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## Dear readers,



**HANS-PETER  
SANDER**

Head of Team PR / New Media, ICV

**CONRAD  
GÜNTHER**

Chief editor and publisher

the wind is changing. Over the past few years, the controlling community has primarily been concerned with the question of what digitisation means and what comes with it. For example, how is the job description changing? The scenario has often been discussed as to whether the profession of controlling will even exist in the future. Now we have started the implementation phase, concrete projects are at the core. How can the digital transformation in companies succeed? The first success stories help to master the enormous tasks. And the realisation has prevailed that controllers will play a significant role – if they have acquired the necessary skills as a management partner.

The International Association of Controllers plays an important role. The ICV is the enabler of its members and their companies to survive in stormy, all-changing times. In close cooperation between practice and science, research and teaching, the association develops and distributes practical solutions.

In this special international edition of Controller Magazin we report on working groups and the ICV Think Tank, on congresses and awards, on strong partners of the ICV like the International Group of Controlling or CA controller akademie as well as on the company's practice. You will read for yourself how the digital transformation is being mastered by controllers around the world. As part of the controlling family the ICV shares experiences and knowledge. Thank you to all the authors for your cooperation and contributions. We wish all readers an exciting, inspiring read with Controller Magazin Special.

A handwritten signature in black ink, appearing to read 'C. Günther'.

**Conrad Günther,**  
Chief editor and publisher

A handwritten signature in black ink, appearing to read 'H.-P. Sander'.

**Hans-Peter Sander,**  
Head of PR / New Media, ICV

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# “Prepare for your Future”: Digitisation will change the job profile of controllers

“Prepare for your Future” was the motto of the 44th Congress of Controllers on 13–14 May 2019 in Munich. Over 540 guests from Germany and abroad took up the invitation of the ICV International Association of Controllers to Europe’s leading controlling conference.



**HANS-PETER  
SANDER**

Head of PR / New Media ICV

The Congress was opened by patron Dr. Richard Lutz, CEO Deutsche Bahn AG and Deputy Chairman of the ICV Board of Trustees, and Prof. Dr. Heimo Losbichler, ICV Chairman and Chairman of the International Group of Controlling (IGC). In his opening speech, Prof. Losbichler addressed the key question of whether controlling as a control process is being automated by digitisation and whether controllers are thus losing their jobs and significance. If one considers controlling – going far beyond the task of providing information – as the management process of the business objective, planning and control, then for example the goal setting and thus the human will formation cannot be completely automated, according to Losbichler.

He also addressed the reasons for a potential loss of controller tasks, both by automating current routine activities (e.g. automated updating of calculations by Robotic Process Automation) and by automating the analytical activities of controllers (e.g. machine forecasts) or the shift to other groups of people like data scientists or the managers themselves. “These arguments sound absolutely plausible, but they only shed light on one side of the coin. Viewed more broadly, it could be not only the elimi-

nation of existing tasks, but also new tasks for the controller and thus in total a task shift instead of a task drop”, said Losbichler. Digitisation will change the job profile of controllers, with the impact not only being influenced by the technical possibilities, but also by other factors such as corporate culture, controlling organisation or the personality traits of controllers and managers. “Digitisation is not a destiny, but rather can be shaped by each one of us, which also reflects the Congress motto ‘Prepare for your Future’.”

In addition to digitisation, the 44th Congress of Controllers was also shaped by a cooling economy. Successful growth will become increasingly difficult in view of the not positive economic development, new trade barriers and a significant shortage of skilled workers. These questions were considered in plenary lectures and a thematic centre in Munich.

The 45th Congress of Controllers, the anniversary event, will take place on 27–28 April 2020 in Munich – and will be simultaneously translated into English. ■

# Award for exemplary controlling work: Introduction of value-oriented management

The ICV Controlling Excellence Award 2019 was given to Unitymedia GmbH at Europe's leading controlling conference in May. Awarded at the 44th Congress of Controllers was the solution "Value Steering Roadmap, Establishment of a value-oriented management at Unitymedia". On the podium followed Munich RE and Metro AG.

Every year, the ICV (International Association of Controllers) awards exemplary controlling work in companies and other organisations. The jury headed by the Chairman of the ICV Board of Trustees, Prof. Dr. Dr. h.c. Jürgen Weber, Otto Beisheim School of Management, Institute for Management and Controlling, was very satisfied with the quality of the submissions, "suitable for the digitisation period". The jurors nominated projects by Unitymedia, Munich Re and Metro for the award ceremony.

In the Unitymedia solution, the jury paid tribute to how the idea of management according to customer value was implemented. So far, the company has been managed by products, without taking the connection of products and customers into account. During the change several system-related difficulties were overcome and agile techniques were used and modified.

Munich Re's solution for establishing a "digital finance platform" was judged by the jury to be "very well prepared" and a "successful digitisation project". The solution was convincing more because of the achieved scope than because of individual innovative ideas, but was characterised by the professionalism of the approach, which included an evaluation and very meaningful next steps.

The topic of the nominated Metro solution can be functionally assigned to procurement controlling, which according to jury chairman Prof. Weber has so far been underexposed. Here the topic of data quality was in focus and in addition to internal simplifications, the solution would enable new additional revenues. "So the work is an ideal case for digitisation: internal process improvements can lead to new business."

The jury's decision is based on the common controlling mission statement by the ICV and the International Group of Controlling (IGC). Exemplary controller work is therefore present when controllers achieve a noticeable change, the solution is field-tested and this change not only affects the controlling itself, but also makes the company more successful overall. The change must also be internally developed by the controllers and be innovative.

Jury chairman Prof. Dr. Dr. h.c. Weber judged all 2019 candidates as very good, "even better than last year. In 2019 there were various 'big names' among the applicants, but also smaller companies. The focus was on digitisation. There is obviously a lot going on here – finally! So we can be very satisfied overall."

In 2020, an ICV Controlling Excellence Award will again be presented. Please look out for information on the tender in the ICV media! As a rule, the application deadline starts in November and ends at the end of January.



The award-winning team from Unitymedia with jury chairman and ICV board of trustees chairman on the stage of the 44th Congress of Controllers.

## ICV Controlling Excellence Award – Winners

Sick AG (2003), Aventis Pharma Deutschland GmbH (2004), T-Online International AG (2005), Kaufhof Warenhaus AG (2006), Hansgrohe AG (2007), Lufthansa City-Line and Wittlinger Therapiezentrum/ Dr. Vodder Akademie (2008), Fiege Gruppe (2009), Bundesagentur für Arbeit (2010), McDonald's Deutschland Inc. (2011), Otto Group (2012), Lufthansa AG (2013), Elite Medianet GmbH (2014), RWE AG (2015), Covestro Deutschland AG (2016), Edeka Südwest (2017), Robert Bosch GmbH, Division Powertrain Solutions (Diesel Systems) (2018). ■

# Intelligent process automation – man and the machine

On 25 May, the International Group of Controlling (IGC) held its annual meeting in Milan. It was hosted by Assocontroller. The agenda encompassed several items, among which was the very important field of digitisation, in particular digital process automation and its impact on controlling and controllers.



**PROF. DR. HEIMO  
LOSBICHLER**

Chairman, International  
Group of Controlling (IGC),  
Chairman of the ICV Board,  
University of Applied  
Sciences Upper Austria

Digitisation is one of the issues that currently has an impact on all of us. Digitisation is used as a collective term for various developments such as Big Data, IoT, Industry 4.0, AI, Blockchain, etc. Five major areas of application for digitisation with associated technologies can be distinguished but these are closely interlinked:

- ▶ **DATA-DRIVEN ENTERPRISE/SOCIETY**
  - **Big Data, Artificial Intelligence, Cloud Computing, etc.**
- ▶ **DIGITAL BUSINESS PROCESSES**
  - **Process Mining, Robotic Process Automation, Industry 4.0, etc.**
- ▶ **DIGITAL BUSINESS MODELS**
  - **Shared economy, platforms, etc.**
- ▶ **DIGITAL VALUE CREATION NETWORKS**
  - **Blockchain, etc.**
- ▶ **DIGITAL WORK ENVIRONMENTS**
  - **Virtual companies, agility, change, etc.**

At the core of the discussion on digitisation is the question of to what extent people in the world of work will be replaced by machines or digital business processes.

The reasons cited are both the automation of today's routine activities through Robotic Process Automation (RPA) and the automation of the "mind" through artificial intelligence. Today, the issue concerning the replacement of human activities by machines arises for almost all professions and industries. While the transfer of tasks in private life, e.g. robots for lawn mowing, vacuum cleaning, cook-

ing etc., is mainly viewed positively, in professional life this transfer is considered a major threat.

In the media, "bots"<sup>1</sup> have attracted particular attention, whether through the announcement of the first artificial newscaster in China or the success of Google Duplex, a chatbot equipped with artificial intelligence that can successfully conduct conversations with people on certain issues.

