

# REAL FINANCE

SPECIAL REPORT

# FINANCIAL CONTROLLERS

NOWADAYS, IT'S ALL ABOUT TEAM. HAVING THE RIGHT PEOPLE AROUND YOU MEANS YOU CAN FOCUS ON DELIVERING VALUE AND DIRECTING GROWTH. SO EVERY FD NEEDS A GREAT FC. BUT WHO ARE THEY? WHERE DO YOU FIND THEM? AND HOW WILL YOU MAKE THE RELATIONSHIP WORK?

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*Financial Controller Recruitment for Growth Companies*

# FINANCE: THE POWER OF TWO

It's not just a question of hiring a controller — you need the **right** FC, says Richard Young. And they're not easy to find.

**ONE OF OUR FAVOURITE** sayings is that the vast majority of FDs have "all of the responsibilities and none of the resources" of their brethren in the biggest companies. As FD of a growing business, you have to juggle not only the core finance function responsibilities, but a range of other essential duties and deal-doing.

So your team is crucial. And that's where a smart financial controller comes in. "In a small finance function, you can't afford 'average'," says Sarah Hunt, who set up specialist recruitment firm equityFC for growing and private equity-backed companies.

She's broken the process of finding the *right* FC — hiring the *wrong* one can be worse than not having one at all — into three steps. "Getting a perfect match for you and your company — that's tricky," she says. "It's also easy to lose them by handling the recruitment process badly — or by forgetting why you hired them and, as a result, managing them badly."



Sarah Hunt: you can't afford to cut corners when you're appointing a financial controller.

## Who are you after?

Step one: understand exactly what you want from a number two. Is it a seasoned veteran, someone reliable to cover all the technical bases? In many growing businesses, you're going to need something extra. Lindsay Dunsmuir was brought in as FD when Bridgepoint backed an MBO at fast-growing fashion footwear retailer Faith. "The incumbent was also doing the company secretarial and property management roles, which had expanded hugely as we took on more stores," he says. "It was too much for one person. Our backers demand timely, detailed financial information, so the sensible thing was to give the existing FC the other roles full time and bring in a controller with the right mentality for that environment."

Dunsmuir says the "must-haves" included an ability to work under pressure, a challenging mindset and ambition. "There was also a

## WHO

The biggest question of all: who on earth can you trust to be your right-hand financial controller? "It's not about qualifications or their CV," says Sarah Hunt. "You need to understand what motivates them as a person. Are you looking for a supercharged number two, snapping at your heels and hungry for an FD job? Or do you really want a plodder, a 'never leave' controller who'll be in post for the long haul." Understanding your own strengths and weaknesses as an FD and, equally importantly, what the requirements of the business are likely to be will ensure that you end up making the right call on the "who?" question.

## WHY

Simple: because you can't add value when you're tied up adding the numbers. But, particularly for growing companies and businesses that are private equity-backed, you're likely to have a whole range of motivations for bringing in a great FC. "If you're clear about your start point, if you've addressed the 'who?' question, you probably already know why you need this person," says Hunt. "In a backed business, you know there's likely to be a deal in the medium term, so you need someone who can support you through that and pick up your slack as you focus on the transaction. And will you stay will the business post-deal? If not, having a strong FC as a successor is a great reassurance to a buyer."

## WHEN

Every growing company goes through inflection points. Taking on a first "proper" finance director is a huge step for most smaller businesses. But like that inaugural FD appointment (which may have been someone called "financial controller" when the business was smaller), the chances are you'll only start thinking about a fully-fledged, "pro" FC when you're starting to feel the strain of keeping the business going on a day-to-day basis as well as provide a strategic component to a board looking for new opportunities or to do deals.

## HOW

Every financial controller role is different. And that means simply placing a recruitment advert often won't get you the right people for the job. In any case, this isn't some junior credit controller you're looking to appoint. Even if you did have the time and energy to plough through the CVs that arrive on your desk, you're still going to have to spend a lot of time finding the right candidate. "It's easy to recruit an average FC or an ambitious management accountant who can say all the right things," says Robert Draper. "But finding an excellent person who'll fit the role you've outlined to perfection — that requires a lot of care in the process."

‘Faith’ factor,” he says. “They had to show they could work with our people – particularly the operational teams.”

It’s not uncommon to see these “softer” skills on an FC wish-list. Nik Hayes is FD at Equity Trust, which handles offshore company formations and wealth management. He was looking for an FC with “the ability to handle virtually anything,” he says. “A lot of accountants can give you a cost-saving here or a system implementation there. But I need an FC who can see the bullets coming and dodge them.”

### How do you find them?

“There are plenty of fish in the sea,” says Robert Draper, who runs equityFC. “But most of them won’t be right for your role. And don’t make a panic hire just because you’re under the cosh. If necessary, use an interim.”

EquityFC is one way to find controllers who have that something extra, of course. “We don’t start from how many O-levels they’ve

keep things going,” says Draper. “So be upfront about it with the candidates. Map out the achievables for the role. Let them see there’ll be M&A or an IPO – and that they need to be the one keeping it going while you’re doing the deals. Sell them the idea of an exciting role in a dynamic company.”

### How do you manage them?

If you get the first two steps right, the third one writes itself. But if you ask for a go-getter, you’d better be ready to live up to expectations. “If you bring in the ‘snapping at the heels’ type – the FD-designate – you need to expose them to the board, let them make mistakes, give them credit for ideas,” says Draper. “Manage them appropriately. An FC mustn’t feel like they’ve been left in the lurch.”

