



Moving from CPA to Controller to CFO: Similarities and Differences

How do I decide what my business needs?

**C. Russell Slappey CPA
CEO**

Having the right financial information is crucial to running a successful business in today's economy.

We will explore what the roles, the similarities, and the differences between a CPA, Controller, and CFO so that an informed decision can be made as to which one or ones your business needs at this point in its life cycle.

What is important about Financial Information?

Financial information is either the basis or input for almost all business decisions. The key attributes that are required are:

- Accuracy
- Timeliness
- Sufficiency
- Thought provoking and relevant
- Understandable

Do I need to invest in a professional for financial help?

- Self-execution is always an option, but not recommended as you will understand as we explore what a true financial professional does
- Decisions are limited by information available to you and your skill sets
- Running your own accounting is time-consuming
- Self-execution of your accounting may detract from day-to-day operations and sales, reducing value that your business can generate
- No accurate valuation as a basis for evaluation of business

What is the role of a Certified Public Accountant (CPA)?

The CPA is an independent resource who generally provides the following services:

- Audit and Assurance - Provides an independent auditor's report to assure investors as to the integrity of the financial statements
- Merger and Acquisition Consulting- Independent business valuations, tax planning and agreed-upon procedures
- Tax Planning, Consulting and Compliance – business and individual tax preparation; cost segregation studies, retirement and estate planning
- Business Consulting – Customized engagement, experience varies based on staff/partner involvement, work paper documentation, engagement requirements

The CPA typically must not be a member of management and must be independent of the company unless providing only basic services, such as a financial statement compilation.

What is the role of a Controller?

The Controller handles all of the accounting needs of the organization, ensuring a continuous flow of information to management for making effective decisions.

- Analysis – Monthly reconciliations and account analysis schedules
- Scheduling – Payroll, accounts payable, invoicing and reporting
- Systems and staff management
- Historical reporting
- Development and compliance with policies and procedures

How does a CFO differ from the CPA and the Controller?

The major function of the CFO is to safeguard the company's assets with oversight of four main activities:

- Planning
- Accounting
- Reporting
- Treasury

Let's discuss at a more detailed level what each of these major areas encompasses.

Planning:

- Assures the strategic plan is financially relevant and achievable based on past, present and future internal and external environmental factors
- Determines if the company has or can develop the resources to meet the capital requirements of the strategic plan by measuring the impact on debt and capital structure and cash flow
- Coordinates and analyzes operational plan and budget – assuring that:
 - the sales goals are realistic
 - the production plan supports sales goals and are, based on past performance, within the capabilities of facility capacity
 - the business expenses of all departments are reasonable
 - the company is able to reach its profit projections
- Coordinates, advises and facilitates during the planning process

Accounting:

- Create, implement and operate the systems necessary to track financial activities of the organization
- Evaluate the internal control environment – provide adequate protection to ensure financial information is accurate, that the potential for fraud is minimized, and that adequate checks and balances are established
- Ensure that the system provides the tools necessary to maintain financial control – accurately reflects standards established by management, measures actual performance, determines variances, provides relevant trend analysis, meaningful and timely information
- Continually evaluate and upgrade accounting systems for relevant technological changes

Reporting:

- Factual – is the information being reported accurate
- Understandable – to the audience that is using the reports
- Relevant – important to recipients
- Timely – provided hourly, daily, weekly, monthly, based on company requirements
- Stakeholders – includes shareholders, creditors, customers, and regulatory agencies

Treasury:

- Manage the organization's cash and liquidity
- Ensure effectiveness of the controls and systems necessary to process cash receipts and disbursements while maintaining cash balances at appropriate levels
- Accurately forecast short and long-term cash requirements for working capital requirements
- Invest excess cash or seek sources of additional financing if needed

Overall:

- Assures that the financial statements accurately represent the operations of the business – enhances value
- Assures effective deployment of company assets - asset utilization and profit maximization
- Ensures that internal controls are effective
- Communicates forecasting and financial guidance
- Provides strategic guidance for the future of the company – financial modeling, market analysis, due diligence
- Acts as the liaison for audit, legal, insurance and tax aspects of the business
- Raises debt financing and equity funding

Similarities between the three functions:

- **Certified Public Accountant (CPA)**

The CPA prepares financial statements for its clients if the client lacks the skill set and provides strategic direction and advice to management on an occasional basis.

- **Controller**

The Controller is focused on analysis, scheduling, compliance with policies & procedures, and historical reporting.

- **Chief Financial Officer (CFO)**

The CFO is responsible for four major functions for the company - planning, accounting, reporting and treasury. In addition the CFO is responsible for managing the financial resources of the company, putting these resources to work to maximize returns, and providing strategic direction/advice to management.

What should you consider when making the decision to hire an experienced financial executive or not?

- Will it increase the value of your time?
- Will it increase the value of information received and your overall business?
- Will you gain a better understanding of the financial aspects of your business?
- Will you gain a better understanding of the operational aspects of your business?
- Will you establish a better and more valid and achievable business plan and financial model?
- Will this help to secure and ACCOUNT for your future?

Russell Slappey, CPA, combines over 30 years of experience in Accounting, Information Systems and Taxation. He takes a hands-on, roll-up-your-sleeves approach in working with business owners both large and small. Since founding Nperspective, he has provided solutions for clients in manufacturing, construction, distribution, real estate, retail, mortgage banking, insurance, software development and internet based companies. Mr. Slappey is a Certified Public Accountant (CPA), a current member of the FICPA, and holds a BBA and Master of Accountancy from Stetson University. He is currently a board member of the Association for Corporate Growth (ACG), Central Florida Chapter. Mr. Slappey has also served on the Disney Entrepreneur Center Advisory Board and as a volunteer advisor at the Small Business Development Council (SBDC) - Advisory Board Council.

Nperspective was founded with the belief that many companies need the expertise of seasoned financial executives that are often unable to afford to “buy” that expertise on a full-time basis. In addition, there are many highly profitable companies who can afford a full-time chief financial officer but don’t really need one on a day-to-day basis.

Nperspective is a team of seasoned CFOs who roll up their sleeves and get the job done. We provide interim, part-time and project CFO services to clients using a flexible engagement model dependent on client needs. We served mid-market companies throughout the U.S. with offices in Orlando, Tampa and south Florida.

The CEO of a market leading manufacturer said “Where we are today is a direct reflection and result of Nperspective’s leadership and team. Thank you for being part of our growth.”

If you would like to discuss this further or explore the options available please contact Nperspective at 407.679.7600 (Orlando) or 813.507.3600 (Tampa) or 954.651.8044 (South Florida)

Making Informed Decisions
With the Right Information
At the Right Time
Putting it all...