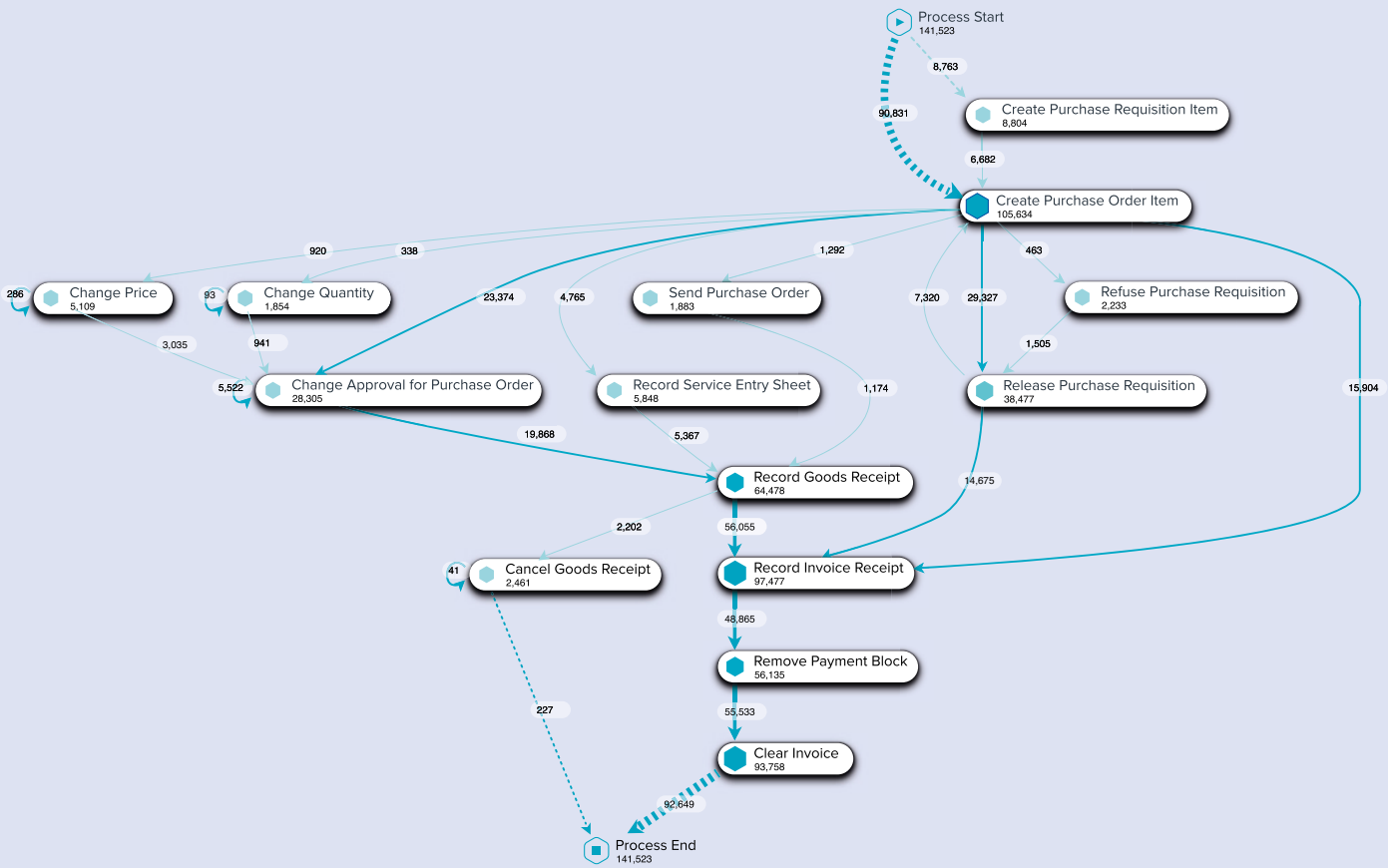
However, the major change in the division of labour between man and machine is currently in the shadow of these flagship projects due to the use of RPA in corporate administration and thus also in the controlling department. By means of RPA, standardised, recurring routine activities are automated on a large scale by software. The starting point is usually the analysis of current business processes using process mining tools such as Celonis. These show the exact process flow on the basis of the clicks of the employees involved in the process.

Similar to the absolute transparency about who clicked on which information on the Internet at what time, process mining tools create transparency about who did what activity on the computer in the company and when. This makes it possible to determine almost automatically which process steps take how long, in which order they run, how often they are run through and where there is great potential for improvement.

<sup>1</sup> Bot is the abbreviation of robot, although these are not physical robots in the classical sense, but software programs that can take over human activities.



# DIGITAL PROCESS TRANSPARENCY OF THE PURCHASE-TO-PAY PROCESS USING CELONIS



Source: <https://www.celonis.com/de/process-mining/what-is-process-mining/>

In Robotic Process Automation, the fundamental question arises as to the purpose of this automation. If it is only a question of making existing activities more efficient, this must inevitably lead to job cuts. Conversely, bots can also be used to carry out desired activities that were previously impossible in terms of time or cost. Examples would be digitally supported full audits instead of random sample audits in auditing, daily analyses of data quality, continuous adjustments to prices and calculations, etc. A positive form of RPA would also be to create

scope for activities that have been neglected so far by reducing the number of routine activities.

At the annual meeting of the IGC in Milan, Klaus Schatz, partner at KPMG, gave an overview of the current developments in the field of process automation in his presentation "Intelligent Process Automation". He pointed out that only a minority of companies are using the efficiency potential of RPA to reduce the number of employees.



# Future tasks for controllers – insights from the ICV Think Tank



**PROF. DR. RONALD  
GLEICH**

Head of Strascheg  
Institute for Innovation,  
Transformation,  
& Entrepreneurship (SITE)  
at the EBS Universität für  
Wirtschaft und Recht.

The Think Tank of the ICV (International Association of Controllers) deals with the latest trends in controlling and works continuously on relevant annual topics. This article deals with this year's main topic "Controlling of start-ups and start-up initiatives", summarises the main findings and gives a short teaser for the coming year's topic.

## Tasks of controllers with respect to start-ups and start-up initiatives

Can start-ups be controlled at all? At first glance, this seems contradictory. When thinking about the start-up culture including agile management, many freedoms, a living error culture and young founders, traditional controlling approaches and instruments seem contradictory in this context. One thing is certain: classic controlling must be reformed if it is to be accepted by the start-up scene.

view of all costs and reports. The classic controller as the only interface is usually no longer sufficient today. He is now being replaced by controllers who, depending on a company's life cycle structure, not only presumably need to expand their competencies, but also need to know when generous degrees of freedom are granted and when they tend to intervene more restrictively. A rethinking must take place here if controlling wants to deal with start-ups.

However, what are the structures of start-ups and start-up initiatives? Why can't they simply be transferred to the overall controlling system? This is usually due to their structures, different forms of organisation, their high flexibility and speed of decision-making, and at the same time marginal resources. Simultaneously, corporates or established companies strive for integration or participation in open innovation programmes. In this way, they primarily hope to transfer agile management methods, flat hierarchies, a high degree of freedom and creative freedom – these are the advantages of start-up structures. In addition, one hopes for a kind of rejuvenation of the parent company.

## THINK TANK OF THE ICV

- ▶ Founded in 2009
- ▶ Since 2016: Led by Prof. Dr. Ronald Gleich and Stefan Tobias
- ▶ Team 2018:  
Manfred Blachfellner, Siegfried Gänßlen, Dr. Lars Grünert,  
Prof. Dr. Dr. h.c. mult. Péter Horváth, Prof. Dr. Heimo Losbichler, Dr.  
Jan Christoph Munck, Prof. Dr. Mischa Seiter, Karl-Heinz  
Steinke, Prof. Dr. Dr. h.c. Jürgen Weber
- ▶ Aim: Identifying important controlling trends at an early stage
- ▶ It takes over the role of the innovator in the ICV  
(transferring ideas into concrete products or Work Groups)

Against the background of classical controlling, the nature of start-ups with their special requirements for controlling makes one thing particularly clear: controlling is increasingly developing into a dynamic controlling in which the controller provides support as a business partner (see Fig. 1). The traditional image of the controller cannot always be applied to start-ups and start-up initiatives: he is no longer the only one who closely cooperates between departments and management and has an over-

## TRADITIONAL CONTROLLING

### The controller as interface between the departments

- ▶ Ensuring efficiency and effectiveness of leadership (Schäffer/Weber 2002)
- ▶ Strong similarities to classic Management Control (Schäffer/Weber 2002)
- ▶ Coordination function with the instruments: Target system, budgeting and transfer pricing (Gladen 2014)

## DYNAMIC CONTROLLING

### The controller as Business Partner

- ▶ Degree of formalization depending on the state of the company's life cycle (Lycko/Mahlendorf 2017)
- ▶ Controller as Business Partner (Behringer 2018)
- ▶ Co-design of target setting, planning and control of decision-makers
- ▶ Seizing opportunities, dealing with risks and ensuring data quality
- ▶ Controller as Digitization Expert, Data Scientist, Predictive Analytics Expert (Behringer 2018)

**Figure 1:** The transformation of traditional to dynamic controlling

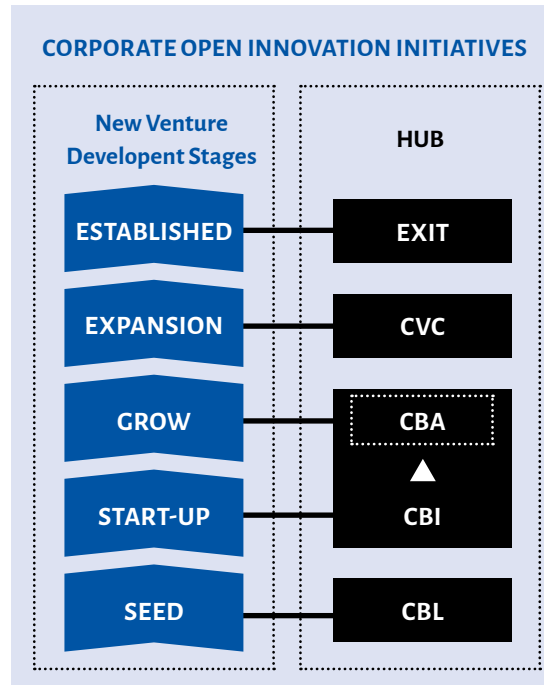
As usual, application examples from corporate practice were conducted to support the academic findings of the ICV: this year, we cooperated with Zalando, Bosch Grow, Signavio, Flixbus, TRUMPF and innogy.

### Different forms of open innovation initiatives require different controlling instruments

There are different forms and possibilities for companies to integrate external or highly specific knowledge: these possibilities are summarised under the banner of open innovation initiatives. These include incubators, accelerators, labs, corporate venture capitals and hubs (see Fig. 2). The different initiatives can be aligned with the five venture development stages. However, the hub unites them as a superordinate type.

Using the example of labs and incubators, the changes for controlling will now be presented here. The integration of external knowledge through a corporate business lab (CBL) is primarily driven for generating ideas. The lab can be equated with a test environment in which numerous ideas and concepts are developed and their marketability and feasibility tested. For this reason, CBLs are generally used in the early phases of the innovation process. Controlling should provide the lab with sufficient resources and scope for testing, but at the same time ensure that faulty or insufficient ideas are sorted out as quickly as possible according to the fail fast & early principle, so that one can concentrate on the promising concept ideas. A corporate business incubator (CBI) offers support during the growth phase. In addition to classic tasks such as mentoring or opening a network, they can also provide

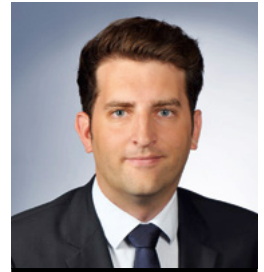
office space and financial resources. Normally, the work of incubators is scheduled for individual projects and will continue until the target company is transferred to a growth phase or dissolved. The definition of financial targets (e.g. for the termination of failed projects) must be defined in advance and checked by the controller. More in-depth examples can be found in the dream car report.



**Figure 2:** The different corporate open innovation initiatives

**The “start-up controller” relies on OKRs – what is behind it?** Usually, a higher-level objective is first predefined, which is then broken down into smaller sub-objectives. The maximum that the employee can achieve is set by a maximum score (100%). In addition, an anticipated score is determined (expected to be around 70–80%) in order to motivate employees and to push them to their limits. In practice, these limits also lead to errors and failures – these experiences are then included in the next quarterly meeting.