Dunsmuir has a plan for his FC. “We’ll get him round the business for the first four weeks, working in stores, in merchandising, understanding the systems and processes,” he says.



**“THE START POINT IS VITAL. YOU HAVE TO BE ABLE TO DESCRIBE WHAT YOU WANT – IF YOU CAN’T DO THAT, YOU CAN END UP WITH THE WRONG PERSON IN THE ROLE”** Robert Draper, equityFC

got or where they’ve worked,” says Draper. “We start by finding out what motivates them. Our test is, are they going to fit the role?”

There’s a rather more prosaic angle to this, too: recruitment takes time. “I’ve seen it go wrong for FDs so many times,” says Draper. “Particularly if you’ve come from a bigger company and you’re used to having an HR department, you tend to take it for granted that the shortlist will be OK. I know an FD whose FC left and he panicked – he phoned up a load of employment agencies. He ended up with 40 CVs, but his first four interviews were non-starters – that was almost a day wasted.”

“A specialist can take you straight to the appropriate candidates,” says Dunsmuir. “In ten days, we had ten CVs.” He whittled that down to six for interview, then picked two to go forward for final selection.

Remember that the process is also two-way. “In a backed business, it’s quite likely the FC is going to get left alone at some point to

“We know he’ll get into the finance function side of things straight away. But to do the job well, he needs to understand the business first.”

Any ambitious FC will have his eyes on the FD role. But that’s a good thing. “It gives the business options,” he says. “It’s good succession planning for a start. And with a really good FC, I can focus on broader business issues, safe in the knowledge that the finance function is being managed. That’s good for me and hopefully our business.”

Another reason for hiring an FC who’s a cut above? “It looks bad if you blame the FC for things going wrong,” says Draper. “If the numbers are duff, as FD you are responsible.”

Now it’s just a case of selling it to the board. “They may not understand the value of a great FC,” says Draper. “But if you’ve got processes in place to deliver information smoothly – without any skeletons – during due diligence and that makes a buyer feel they can keep it going when you’ve gone... then that’s huge.”

## FROM THE RF ARCHIVE

### FDs ON THEIR FCs

“There isn’t time in an FD’s life to immerse yourself in every nook and cranny of what’s going on in the business. And I was never discomforted by the fact that my controller would be in the hot seat, often without me there, discussing with other directors what was going on.” Nigel Hall, ex-FD of Arcadia



“The financial controller needs to feel as accountable as the finance director. It’s about having the right balance of controls to validate the work of the FC, be that through internal or external audit, or through the FD’s review process. They also need to be able to form effective working relationships – both with the external parties they have to deal with, but also people inside the business. They can’t do that simply by getting close to all the numbers. They have to be able to read people. That’s the real challenge for today’s financial controller.”

Duncan Tatton-Brown, FD of Kingfisher

“The financial controller is my eyes and ears both inside and outside the department. My FC needs to be honest and trustworthy – I don’t like surprises! – they need to be loyal to myself and the finance team, hardworking and technically competent.” Philip Needham, head of finance at the London Metal Exchange

“You’ve got to be the right-hand man for the finance director, of course, and make sure the numbers are right. But the FC has to make sure he also builds relationships with the key stakeholders – banks, shareholders, staff and so on. And you’ll need to be able to represent the finance function on the board.”

Mark Robinson, FC-turned-FD (after a secondary buy-out) of Hillary’s Blinds



“As a finance director now, the most important thing I can do is get my financial controller involved in all areas of the business. And if you’re looking to develop your FC, there’s one thing that has to be there: a desire from them to develop their role. They have to want to do it.” Martin Cooper, FD of Interregnum

“As FD, particularly in a growing company, my responsibilities are wide and many. So the more my FC can do, the more time I can spend on contributing to the business in IT, purchasing strategy or what have you. We don’t have a regular weekly meeting, as we tend to do things on a project-by-project basis. But, for example, at the beginning of the budget planning process I involve the FC in everything so he’s always up to speed.” Peter Munro, FD of Linguaphone



“Due diligence is very taxing. As FD, you’re the focal point of that process. You’re project managing the deal, but you’ve also got to keep the business running. I was lucky in that I had an FC in my team who was managing the operational finance matters.” Jeremy Rayment, ex-FD of design agency TM



### ***Financial Controller Recruitment for Growth Companies***

Finding a Controller with strong business acumen and a desire to join a dynamic enterprise is no easy task. There are a lot of accountants out there and it is often tempting to adopt the "one-size fits all" approach. We understand that this can be a limiting factor when recruiting for an entrepreneurial company (particularly one that is private equity backed or is looking to list) and our approach is specifically focussed on seeking out only those Controllers who want the higher profile, higher risk roles.

Each assignment is a one-off for us. That means our approach is all about understanding the individual needs of your company and acting quickly and efficiently. We look to manage the entire recruitment process from first stage through to offer and acceptance.

And our focus ensures that our network of candidates provides the right type of individual whatever the sector or location of the role.

**For further information please contact Robert Draper,  
Sarah Hunt or Louise Hunter at equityFC**

**10 Market Mews  
London  
W1J 7BZ  
Tel 020 7492 2703**

**[www.equityfc.com](http://www.equityfc.com)**