

# Controller or CFO:

## *What's the difference?*

**I've been asked** several times by people inside and outside the Green Industry about the differences between a controller and CFO. After having many of these conversations, I've come to realize most people think they're the same thing—except maybe a CFO is a supercharged version of the controller. They think the next step along the career path of any controller is to be promoted to CFO. I've held both positions and can attest they're quite different. I read a quote on LinkedIn recently that differentiates the two roles: "Controllers put the numbers together in black and white and CFOs add the color."

### **Main responsibilities**

There are many responsibilities for each role, but the most evident and important to end users inside and outside the organization are the financial statements. The controller is in charge of preparing the financial statements each month and reconciling all the underlying data. He or she is responsible for making sure all controls are in place and the data contained within the financials maintains integrity. When complete, the CFO will interpret the financials. He or she performs variance analysis and researches underlying issues to determine why anything differs from the budget. A CFO should be able to provide internal and external end users a clear understanding of the results, and, more importantly, project an accurate picture of future results.

BY ERIN MILAM

### **Hiring one or the other**

While the responsibilities of both positions are important to a company, it may not be financially possible to hire both. A company needs to reach a certain size before it makes sense to have both, and that size is determined by the company's industry and the strength of its staff. In the meantime, you have to have a controller but you don't need a CFO. This is even truer if the CEO or president has a keen understanding of finances and a clear vision for the company. Because the function of the controller is to perform required tasks daily, this position is essential.

If your company size or cash flow doesn't allow for a CFO, another option is an outsourced CFO or financial consultant, who can be used as needed. His or her hourly rate can be expensive, but you'll be able to receive strategic help at a much lower cost than a full-time salary of a CFO. Another advantage to these types of advisers is they remain objective because they're independent contractors.

### **Individual type**

It's difficult to find someone who can operate extremely well as a controller and CFO. I did

*Successful controllers are methodical, backward-looking individuals. They're detail-oriented, generally risk averse and take on a large workload.*





**CFOs tend to take more risks because they have to make decisions based on assumptions and projections, so there's always more implied risk.**

both. And while I did a pretty good job as a controller, I'm much better suited as CFO. That's what you'll find with most job seekers—there's a common set of skills required for each role, but that's where it ends. The individual's personality is paramount.

Successful controllers are methodical, backward-looking individuals. They're detail-oriented, generally risk averse and take on a large workload. They have strong managerial skills and stick to process as if their lives depend on it. They believe in chain of command and ensure compliance and effective controls. From a back office perspective, they're the backbone of the company.

In contrast, a successful CFO is forward-thinking and strategic in nature. While by nature financial professionals tend to be conservative, CFOs tend to take more risks because they have to make decisions based on assumptions and projections, so there's always more implied risk. Skilled at forecasting, budgeting and cash management, they have strong relationships with bankers and have the ability to work well with decision makers throughout a company. They listen more than they talk and have the ability to identify and hedge against unnecessary risk.

## Duties and overlap of a CFO and controller

Responsibility	CFO	Controller
<b>ACCOUNTING</b>		
Assist with the annual audit	X	X
Accounts payable		X
Accounts receivable		X
Issue billings promptly		X
Calculate job costs		X
Complete bank reconciliations		X
Issue management reports	X	X
Prepare financial statements		X
Interpret financial statements	X	
Maintain policies and procedures		X
Maintain the chart of accounts		X
Manage the accounting staff		X
Manage the budgeting process	X	X
Review capital requests	X	
Process payroll		X
Implement operational best practices	X	X
Provide financial analysis	X	X
Develop performance measurements	X	
Maintain performance measurements		X
Review control weaknesses	X	X
<b>FINANCE</b>		
Formulate financial strategy	X	
Formulate tax strategy	X	
Formulate risk management strategy	X	
Negotiate acquisitions	X	
Maintain banking relations	X	
Arrange for debt financing	X	
Invest funds	X	
Issue credit to customers		X
Maintain insurance coverage	X	
Monitor cash balances	X	X

Due to these differences, it becomes clear why these roles need filled with different individuals. It's important to search for these employees carefully, with extensive interviews and reference checks. The controller and CFO will need to work closely together regularly, so find people whose personalities mesh well. **LMI**

*Milam, a CPA, is the CFO of HighGrove Partners in Austell, Ga. She oversees all financial elements of the landscape company, including strategic planning, corporate accounting and reporting, risk management, internal controls, tax management, treasury, budgeting and various special projects. Reach her via [highgrove.net](http://highgrove.net).*