**The upcoming topic of the ICV – how does the controller deal with crises?** The Think Tank of the ICV has selected the main topic “Controlling in times of crisis” for the coming year 2020 and is intended to highlight in particular the challenges facing the controller during times of recession and economic crises. Current progress of the Think Tank’s work, of studies and reports as well as the detailed dream car reports of the digital business model innovation topic can be found for free on the web page of the ICV Think Tank ([www.icv-controlling.com/en/work-groups/think-tank.html](http://www.icv-controlling.com/en/work-groups/think-tank.html)).



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# Controller or machine: Who will come out on top?

The actions of those responsible for controlling in the digital world are decisive.

*Opinion piece by Jens Ropers*



**JENS  
ROPERS**

Partner at the  
CA Akademie AG

The current technological developments in the field of controlling are taking place at breathtaking speed. As a result, controllers appear to be under ever greater pressure from technologies such as artificial intelligence, machine learning and robotic process automation. It even seems that the point may be reached where machines replace controllers completely. My experiences gained through consultancy work for the Controller Akademie paint a very different picture though. As long as there are people in a company, controllers will be needed.

This dependency can be explained very well with the MOVE model. MOVE represents changing things in a company, in other words successfully designing change processes. According to the model, this can only succeed when both the issue – represented by the letters M and O – and the people – the letters V and E – are taken into consideration.

## For things to change, people are needed

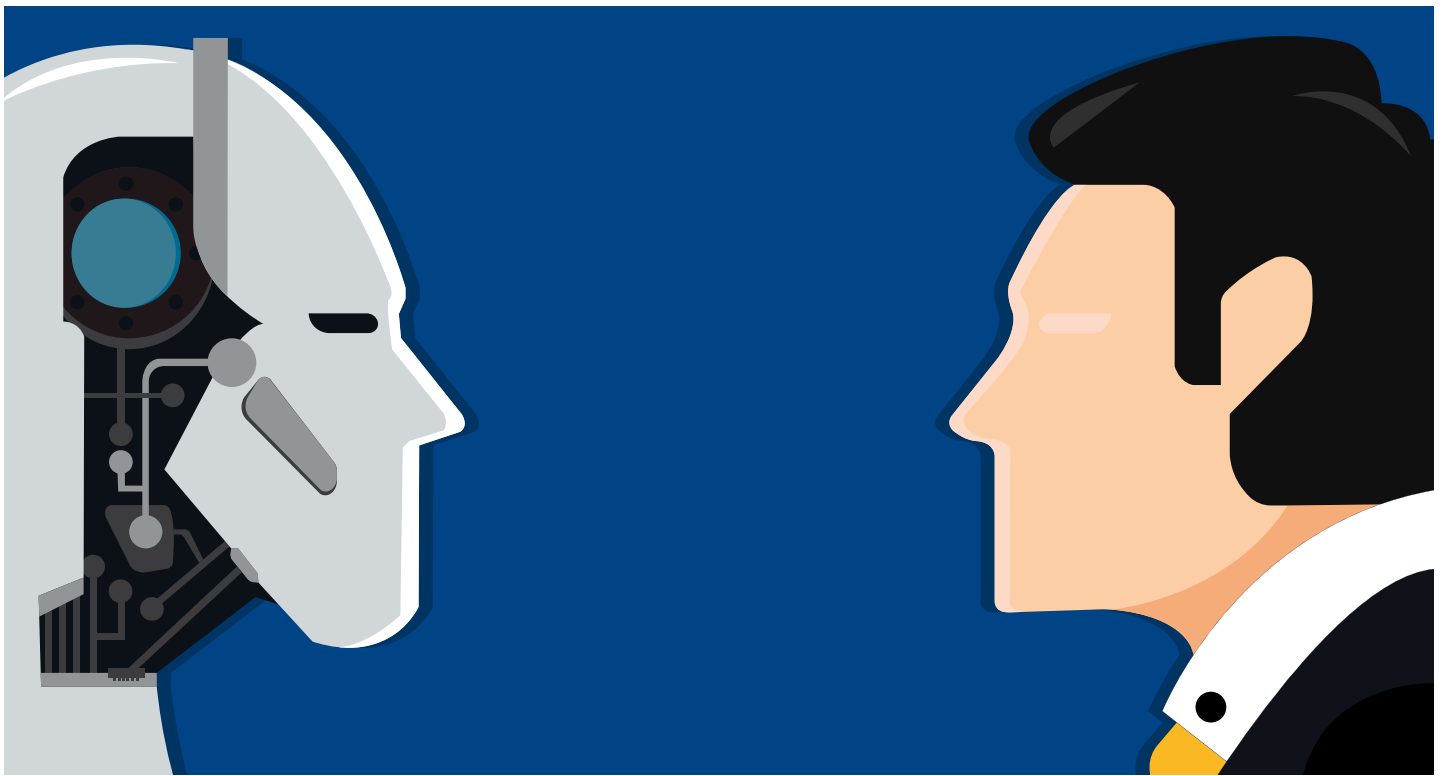
M stands for the method. This concerns for example the question of how, in the age of big data, we can save and evaluate structured and unstructured data in such a way that we can derive information from them that can be used for corporate management.

O stands for organisation, in other words the necessary organisational changes such as the creation of a new information management department.

V stands for the behaviour of the people involved. Which internal codes of conduct have to be considered in order to achieve a high level of flexibility in the analysis and the reporting as well as data security and a single source of truth?

Whether this can be achieved depends in turn on E, the engagement of the people to the cause. If this shifts from the core focus towards personal benefits then the codes of conduct will frequently be circumvented. In the example above this would result in data inconsistencies and thus a distorted basis on which to make corporate management decisions. While M and O can be relatively quickly changed, the biggest impact on a successful transformation process comes from V and E – i.e. from people. The role of designing information and communication interfaces has always fallen to the controller. In his role as business partner he supports the management in making holistic decisions on the basis of the corporate goals, and provides the data required for this. In doing so he continually makes different interests transparent and attempts to accommodate them through facilitation. As a result he makes a contribution both to M and O as well as to V and E. This has not changed even in the age of digitisation.

What has changed however is the pace of technological developments. More and more data are being collected from a wide range of sources. By means of exploratory methods, this opens up the possibility of discovering correlations that were previously unknown or which could only be suspected. The resulting knowledge in turn allows computational models to be developed and validated that allow likely future developments to be predicted. This depends on collecting the right data, analysing them with appropriate methods, and above all sensibly interpreting the results. The Swiss website Watson ([www.watson.ch](http://www.watson.ch)) provides a number of examples in which correlations are found that make little sense. For example, the correlation between suicide through hanging and investments by the USA in research is 99.79 % and between the turnover of the amusement arcade industry and people who completed their doctor's thesis in computer science is 98.51 %. It quickly becomes clear that calculation results



always need to be placed in context. In order to bridge the gap between the acquisition and analysis of (mass) data and management decisions, it is important to understand the requirements of the management (and also to be able to advise them), to be able to use modern analytical methods, and to prepare the acquired information in a way that is understandable for the management. Controllers would do well to acquire the competencies required for this.

### More a symbiosis than a power struggle

Whereas previously managers and controllers had the possibility to together define and implement the management model, the data requirements and the reporting system, nowadays many differently specialised departments are involved in this process. In a pharmaceutical company for example the original controlling department was transformed into two different teams. The business partner team is responsible for the internal advising of the management. Management models are developed, reports interpreted and corrective measures discussed. The information management team is responsible for generating data models and applying advanced analysis methods in order to provide business partners with information. This requires close collaboration with both the business partners and the company's IT department. In addition, the data connections with specialists from the field of social media, with online marketers, administrators of GPS data and many more are organised. The number of interfaces therefore grows exponentially

and varies constantly. Behind every interface are concealed people who, as a result of their role, have a very different view on the matter. They can therefore differ very strongly from one another in their attitudes. Conflicts arising here must be resolved by people.

The controller therefore enters into a symbiosis with the machine, rather than trying to come out on top of it. Repetitive, low-value processes are automated in order to relieve the people. Future-oriented data architectures, advanced analytical methods, dashboards and self-service business intelligence help to generate reports flexibly and in real time. And the controller learns to set the right information requirements, interpret the analysis results, and mould the communication interfaces. So, let's MOVE!

### About the author

As a partner at CA Akademie AG, qualified business administrator Jens Ropers is responsible for the field of information management and the "Change Agent" qualification pathway. As a trainer he leads the seminars of the controller training programme in five stages as well as in-depth seminars on the topics of reporting systems, indicator systems, and process control and optimisation. Before joining CA Akademie AG he studied business administration at the Helmut Schmidt University in Hamburg as part of his military officer training. He then worked in several management functions at Daimler AG. At the 44th Congress of Controllers, Jens Roper facilitated Topic Centre C on "Challenges in a Changing World of Work".





# Smart controlling – challenges in Estonia 2019

In 2009 the time of the chaotic situation on the financial market the Estonian economy started a boosting development with mainly changing of the existing business models. Due to intensive investments in infrastructure and administration buildings of the open sector the liquidity situation of the private sector increased and allowed to increase the investments for companies. Especially the focus on IT and communication technologies supports the establishing of IT departments of well-known international companies in the logistic industries.

Additional new business models were developed and created a venture-capital-based start-up boom which did not follow traditionally organised business development approaches. Speculative behaviour of financial investors focusing on liquidity-based control variables supported these developments and this behaviour was also transferred to financial investors in existing enterprises.

A boom in lean and TPS (Toyota production systems) implementation activities also in small-scale businesses entities of both manufacturing and service industries were the consequences of this development. Therefore the education in accountancy was focused on this mainly financial accounting-based demand. In recent years these small-scale entrepreneurs started to grow and demanded also more suitable approaches in accountancy, which combine the creative power of young entrepreneurs with traditional financial measures and reporting demands. In addition, the focus on sustainability and CSR in the vision of the young entrepreneurs connected with the ability of fast-changing business models demand more developed and holistic approaches in managing.

These developments were the focus of the scientific research of Professor H. Kitzmann which were reported in Moscow at the Moscow State Technical University (Bauman University) in autumn 2018.

Focusing on the dualism of management variables and parameters on the operational and strategic management level, Prof. Kitzmann developed a management model with a focus on the designing of the actuating variables and evaluating the activities simultaneously with deterministic and probabilistic and expert evaluation methods. Especially variables and activities with high degrees of complexity like flexibility and risk can be successfully managed with this approach. Implementing this holistic view into the daily activities of managers and supporting employees will increase failure prevention



Harald Kitzmann (picture right) at the Moscow Baumann University with scientific director Prof. Dr. Sergey Falko (picture left), chairman of the Russian Controller Association, with whom the International Association of Controllers (ICV) has been cooperating for years.

and safety and reduce the usage of the management philosophy of trial and error.

