenses through the use of these three tools:

### FUNDAMENTALS

A high-performance organization creates competitive, sustainable advantages by effectively using resource capacity, maximizing revenue, and controlling expenses through the use of these three tools: Lean Principles, Variation Control/Six Sigma, Continuous Improvement.

### LEAN PRINCIPLES

The concept of lean principles is creating the most value for customers with the least amount of resources and/or waste. For example, do employees on the shop floor – the ones making the product – have all the tools and resources they need to be most productive? Instead of having five different people touch the product, does it make more sense for one person to manage the production from beginning to end? And on the office side, does an invoice need to go through four different approval processes when one might be sufficient? Have you considered your own accounting operations as an opportunity to do more with the same or less staff? Have you challenged your operations management team to increase their productivity in order to reduce costs?

### VARIATION CONTROL / SIX SIGMA

This is an effort to achieve stable and predictable process results by reducing process variation through precision and consistency. In the Six Sigma methodology, data comparisons allow leaders to detect variations that may indicate a problem or the need for a process change. Typically, this is a feat of engineering. Every time a product is produced, does it come out exactly as the specs dictate? Does it perform the way it's supposed to? Can a 10-second process be trimmed down to 8 seconds? And when performing a consulting engagement, are the same deliverables produced consistently every time? Do you know whether your shop floor staff is working at maximum efficiency? Does your engineering team understand that reducing cycle time, reducing defects, and improving product consistency will lead to reduced costs?

### CONTINUOUS IMPROVEMENT

Organizations that provide a framework for employee learning and innovation create a sustainable advantage – the ability to learn and lead faster than the competition. As a result, the organization embraces an ongoing focus on improving products, services, and/or processes – a loop of learning that looks like this: Go do or create something, experience the results, assess what happened, and then begin again with that newly found knowledge as a starting point. Does the entire organization – beginning at the top – embrace and encourage an open culture of learning? Are employees encouraged to “fail faster” with new ideas so they can hone and perfect their innovations? Is the organization designed to provide and respond to continual feedback? Is the organization always striving to be better – in service, processes, procedures, etc.? Is improvement built into the culture? Are you helping the organization set goals that strike the balance between aggressive and achievable?

As a strategic controller, you're positioned to lead the organization to use feedback techniques to generate new revenue, reduce costs, enhance customer relationships, and grow profits which can lead to increased investment, starting the cycle over once again.

**If you don't get better, your competition will.**

## BUILDING A HIGH-PERFORMANCE ORGANIZATION

The professional literature of CPAs and accountants outlines all the areas that comprise management accounting – from successfully managing resources that help run the business to understanding the economic impact of strategic decision-making. A well-balanced organization is rich in two resources: 1) traditional CPAs who are experts in reporting and compliance, and 2) strategic financial thinkers who are able to analyze the numbers and determine ways to become more streamlined and profitable. In more organizations than not, however, the second type of resource is not as abundant as the first.

**The solution?** Establishing the controller as the leader in the organization to help educate and inform those moving from more traditional accounting roles into more strategic positions.

### Some questions you should ask include:

- Why does your organization not currently have this in place? (Often it's simply because the traditional organizational roles require the accounting department to be focused on debits/credits instead of strategy.)
- What is holding you back? By combining the traditional process-driven management accounting focus with a more “big picture” view, you're positioned to make more strategic, innovative contributions to the overall organization, thereby laying the groundwork for enabling a high-performance organization.

Once your organization decides to look at processes and procedures – and the bottom line – differently, a cultural transformation must also take place.

Decisions can no longer be made exclusively from the C-Suite. Instead, organizations need to get the right people in the room so well-informed decisions can be made. The “right people” are the ones who know the job the best, the ones who are performing those functions day in and day out. They are not just sitting in the office, analyzing numbers and offering data-backed solutions – they are the ones on the “shop floor” actually completing the daily work. The accounting organization needs to step out of its traditional role and extend its knowledge and impact throughout the organization. When the right people are asked the right questions, that's where the transformation begins.

### And it doesn't stop there.

Conversations need to shift, too. It's far too simple to focus on what is happening instead of why it's happening. Once the whys are exploited, organizations can figure out how to make changes.

The journey from what to why to how is a critical one. Letting the most qualified minds analyze and address existing problems enables new and more efficient processes and solutions to be put into place.

By combining the traditional process driven management accounting focus with a more “big picture” view, you're positioned to make more strategic, innovative contributions to the overall organization, thereby laying the groundwork for enabling a high-performance organization.



## FIND THE RIGHT TOOLS

As the controller of today – and the future – you’re responsible for more than just the finances. You’re also handling data... mountains of it. Why? Because your numbers are related to everything else in the business – from what’s in the sales funnel to how employee recruiting looks. And the only way to get to and fully understand that data is with the right integrated tools, including:

- ERP (Enterprise Resource Planning)
- BI (Business Intelligence)
- CRM (Customer Relationship Management) systems.

The right solutions can help an organization improve productivity, increase efficiencies, decrease costs, streamline processes, and ensure compliance. When looking from a management accounting perspective, integrated technologies provide the metrics that help identify process and performance variables. As a result, controllers and their teams can make real-time, strategic adjustments to ensure maximum performance and output. And measurable, provable numbers give credibility to all involved.

Technology also assists with forecasting, so you’re able to more accurately predict financial outcomes. And with accurate, customizable reports, users are always in the know with the most up-to-date data available. Controllers who become strategic partners are the ones who fully understand and embrace the significant role that technology can play in better financial reporting... and in growing the business.

### With the right tools:

- Improve Productivity
- Increase Efficiencies
- Decrease Costs
- Streamline Processes
- Ensure Compliance

## AN EXPERIENCED PARTNER FOR TODAY'S CONTROLLER

If the importance of digging deeply into your financial statements, viewing your numbers and processes through a different lens, and tying financial plans to overall goals resonates with you, it might be time to step back and take a look at your current organizational situation.

Do you have the skills, wherewithal, and resources to become a high-performing organization? Consider picking one thing – perhaps it's operating more efficiently or embracing a culture of innovation – and begin there.

The work we've outlined isn't easy, but it is important. We've highlighted best practices, and working consistently at that level is an ongoing challenge. Organizations are faced with many roadblocks – from resource limitations to battling the that's-the-way-we've-always-done-it mentality – but those interested in making measurable change can start small.

And there's always room for partnership, too.

### That's where we can help.

At Resultant, we have real-world experience, compiled over time, that helps us give you a head start. We assess where you are today and make recommendations for the future... so you have a solid action plan that will make your organization leaner and more productive.

We begin by digging into how financial statements are currently interpreted. Why? Because we know that looking at things with fresh eyes often brings increased clarity. Because we understand the importance of linking budgets and financial plans to overall organizational goals. And we can help put plans into place to ensure your financials are aligned with your organization's strategic initiatives.

From there, we help you establish a strategic plan that ensures you become an equal, strategic partner with the tools necessary to make well-informed, real-time decisions that benefit the overall organization.

### An Experienced Partner Will Ask:

- What are you doing?
- Why are you doing it?
- How do you put new procedures into place?

## ABOUT RESULTANT

Our team believes solutions are more valuable, transformative, and meaningful when reached together. Through outcomes built on solutions rooted in data analytics, technology, and management consulting, Resultant serves as a true partner by solving problems with our clients, rather than for them.



### MANAGEMENT CONSULTING

Being a partner means caring about our clients and helping them thrive. Our strategic and delivery services ensure our solutions are driving to the right outcomes, implemented thoroughly, and geared toward short- and long-term success.

© Copyright 2020 Resultant