

# Government vs. Private Sector: A Financial Executive's Guide to Making the Pivot

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by Tate Pursell

Invaluable lessons in adaptability, leadership, and strategic financial management in a time of disruption.



Major shifts are coming to government financial management. With policy changes, budget realignments, and increasing demands for on-site presence, many public-sector finance roles are at risk of transformation, downsizing, or elimination.

Financial executives who fail to prepare now could find themselves struggling to pivot. The private sector offers promising opportunities, but the transition requires a clear understanding of fundamental differences in financial practices, reporting, and strategic decision-making.

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While some of these lessons are particular to the public/private sector transition, they are relevant for any financial executive that finds themselves in uncharted professional waters.

### **A Critical Time for Government Financial Managers**

Now more than ever, government financial managers need to consider transition opportunities in the private sector. With impending changes in government structures, budget realignments, and increasing demands for on-site presence, many public sector finance roles are at risk of transformation, elimination, or relocation. For those seeking stability and growth, understanding private-sector financial principles is essential to successfully pivot into corporate roles.

### **Understanding the Core Differences**

Financial executives in government and the private sector operate under fundamentally different guiding principles. Government finance prioritizes accountability, transparency, and compliance with legal mandates, while private-sector finance revolves around profitability, shareholder value, and market-driven financial performance.

My new book, *Government vs. Private Sector Financial Management: A Primer for Financial Managers Transitioning Between Sectors*, provides a detailed comparison of these contrasting approaches, offering practical insights for professionals moving from one sector to the other.

In government finance, standards such as those set by the Governmental Accounting Standards Board (GASB) and the Federal Accounting Standards Advisory Board (FASAB) emphasize stewardship of public resources. Government entities rely on fund accounting to track specific resources separately, ensuring adherence to legislative and policy mandates. In contrast, private companies follow Financial Accounting Standards Board (FASB) principles, focusing on profitability through income statements, balance sheets, and financial performance metrics that drive shareholder returns.

Beyond accounting standards, the book explores funding mechanisms. Government entities depend on taxes, grants, and bonds, focusing on budget compliance and efficient resource allocation. Private enterprises, on the other hand, raise capital through equity investors and lenders, requiring a strong emphasis on return on investment and sustainable profitability.

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## **Navigating the Transition: What Financial Executives Need to Know**

One of the book's most valuable contributions is its guidance for financial executives transitioning from government to private-sector roles. A government finance professional moving to a corporate position must quickly adapt to new performance metrics, decision-making frameworks, and governance structures. With competition for private-sector roles increasing, financial executives must be prepared to demonstrate their value in interviews by understanding these differences.

Among the many critical topics covered in the book are:

- **Financial Statements and Reporting:** Understanding private-sector income statements, balance sheets, and cash flow statements is essential, as private companies emphasize profitability and financial health.
- **Corporate Governance and Compliance:** Unlike government agencies, private enterprises operate under a corporate board structure where financial executives must engage with audit committees and compliance officers to ensure regulatory adherence and ethical decision-making.
- **Risk Management and Strategic Decision-Making:** While government financial managers focus on budget adherence and avoiding overspending, private-sector executives balance risk and return, using financial models to assess investment opportunities and optimize corporate strategy.
- **End-of-Year Financial Practices:** Government entities often follow a “use-it-or-lose-it” budgeting model, driving year-end spending sprees to justify future funding. In contrast, private enterprises strategically manage end-of-year finances to enhance tax efficiency, optimize cash flow, and boost investor confidence.
- **Audit and Oversight Practices:** Pursell's book explores the critical differences in government auditing—rigorously monitored by agencies like the GAO and OMB—compared to private-sector audits driven by shareholder expectations and financial market regulations.

With changes looming and financial executives facing new career uncertainties, the time to act is now. This book not only equips you with the knowledge to transition effectively but also helps you articulate your skills in private-sector job interviews.

Whether you are a government executive looking to pivot into corporate finance or a private-sector CFO seeking to understand government contracting and budgeting practices, *Government vs. Private Sector Financial Management* provides the insights you need.

*Tate Pursell is a board member, CEO and private equity executive. Visit [www.tatepursell.com](http://www.tatepursell.com) to learn more and secure your copy of the book today.*