Other developments to handle the dualism are based on mathematic models as basic for AI implementation of decision-making and screenplay approaches for handling development processes.

This holistic approach requests a more cross-functional and interdisciplinary mindset in management and supporting activities and creates a changed demand especially for the educational institutes in Estonia. Study programmes – especially on the vocational educational level – have recently been created to enrich technical, environmental and IT subjects with deeper knowledge of accountancy and controlling (and describe new approaches in dualistic management) to give the employees of com-

panies, entrepreneurs and future start-ups the basic knowledge of combining creative potential design with traditional administration and accountancy clearing and reporting demands. A core aspect in the education is to create a wide range of methodological skills and using multi-model handling approaches to support building up the digital shadow of activities, and implement it into smart IT-based solutions.

Besides this new approach in managerial accounting education, traditional financial accounting skills have their place, but with lower significance and focusing on the digitisation of these activities. Although the uncertain global developments do not allow sure prediction of future requirements, the author is confident that Estonia is prepared for the challenging changes.



**PROF. DR. HARALD  
KITZMANN**

Director of Institute  
of Circular Economy and  
Technology  
TTK University of Applied  
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*„Estonia is prepared for the challenging changes.“*

Tallinn, capital with ca. 435,000 inhabitants, is a major financial, industrial, cultural, educational and research centre of Estonia.



# Measuring the productivity, efficiency and effectiveness of support services

Today, more than ever before, it is important to know that companies globally are experiencing a rise in STRUCO – structure costs (term by Controller Akademie, Munich).



JASMINA  
OČKO

Controlling Consultant,  
Kognosko, Head of the  
ICV Work Group Croatia

A large share of STRUCO is made up of costs from support services, such as HR, accounting and finance, purchasing, controlling, PR, legal department, compliance department, etc. A fair share of these costs are fixed costs and they cannot be rationalised purely through the results obtained on the market (at least not in a direct and simple manner).

There are three main indicators that can help us analyse the work of support services: productivity, efficiency and effectiveness. Each of the three indicators reveals different things, and therefore needs to be viewed separately from the other two. Productivity pertains to how quickly a task is performed or completed. Efficiency entails reaching an economic objective with a minimum of costs and effort or achieving the maximum with the use of existing resources. **Basically, it means doing things in the right way.**

Of course, the question is can we be productive and efficient at the same time? And the answer is yes, if we thoroughly understand the task at hand. If the given task can be performed routinely and uniformly, then the productivity indicator is relevant because the task involves a single process being repeated, using the same forms and documentation that need to be filled out.

For example: processing customer orders received electronically should be automated and without any significant disruptions. In this case, we can measure the employees' productivity, and the KPI for the head of the department can involve making sure that the order processing system operates smoothly. This means making sure that customer and product records are well-ordered, and maintaining an IT system.

However, if the task is more complex and not uniform, then efficiency is the more relevant indicator.

Complex tasks require more time and a higher level of concentration. In this case, quality is more important than quantity, yet nevertheless there is a deadline that needs to be met.

For example: the legal department draws up unique client contracts for long-term projects that require a lot of very detailed conditions and clauses. In this case, quality prevails over quantity. The KPI used to measure the performance of the tasks can be the number of successful litigations or the amount of damages won.

Now comes the part of the story where the third element comes into play: effectiveness. Effectiveness is the relationship between the result achieved and the objective set. It means doing the right things and choosing the right objectives. To be effective, we need to invest resources and try out different solutions until we find the right one. Therefore, a system can be effective without being efficient at the same time. In practice, anything is possible – sometimes employees work efficiently, but what they do and the services they provide may be unwanted or unnecessary.

For example: the IT department employees in cooperation with the controlling department work for six months to develop a new in-house custom-made Business Intelligence (BI) system that would support controlling. Their project is done with the consent of management. However, due to non-transparent communication with the management at group level, the IT department is unaware that the group is planning to purchase a new ERP with an integrated BI solution to provide support to controlling.





**Are we productive  
and efficient  
at the same time?**

Therefore, they invest an extraordinary amount of effort and work overtime during the six months. However, all their hard work will ultimately have been in vain. What KPI would adequately assess the performance of that IT department? That's a very good question!

So sometimes the employees do the right thing, but they are unorganised or poorly managed. For example: to establish a closer relationship with its clients, a company sets up a customer service department. Its employees are highly motivated. The KPI that measures their performance and determines their salaries is the number of processed customer complaints. This results in the average communication time with a customer lasting only three minutes. There is no need to explain how this affects the handling of complaints and what the long-term consequences are.

And finally, let us consider the worst option – work that is highly productive, yet inefficient and completely ineffective. For example: a company sets a strategic goal of replacing 90 % of its current suppliers in the next three years with a smaller number of new suppliers who offer more quality and/or more affordable products. However, controlling performs an analysis in the purchasing department that reveals the following: the average employee in the department is working at 97 % capacity, out of which 40 % is spent on everyday communication with

280 existing suppliers, 23 % on negotiating new contracts with existing suppliers, 19 % on cancelling orders and dealing with complaints, 13 % on other administrative tasks, while only 2 % accounts for looking for new suppliers.

What controlling really does is **know the difference between productivity, efficiency and effectiveness**. Its task is to agree with management on what needs to be measured and to clearly and transparently communicate this to the employees.

The manager's real job is a balancing act between productivity, efficiency and effectiveness. By looking at how things are done in practice, we can say that it is easier to sacrifice effectiveness than efficiency. Keeping a company or an organisation effective over a long period of time means facing constant change and being innovative. Of course, it is much easier to sacrifice progress than it is to whether change and be in conflict with your employees because of that. It is also easier to keep employees efficient even though that means being miles away from the strategic development you set out to achieve.

**And the easiest thing of all is to simply maintain productivity without any links to efficiency and effectiveness. The most important task that controlling has is to recognise such a situation and do everything to counteract it.**

# International Work Group: On tour again, this time in Spain



**ROMINA  
ORES KOVIC**

Head of  
ICV International Work Group

European companies have a great advantage: they operate in the biggest market in the world. This market consists of more than 500 million people, so companies need to know the different cultures of Europe, cultures of different customers, as well as different cultures of management. Finally we, as controllers, have to learn to live with these different cultures as well. It is part of our business. Therefore we founded the ICV International Work Group. This group consists of controllers and controlling-related consultants from seven European countries: Poland, Germany, The Netherlands, Serbia, Slovenia, Croatia, Spain. Colleagues from Russia and Romania could not attend this year for personal reasons.

What distinguishes us is that we are all experienced, have more than five years in controlling, and are open to new questions. And that we believe that Europe is and will remain a lived part of our lives. We communicate with each other in English. By the way, membership in the ICV is compulsory.

Oh yes, an important part of our mission is also commitment: everyone who is a member of the international work group is committed for more than ten days to the provided work, takes part in all three work group events in various European cities, pays travel expenses and partly accommodation.

Why? Because we want to learn: together, from our target companies, to become better controllers, better CFOs or even better consultants. Hence our motto:

*come together,  
work together,  
learn together,  
develop together*

In previous years we have worked for companies from Poland, Slovenia and Germany.

## 2015

The target company in 2015, NOMAXtrading from Piekary Śląskie, Southern Poland, producing meat nettings and casings was very satisfied with our work. Three teams, each consisting of members from different countries, worked on these topics

1. European markets
2. Sales controlling
3. Management KPI dashboard

## 2016

We were working in Poland for LUG, a modern, fast-growing light system company, located in Zielona Góra. Here we worked on four subjects:

1. Integration of customers' needs
2. Market design for 2020
3. Motivational system
4. New organisation with better information / controlling

## 2017

Our target company was MDM, active in the area of stainless-steel products and services in Ljubljana, Slovenia. With many ideas, suggestions etc. we helped them to grow fast and keep the heart of the company. There we discussed the following topics:

1. Ideas to change the company's culture
2. Bring awareness to the people (cleanliness, speed, working capital, client orientation)
3. Excellence in performance/processes
4. Cross-communication inside the company

"The purpose to connect with ICV was mainly to control the departments financially, in a mathematical way.



2019: Together with our Spanish colleagues from TUSGSAL in Badalona, north of Barcelona

But immediately we figured out the importance of traditional values, leadership, relationship and emotional intelligence – so figures became as a consequence due to a proper execution of the mentioned four facts. Thank you to all the ICV team.” *Rok Drašler, CEO and owner*

## 2018

Berlin followed Ljubljana: our target company for 2018 is based in Berlin. AutoDOC is a reseller of car components with sales units in Odessa (Ukraine) and Chisinau (Moldova), an IT department in Russia and big warehouses in Berlin as well as in Szczecin, Poland.

AutoDOC, founded ten years ago by two young Germans, immigrants from Russia now with more than 1,300 employees, intends to strengthen their controlling – a perfect task for our international Work Group.

We had four topics for our mixed teams:

1. B2B – strategic review of the business model
  2. Logistics – the growth of the company is unique: every year the sales are doubled!
  3. Controlling – the controlling systems have to grow with the company’s growth
  4. Purchases – the same with purchasing
- “It was an inspiring and extremely collegial collaboration with the ICV’s international work group, which resulted in numerous valuable pointers for the further development of our strategy, processes and our controlling systems.”

*Alexej Erdle (Executive Partner)*

## 2019

We are proud that this year we are working with and for a public transport company in Catalonia, Spain: TUSGSAL, which offers transport in Badalona and to Barcelona. Every day, TUSGSAL puts about 250 buses on the road, to drive the 40 routes offering its services to the citizens of

Barcelona, Badalona, Santa Coloma de Gramanet, Sant Adrià de Besòs, Montgat and Tiana. As usual, we will bring in ideas and proposals for better controlling as well as management hints.

Our topics this year are:

1. Engagement of staff (stop the silo thinking in the culture)
2. General corporate standards for structure and figures
3. Measurement, criteria, figures for sustainability/CSR
4. TUSGSAL Management Dashboard

We will report later of our success! Get some information about the days we passed in Badalona and the tasks we worked on our Work Group website.

The sequence of our work is based on three personal and many remote (digital) meetings:

- a) Get-to-know workshop, three days in May in Badalona/Barcelona
- b) Exchange meeting, one day this year in Budapest, September
- c) Results workshop, two days in November in Badalona/Barcelona

The next time the four Work Group teams will work independently to address their subject area. Internal communication will take place via Skype, telephone conference calls, etc., although personal meetings are also possible.

Every year one company will be analysed in order to provide the target company with ideas, suggestions and proposals (but not end-to-end management consultancy) for modern management in all areas of the company.

Companies from all countries within Europe may apply to be considered for this ICV support. Apart from hotel, meeting rooms and meals, the company will not incur any costs (<€10k). Companies who are interested in being the “target company” in 2020 may apply to the ICV international Work Group leader.



# Resource and Process Consumption Accounting (RPCA)

Extensive digitisation and growing business willingness for the use of the digital era technologies have meant that controllers have focused their attention on implementing more and more precise and multidimensional cost accounting systems.



**DR. TOMASZ M. ZIELIŃSKI**

Chairman  
of the Board at Akademia  
Controllingu Sp. z o.o.,  
Executive Director  
at ICV POLAND  
(International Association  
of Controllers – ICV)

## Literature:

Keys D.E., van der Merwe, A., 2001, *The case for RCA: Excess and idle capacity*, *Journal of Cost Management*, July–August, vol. 15, no. 5, pp. 21–32.

Müller, H., 1994, *Prozesskonforme Grenzplankostenrechnung als Plattform neuerer Anwendungsentwicklungen, Kostenrechnungspraxis*, Nr. 38, pp. 112–119.

Zieliński, T.M., 2017, *Zasobowo-procesowy rachunek kosztów (ZPRK/RPCA)*, Akademia Controllingu, Poznań.

Some cost accounting concepts that a few dozen years ago may have seemed impossible to implement today are successfully implemented by controllers equipped with modern IT tools. The resource and process consumption accounting (RPCA) is a comprehensive cost accounting concept which is gaining more and more interest from enterprises.

## Introduction to Resource and Process Consumption Accounting (RPCA)

RPCA is part of the latest trend in research on cost accounting, the essence of which is the integration of German Grenzplankostenrechnung (GPK) and American activity-based costing (ABC) within the framework of single-resource- and process-based costing concept.

Today, the integration of these two concepts of cost accounting is researched globally. Attempts to link GPK and ABC are presented in the USA under the name Resource Consumption Accounting (RCA) [Keys and van der Merwe 2001] and in Germany under the name Prozesskonforme Grenzplankostenrechnung [Müller 1994]. Studies on the resource- and process-based approach to cost accounting have also been carried out in Poland, where they are presented under the name Resource and Process Consumption Accounting (RPCA) [Zieliński 2017].

RPCA<sup>1</sup> has been defined as systematic and comprehensive management cost accounting which integrates assumptions of German GPK and American ABC, processing financial and non-financial data, according to strictly defined rules, into management information about costs of resources and processes, as well as costs and profitability of products, services and customers, presented in a multidimensional way while maintaining divisibility of cost

information in terms of both actual and planned costs necessary to support short-, medium- and long-term decisions at all management tiers of the company [Zieliński 2017, p. 119].

RPCA is a combination of detailed information on resources, their costs and usage (GPK) with information on costs and effectiveness of activities and processes (ABC), made in a manner ensuring cause-and-effect allocation of costs to products, services and customers, as well as high interpretation quality of costing information.

RPCA has already been successfully implemented in several dozen Polish companies from production, service and trade industries<sup>2</sup>. Expanding application of this type of cost accounting in various industries and sizes of companies indicates its versatility and potential for use in controlling processes in many organisations<sup>3</sup>. The RPCA concept is also included in controlling postgraduate teaching programmes at universities such as Poznań University of Economics and Business, Warsaw School of Economics, University of Łódź, University of Szczecin and Warsaw University of Life Science.

## Structure of Resource and Process Consumption Accounting (RPCA)

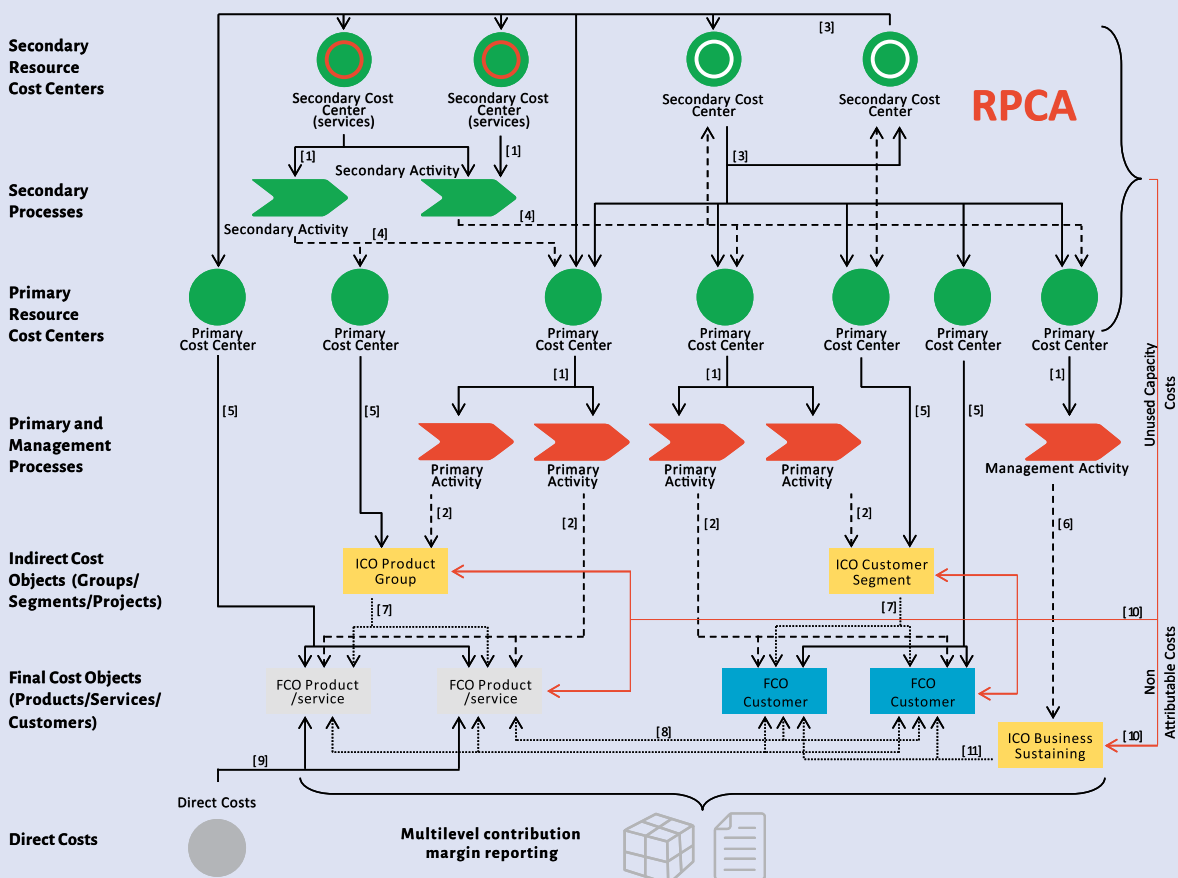
The structure of RPCA presented in Figure 1 shows that this concept involves the multi-stage allocation of costs between 12 types of objects, which are organised in four main categories: resources (resource cost centres), activities, cost objects and direct costs. These objects are connected through 11 relationships based on three main types of cost drivers: resource cost drivers (relationships no. [1], [3], [5], [9] and [10]), activity cost drivers (relationships no. [2], [4] and [6]), and cost object cost drivers (relati-

onships no. [7], [8] and [11]). These relationships reflect the allocation of costs in RPCA, from resource cost centres and direct costs to final cost objects of products, services and customers. The purpose of the approach to defining objects and relationships between them developed under RPCA is to provide complete cause-and-effect finan-

cial and operational information at all management tiers of the company while maintaining divisibility of cost levels<sup>4</sup>. The adopted assumptions allow one to recognise costs of a given level as relevant or irrelevant costs in terms of making a specific decision and use of RPCA in making short-, medium- and long-term decisions.

## STRUCTURE OF RESOURCE AND PROCESS CONSUMPTION ACCOUNTING (RPCA)

Source: [Zieliński 2017, p. 123].



## Conclusions

Taking into consideration increasing expectations of managers and businesses in using the digital era technologies, companies are nowadays effectively implementing more and more comprehensive cost accounting concepts. Despite the large complexity of the RPCA concept, the use of IT tools enables effective and more reliable costing of particular products, services and customers. The RPCA concept also helps to meet external reporting requirements and supports managers in making decisions towards the sustainable growth of organisations.

<sup>1</sup> The purpose of adopting the name Resource and Process Consumption Accounting (RPCA) is to distinguish this concept from Resource Consumption Accounting (RCA), which is also an attempt to combine GPK and ABC within the framework of single-cost accounting.

<sup>2</sup> These implementations were made using Doctor Coster® software developed by ABC Akademia Sp. z o.o.

<sup>3</sup> Similar, positive experiences in implementation resource- and process-based approaches to cost management are presented in US literature (see: <http://www.rcainstitute.org/rcal-3-Cases.php>).

<sup>4</sup> The divisibility of cost levels under RPCA is based on "five basic levels of costs" and enables the separation of cost information arising from a specific management level of products and customers of the company. The basic cost levels are as follows: product level costs (costs of manufacturing products/services), product group level costs (general costs of maintaining product groups), customer level costs (costs of servicing of and selling to the customer), customer segment level costs (general cost of maintaining customer segments) and company level costs (general and administrative costs of the company) [Zieliński 2017, p. 617].



# Management by One Number (MBON)

## Introduction

At a time when the synonyms of business success have become quickness, simplicity and individual customisation, it is also necessary to consider how to apply such criteria to the decision-making process. Various variants of quick, simple and individually tailored decision-making are nowadays significantly supported by descriptive, predictive and prescriptive analytics. Further, business models that are the subject of analysis are increasingly automated and digitised, with artificial intelligence playing an increasingly important role.

Business frameworks as well as business decision-making concepts in business practice are usually defined, or at least partially tagged, by various methods such as Balanced Scorecard (BSC), Key Performance Indicators (KPIs), Scoring Models, Management by Objectives (MbO), Management by Exceptions (MbE), Objectives and Key Results (OKR) and many other methods and instruments for strategic and operational management of business. On the one hand, each of the above approaches and methods has its advantages and disadvantages, and on the other hand, it is possible for each one to use a supplement (in different ways) that will enable its quicker, easier and individually customised usage, and thus provide better final results. We've called this supplement "Management by One Number" (MBON).

## Idea

By applying the concept of MBON, it is possible, as the name suggests, to manage by one number.

It is possible to conditionally formulate realised values compared to comparative ones, e.g. with traffic lights in different colours, in order to have an easy intuitive reaction.

## Example

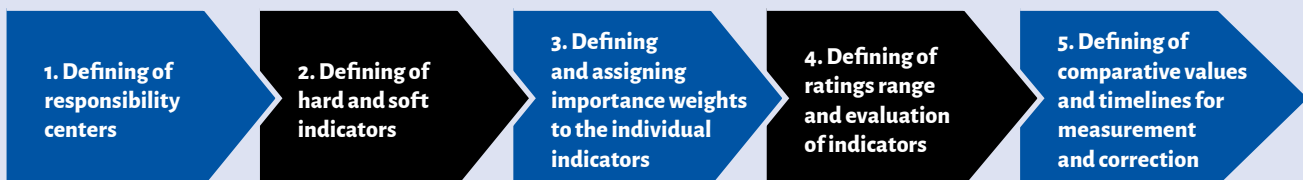
Each number, as with our "one number", makes sense only if it is compared with the comparative value, which can ultimately be: the value from the same period last year, planned value, forecasted value, or just a benchmark.

For our example, we have taken a benchmark with a defined traffic light rules as follows:





|              |                                     |                                |
|--------------|-------------------------------------|--------------------------------|
| <b>Icon</b>  | <input type="radio"/>               | when value is                  |
|              | <input type="radio"/>               | when < 4 and                   |
|              | <input type="radio"/>               | when > 3                       |
| <b>Value</b> | <input type="text" value="&gt; ="/> | <input type="text" value="4"/> |
|              | <input type="text" value="&gt; ="/> | <input type="text" value="3"/> |

Thus, in the case where the traffic light is green, "nothing is to be undertaken", i.e. when obtained weighted value is greater than or equal to 4. It is also possible that the limit value of 4 is not the exclusive criteria of success, but also the greater and closer to a maximum value of 5. Of course, each organisational unit looks at the figures from its perspective and strives to be "as much green as possible", according to the benchmark given above.

### THE BASIC COMPONENTS OF THIS CONCEPT ARE:







The result of the measurement of performance in relation to the previously defined benchmark, at the end of the first half of 2019, was as follows:



|                             |   |            |
|-----------------------------|---|------------|
| <b>MANAGEMENT BOARD</b>     |  | <b>4,4</b> |
| <b>Management processes</b> |  | <b>4,0</b> |
| <b>Core processes</b>       |  | <b>4,6</b> |
| <b>Support processes</b>    |  | <b>4,7</b> |

In this example, the realisation can be seen from the perspective of management. The average value obtained is 4.4, it is green and generally everything is fine. However, the rating is not equally good in all areas of responsibility, e.g. the group processes "Management processes" are "at least good".

The person responsible for the "Management processes" analyses it to determine where the problem really is (responsibility centres classification according to IGC, Möller, K. (2017) Controlling-Prozessmodell 2.0, p. 15). In this example it is apparent that the problem lies with the organisational unit of "Controlling":



|                             |   |            |
|-----------------------------|---|------------|
| <b>MANAGEMENT BOARD</b>     |   | <b>4,4</b> |
| <b>Management processes</b> |  | <b>4,0</b> |
| Controlling                 |  | 3,4        |
| HR Management               |  | 4,2        |
| Governance                  |  | 4,0        |
| Quality management          |  | 4,2        |
| Environmental Protection    |  | 4,1        |
| Health & Safety             |  | 4,0        |
| <b>Core processes</b>       |  | <b>4,6</b> |
| Distribution                |  | 4,4        |
| Customer Relationship       |  | 4,5        |
| Product Life Cycle          |  | 4,6        |
| Procurement                 |  | 4,9        |
| Production                  |  | 4,6        |
| Logistics                   |  | 4,4        |
| Project Management          |  | 4,9        |
| <b>Support processes</b>    |  | <b>4,7</b> |
| Accounting                  |  | 4,9        |
| Personnel Administration    |  | 4,6        |
| IT                          |  | 4,4        |
| Legal Services              |  | 4,8        |
| Communication               |  | 4,6        |

Of course, the person responsible for "Controlling" should be interested in what part of "Controlling" is the problem:

|                    |   |            |
|--------------------|---|------------|
| <b>Controlling</b> |  | <b>3,4</b> |
| <b>Planning</b>    |  | <b>2,9</b> |
| <b>Reporting</b>   |  | <b>4,0</b> |






It is evident that the problem is in "Planning", and the rating for "Reporting" is good.

"Head of Controlling" or "Planning Leader" are sure to be interested and further elaborate in order to come up with the source of the problem:

|                             |   |            |
|-----------------------------|---|------------|
| <b>Planning</b>             |  | <b>2,9</b> |
| <b>Strategic Planning</b>   |  | <b>4,0</b> |
| <b>Operational Planning</b> |  | <b>1,8</b> |

Further analysis shows that "Strategic Planning" is fairly good, but in "Operational Planning" the rating is much worse.

Below is a further development for "Operational Planning":

|                              |   |            |
|------------------------------|---|------------|
| <b>Operational Planning</b>  |  | <b>1,8</b> |
| <b>IT-solution and tools</b> |  | <b>4,0</b> |
| <b>Proactivity</b>           |  | <b>1,0</b> |
| <b>Cooperation</b>           |  | <b>1,0</b> |
| <b>Focusing</b>              |  | <b>1,0</b> |

In "Operational Planning" usage of "IT solutions and tools" (hard skill) has a good rating as opposed to "Proactivity", "Cooperation" and "Focusing" (soft skills).

Knowing the actual ultimate cause of the problem, of non-excellence in "Controlling", now it is possible to determine the measures of action. In this case maybe coaching, education, moderation, and so on.

## Conclusion

In order to manage with a single number, it is necessary to systematically create a scoring model containing responsibility centres, as well as a list/task/competence catalogue, then assign them to the responsibility centres, weight their importance and periodically evaluate them. Certainly, it is then necessary to know also the comparative values, and then determine the relevant deviations, for which the necessary corrective action is to be undertaken.

# Closing the digital gap

## a report and outlook provided by the ICV Expert Work Group BI / Big Data and Controlling

**The digital gap is a reality in the enterprise world. On the bright side, according to a Deloitte study, the top 5% of digital champions report more than 30% positive impact on EBIT by their digital initiatives. On the other hand 40% of the companies have not yet found a meaningful way to invest in such activities. This is the motivation for ICV to look behind the curtain and check out how the controlling community can have a positive impact on enterprises and the people involved.**

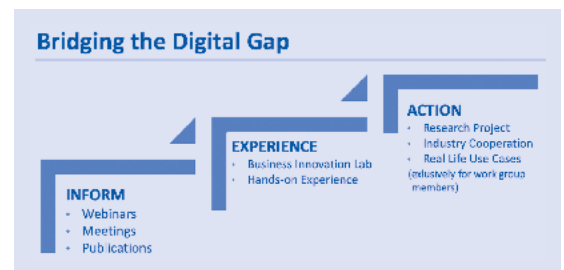
Sometimes you just have to listen to a conversation to get a perfectly focused view on a topic. During the May 2019 annual ICV convention there were two gentlemen listening to a presentation, when one whispered to the other: “Are you also involved in such digital progress – or are you a victim?”

What this referred to is reflected in the latest findings of the ICV expert Work Group BI / Big Data and Controlling (Seufert/Engelbergs/v.Daacke/Treitz, Controller Magazin 1/2019): Enterprises report that their move into digital business models is suffering significantly from inadequately educated staff, lack of knowledge about advanced analytics, overflow of data without appropriate tools to evaluate and derive information, unclear responsibilities and as a result high cost for digital initiatives.

This problem has been around for a while and was the reason for the formation of the ICV expert group BI / Big Data and Controlling in April 2016. When the group met for the first time, the approach was the usual one for such expert groups. Participants were asked to share their

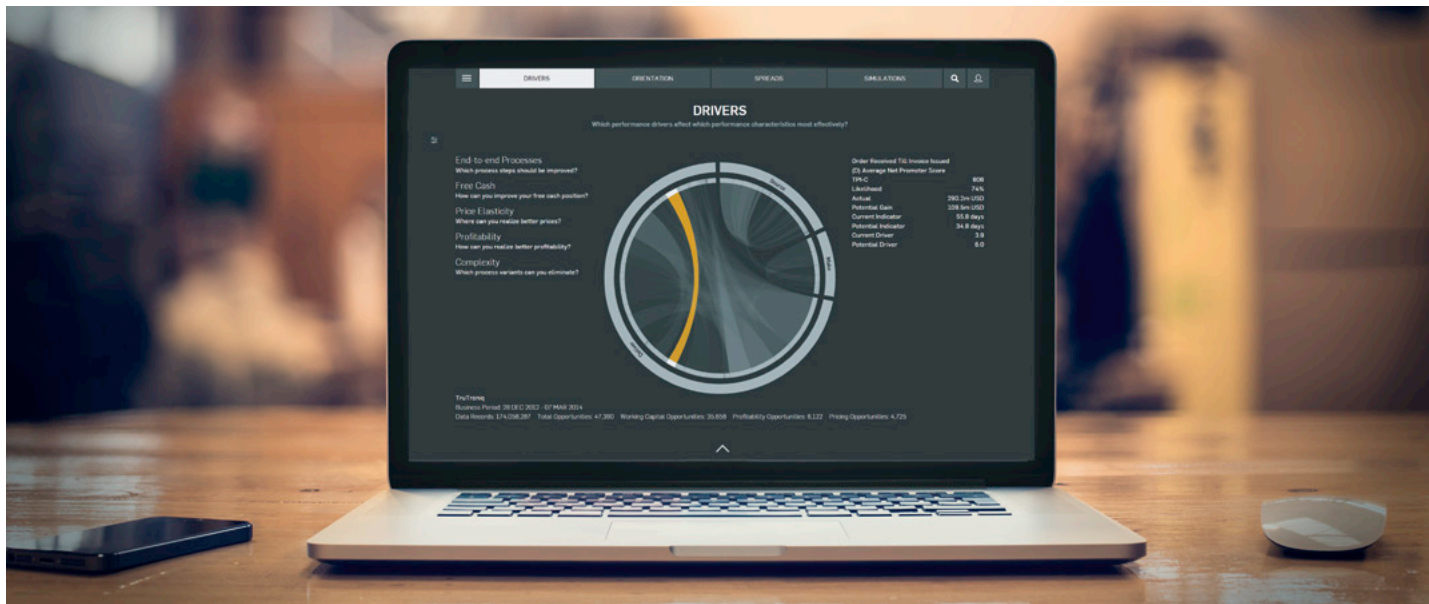
experience about the subject of the digital change in business models and related controlling activities. The surprise was that an excellent group of people from very renowned companies did not have many deep insights to share. On the contrary, each participant came with a number of very valid questions about the how, when and what of digitisation and the impact on and by the controlling community.

The immediate reaction was to shift the mode of operation from sharing of experiences to creating them. Together with partners in the industry and universities, the Work Group triggered what is called in German the “Digitalisierungsoffensive”, the push for creating experience about what digital means for controllers.



Since then, more than 750 participants have joined webinars and over 100 participants took a deep dive in the hands-on Business Innovation Lab. There is a fast-growing number of publications on lessons learned, and two research projects have been pursued with industry partners. All results are shared via ICV events in Germany and other countries.





## What becoming digital means for the people in controlling

The overwhelming majority of considerations around “becoming digital” take the view from an enterprise perspective. How to become more agile, more efficient, explore new business models, etc. But enterprises are made by people. So, what about their individual options, opportunities, needs, even fears of being victimised. Fears, that artificial intelligence will eat up human employment.

The expert Work Group has a balanced view on that. Activities from webinars to labs and research projects target enabling today’s professionals to check their, expand their view and help to acquire new knowledge on methodologies and tools. This all addresses at the same time company’s demand for a skilled workforce in a digital world.

The capability to navigate in a data heavy world and to derive information is the very discipline where the controller community excels today and brings best prerequisites to do so also in the future. However, with new tools. Skills like data cleansing in order to make an Excel spreadsheet work will become of lesser value. Capabilities to use upcoming predictive and prescriptive software to squeeze information of strategic impact out of the data flow and derive suitable actions will be of enormous value to the enterprise – and the individual mastering such skills as well.

## New tools, traditional virtues

For the controlling community, it is very encouraging to see that this move will be based on traditional virtues like understanding business processes rather than on programming skills. While data scientists’ know-how is also in high demand, there are clear distinctions between the roles of those programming software and designing mathematical models and those who use the software to apply them to enterprise data and derive business actions. This was not so clear three years ago, when the Work Group was founded. But the research projects, among them cooperations with companies like Bosch and Blanco on which the Controller Magazin has reported, showed that the roles of software engineers, data scientists and controllers are distinct and will not mingle.

Nevertheless, new tools have to be learned, a much more investigative style of data handling has to be trained. Taking more responsibility through precise action proposals is on the to-do list for controlling as well. Especially the latter needs not only a change in working habits, but an upgraded definition of the role of the controller in the enterprise.

## Call to action

As explained, there is work to do for the enterprise and the individual as well. The Work Group BI / Big Data & Controlling will continuously expand the offer for insight and learning experiences. Currently the Work Group is operational only in Germany and publications are only partially available in English. However, the Work Group will be happy to support teams in other countries which like to foster discussions and education around the new role of controlling in digitisation and a data-driven future of enterprises.



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# Nampak DivFood lifts the lid on profitability and pricing

In a challenging economic climate, it's imperative that manufacturers maintain a price advantage by keeping their pricing competitive. This can prove to be a very challenging task due to the fluctuating costs of raw materials and the dynamic nature of the industry.

With over 60 years of experience DivFood is a division of Nampak, Africa's largest packaging company and one of the world's most diversified suppliers of packaging products. With a wide range of technologies in metals, glass, paper and plastics, Nampak offers its customers a varied range of products. As one of the few metal-can manufacturers producing both tinplate and aluminium aerosols worldwide, DivFood tailor-makes aerosols to customer requirements in several sizes, shapes and shoulder profiles. Aerosol designs are also printed in high-quality detail to reflect any given brand image.

To ensure growth and profitability, Nampak DivFood required a solution that will support informed decision-making in a challenging market with ever-increasing competition, Van der Westhuizen indicated. "The unique nature and sheer scale of our operations requires detailed pricing based on the exact specifications of our products. Accurate pricing and profit management are essential to Nampak DivFood. macs Controlling software is essentially an add-on to Nampak DivFood's existing ERP system complementing its functionality to create a holistic picture of every area of the business."

## Pricing and profitability

Improved forecasting and a detailed understanding of pricing is the only way for Nampak DivFood to ensure it remains competitive and reacts to varying costs based on individual products and customers. With a sound ERP (enterprise resource planning) system from JD Edwards in place, which manages the process of manufacture from order entry to invoicing, DivFood has added macs Controlling, and enabled management accounting functionality to its systems, which facilitates cost and profit management.

"The system allows us to use sophisticated methods to allocate costs accurately and consistently to products and customers on a timely basis," explains Jasper van der Westhuizen, Financial Director for DivFood. "By using macs it is easy to identify underperforming categories or products. Moreover, the detailed breakdown of costs within the system allows us to analyse and benchmark specific products and their manufacturing processes, which enables us to improve efficiencies and overall profitability."

***"The system allows us to use sophisticated methods to allocate costs accurately and consistently to products and customers on a timely basis."***

The macs solution facilitates proactive profit management by converting a demand plan into a profit plan by customer and product which alerts the business to market segments needing attention in terms of pricing and volumes.

The implementation of Nampak DivFood's system began with the macs Consulting team, headed up by Wolfgang Doeller, gaining a thorough understanding of the business. "Our business is very complicated, yet Wolfgang quickly grasped how it works and what we needed in place to achieve our objectives. The end result is a system that meets our requirements while being intuitive and easy to use," says Van der Westhuizen.

A combination of forecasting and pricing simulations provided by macs Controlling form the basis of strategic planning and price adjustments in Nampak DivFood. A controlling software solution from the Black Forest in faraway Germany is running to great satisfaction in a big South African company. Daily users at DivFood are the commercial manager and the management accountants who provide information and reporting to the sales and marketing team.

Does "controlling" exist in South Africa at all? Michael Döller, consultant of macs Software SA (pty) Ltd. in Cape Town, explains: "The word controlling does not really exist in South Africa. 'Management accounting' is a term more commonly used." But: the underlying methodology of "German controlling" is convincing: "There are pockets of appreciation though. The CEO of the RCL Foods group has said that the macs system is mission critical to their business. It meets their requirements in a complex and diverse product structure with inter-industry business."

## NAMPAK: About the company

In collaboration with Nampak Research & Development, recognised as one of the premium packaging resource facilities in the southern hemisphere, DivFood's cans are backed by a cutting-edge food technology and microbiology laboratory. These world-class facilities play an integral role in providing microbiology and spoilage investigation, thermal process validation, shelf life evaluation, container physical testing, new materials evaluation and hygiene audits.

Across its entire range, DivFood uses the latest technology and equipment, together with exceptional print quality, to manufacture its wide range of metal packaging solutions for a wide variety of customers across multiple markets.

As a creative and innovative manufacturer, with access to the best international technology, DivFood is able to fulfil just about any requirements when it comes to quality customised metal products. DivFood currently supplies an impressive 1 billion food cans to the South African market each year, making it a leading tin can supplier to the South African canned food industry. It is also a supplier of choice in 35 countries across the globe.



**MICHAEL  
DÖLLER**

Head of  
Business Development,  
macs Software SA





# Controller and manager as business partners in Slovenia

**We noticed a future potential for controlling mostly in family businesses. A new positive trend in the field of controlling was confirmed after we held an interview with the managers present at the 18th Adriatic Controlling Conference in Slovenia.**



**DRAGICA ERČULJ**

Head of Controlling School,  
ICV regional delegate  
for SECE region,  
Leader ICV WG Slovenia

We are already facing a comprehensive and exciting transformation process. Digitisation has already changed our lives, but it opens up further numerous opportunities for businesses today and in the future. Being able to synthesise information, analyse it, predict and forecast the future and – most of all – be critical about it, is and will be very important. In the past, jobs were about muscles, now they're about brains, but in the future they'll be about the heart. So a precise transformation process is needed in the people too. Not just working with large amounts of data, but working in teams and with other people across disciplines will be an important skill. The caring and creative professions have high levels of emotional intelligence, and the skills that robots don't have will be required in the future.

Some of the key future issues are undoubtedly the management of people, communication, taking responsibility, appropriate motivation and training of employees, the effects of digitisation and the omnipresence of social networks. Especially cooperation is one of the most important values of managers and controllers, and can have a far-reaching effect, much more than the tireless monitoring of deviations from the budget.

Communication and cooperation between managers and employees and controllers was also directly or indirectly pointed out in all presentations at the 18th Adriatic Controlling Conference (ACC) in Slovenia, held in April 2019. The participants were from Germany, Austria, Luxembourg, Croatia and Slovenia, from companies of different sizes and different industries.

Controlling Intelligence was the motto of the 18th Adriatic Controlling Conference; the conference was held in Hotel Jama in the Postojna Cave Park area.

Many top managers were present at the conference this year, many more than in the past, as lecturers or just as participants. Usually among the participants is a fairly steady share of controllers, financiers, accountants, managers, IT experts and others. In the last few years, I noticed much more interest in controlling among managers than in the past, especially among young managers. In many cases they are CEO and the owner of the company; furthermore, they are proud to say that they are successors in family businesses.



**Figure 1:** Our participants had also an opportunity to visit the Postojna Cave (see photo), a world-famous natural marvel, located in Slovenia.

We held an interview with a few of them after the conference and they confirmed a new, positive trend in Slovenia in the area of controlling:

- ▶ Managers and controllers are not on different (opposite) sides, they are coming closer!
- ▶ Young managers feel a need to have a controller in the company.
- ▶ Managers first educate themselves about what controlling is and how a controller could help.
- ▶ Managers want to work together hand in hand with a controller – as a partner.
- ▶ That is why managers need the right person as a controller.
- ▶ Managers want to have as controller a smart person with the confidence to speak up.
- ▶ Managers are aware: successful company, successful manager and vice versa. Nevertheless, they do not want to think that they've finally found the perfect key and the eternal answer to how to be a successful leader. In that case, they allow the past success to damage their future success. Leadership is about people, and people change every day.
- ▶ One of the interviewees said: "If I don't meet people, I won't get to know what they think. And if I don't feel the pulse of my company, I can't lead effectively."

I think we can say for sure that there is a lot of future potential for controlling in Slovenia, mostly in family businesses. The business environment is expected to become more complex and fast-moving. People are changing, tomorrow's employees and customers will be different. And managers as well!

**How can controllers meet the rising requirements in Slovenia?** Unfortunately, not many of them are aware that "controller as a partner of tomorrow" should change as well! The constant complaint that "we are not heard" is no longer enough. Obviously, we did not do everything necessary to attract the attention of managers! We know there is no magic recipe how to do that and we have to put more effort into finding a way of communication for every specific person. Maybe we can use Triple A (Agility, Adoptability, Alignment) also to change ourselves and our business approach?

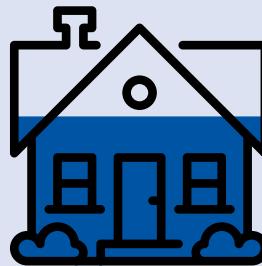
## Survey: Family businesses in Slovenia

In summer 2015 in Slovenia we conducted a survey of 360 Slovenian family businesses. The purpose of the survey was to contribute to a better understanding of the characteristics and dynamics of family businesses and raise awareness of their importance for the Slovenian economy. The results of the survey confirmed that most of the companies in Slovenia (up to 89%) are family run and small, with fewer than 50 employees (95%). The survey confirmed conclusively that family businesses account for the majority of companies in Slovenia and as such they are the driving force of the economy. It may come as a surprise that as many as 38% of top management posts are held by women, which is almost double the share held by women in other companies.



**69%**

**of total sales is contributed by family businesses**



**67%**

**of added value is contributed by family businesses**



**70%**

**of employment is contributed by family businesses**

**Source:** Family business survey in Slovenia, EY Slovenia & Faculty of Economics, University of Ljubljana

# The Benefits of Communication Controlling

Every department in a company requires its own form of controlling. This being the case it is very surprising that controllers pay little or no attention to the discipline of corporate communications.



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POLLMANN**

Deputy Head of ICV Expert  
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Even when communicators are active, they tend to lack the necessary know-how in the area of controlling, which is a disadvantage. This disadvantage is highlighted in two areas:

- ▶ **Controlling is mostly seen purely in measurement terms and**
- ▶ **evaluation of campaigns takes places ex-post.**

Corporate communication can make important contributions to the value creation of a company. Professional controlling of this area is therefore important. In this contribution, the value-added potential of corporate communication is to be demonstrated by an example and, in a shortened form, the controlling approach developed by the Expert Group Communication Controlling of the ICV.

## “BVG – because we love you”

BVG is the public transport company of greater Berlin. BVG has been running a campaign since 2015 to effect a change of image to be perceived as a young, modern company that is closely related to the Berliners. This is to be reflected in the cheeky Berliner tonality as well as the conscious choice of modern communication channels (Twitter, Facebook, YouTube, Instagram). Younger target groups are to be approached in order to influence their transport decisions at an early stage. This is important not only for BVG in terms of revenue, but also in the public interest.

As expected, there was a clear increase in revenues. However, what was surprising was the unexpected impact that the campaign had on other stakeholder groups:

- ▶ **There was a positive reaction on the BVG employees, especially through their social environment which led to higher motivation. This was particularly noticeable among bus drivers. Sick leave declined, which resulted in fewer cancellations and delays.**
- ▶ **Applications for job advertisements and blind applications increased significantly in 2016. As a result, there was a significant decrease in recruitment costs.<sup>12</sup>**
- ▶ **Since the campaign has been running, damage to vehicles stemming from vandalism has been in decline.**

These surprising results can all be quantified in financial terms, so that the value added of the campaign becomes visible. The framework of integrated reporting can be helpful to make the value added visible. How does communication work in human beings and lead to image? Neuroscience tells us that communication works as a process and effects special areas in the brain in a specific order:

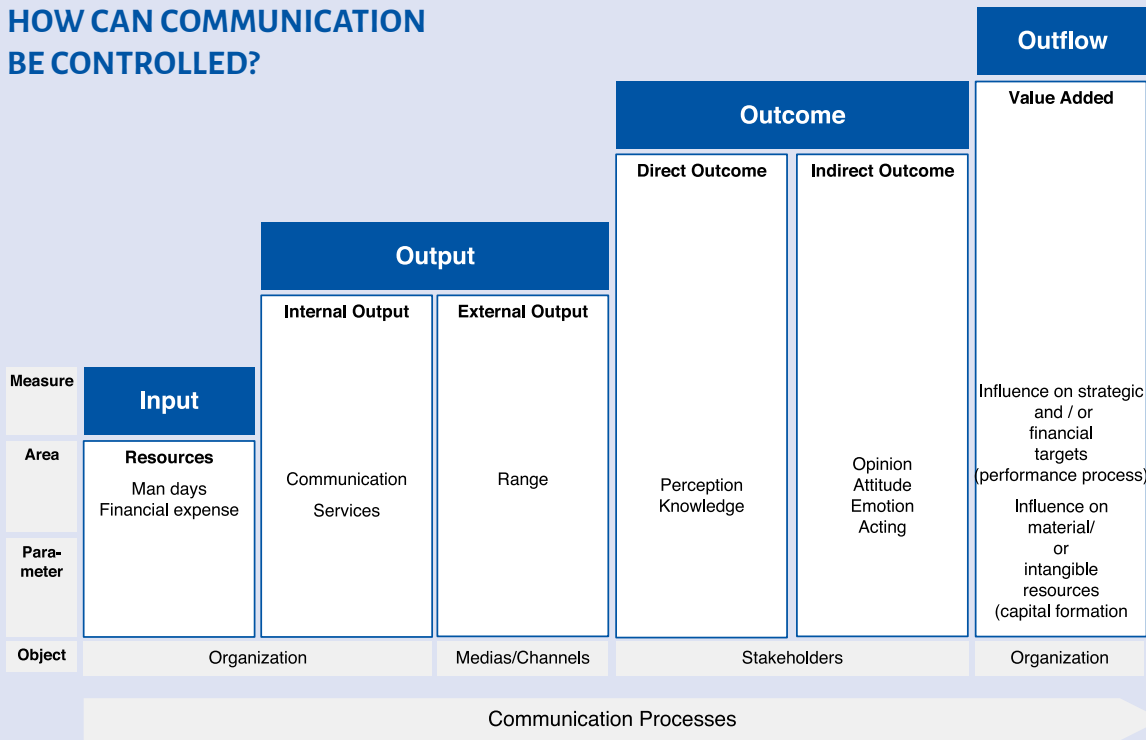
1. The process begins with sight, which produces perception in the brain.
2. Perception leads to knowledge.
3. Knowledge is the base to form an opinion which leads to decision.
4. The final step leads to action.

**That sequence can be ordered into three levels: Knowledge, Emotion, Behaviour.**

Action always comes from emotion. Even with people who perceive themselves as being rational, like controllers! The aim of communication is to encourage stakeholders to cooperate with the company, thereby contributing to value creation. Therefore, communication processes are aligned to stakeholders. This can be seen in the example of BVG.

<sup>1</sup> Tagesspiegel on 20 April 2015  
<sup>2</sup> Lagebericht 2016, p. 16

## HOW CAN COMMUNICATION BE CONTROLLED?



**Figure 1:** The levels of impact of communication (DPRG/ICV) where you can find knowledge level, emotional level and behavioural level in the level of outcome.

BVG's goal of the campaign was for customers to purchase season tickets. However, to the BVG's surprise there was a positive impact on other stakeholders as well. Accelerated expansion of the necessary infrastructure and thus better implementation of the political mandate to put more people on the railways, or to enable mobility to be more environmentally friendly, were successful.

This example shows that the contribution of communication to value added is the creation of positive relationships to relevant stakeholders. Stakeholder management should be a strategic approach for every enterprise and corporate communication is the enabler for that. Communication controlling provides comprehensive reputation management.

### Digitisation

Digitisation, or better the digital revolution, presents two sides to those which are responsible in communication:

1. There are new technical and analytical opportunities
2. These opportunities lead to changes in organisation and behaviour

So, digitisation offers opportunities for stakeholder management in using social media platforms, to analyse and to monitor them. On the other hand, there is a change in organisation to be seen. In the following I will focus on social media, although the digitisation of communication is much more comprehensive.

BVG decided to use only platforms of social media like Twitter, Facebook, YouTube and Instagram for the campaign. This approach of "pull communication" serves the purpose of having dialogical interaction with relevant stakeholders. Dialogue leads to relationships! This has been typical of the digitisation of communication for many years. Communication departments are using the power of digitisation to put stakeholder communication onto a higher level. Monitoring of social media channels and platforms has been normal for years. Communication controlling monitors social media platforms, analyses the results, and recommends action to management. These are only some aspects of the digitisation of communication. There are others, too. As a main result communication departments are changing their structure. In many companies communication, such as corporate communication, marketing, sales, human resources communication, press and media relations or investor relations, is still organised. Others formed a newsroom where content is reviewed, shared and distributed by the channel or platform owners. The communication teams or silos are disorganised. Sometimes the only leadership is that of the head of communication. Now for this purpose there is temporary project management to lead campaigns. Now the group decides in the newsroom how content will be published and which platforms/channels to use to support company aims.

Depending on the project, the different teams are equipped with different skills or put together on their own initiative. The team "fulfils" the mission independently in an agile way. Digitisation leads to a change of work and organisation in communication departments. The methods and instruments of the Expert Group of Communication Controlling still work.



# Controlling or fighting with windmills



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Alkala de Henars is a city near Madrid with about 200,000 inhabitants. In the year 1293 in Alkala the first faculty was established, and in 1499 one of the oldest universities in Europe. Today the university has more than 29,000 students. Besides the university, Alkala is known as the birth place of the famous writer Miguel de Cervantes, who in 1604 wrote the book *El ingenioso hidalgo Don Quixote de la Mancha*.

The main characters of the book are Don Quixote (knight), who became the symbol of the fight against windmills, and Sancho Panza (his companion), who is very much a realist.

The relationship between controlling and Don Quixote can be explained by the need of controlling to be established in a functional and organisational sense, which can often be compared to the fight that Don Quixote led virtually with windmills. Unfortunately, this fight can be used to describe the current situation with the implementation of controlling in Serbia.

## Is controlling possible as an academic discipline?

Arguments that controlling can be a scientific discipline can be found in the fact that this is an information activity intended for decision-making. Controller practice, which has used controlling skills for decades, has been struggling to finally raise controlling to the level of a scientific discipline. Despite the high levels of development already achieved in practice, academic circles have been hesitant to recognise it as a scientific discipline.

## Controlling at the Faculty of Technical Sciences in Novi Sad

Unfortunately, so far, we cannot talk about controlling as a scientific discipline at the level of the Republic of Serbia, because except for the Faculty of Technical Sciences in Novi Sad, no other faculty has seriously addressed controlling as a scientific discipline.



In the 2005/6 academic year, regular fourth-year students studying various programmes at the Department of Industrial Engineering of the Faculty of Technical Sciences were offered the opportunity to attend lectures organised on the subject of controlling. So far, the schooling has been completed by 13 generations of one-year specialist studies. Out of the 157 enrolled students, 61 of them (39%) have completed the studies and defended the specialist theses: 29 of them in the field of internal audits, 32 of them in the field of controlling.

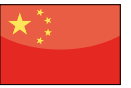
In the field of controlling, five MSc theses were also defended, as well as nine master's and two bachelor's theses. Three doctoral theses in the field of controlling have also been defended (the last one in June this year).

From the above it can be said that controlling is gradually finding its place in Serbia also as an academic discipline, for now only at a single faculty, but with a tendency to start spreading to other faculties. This largely depends on the kind of feedback we receive from the practice in relation to the experts who have completed their education in the field of controlling.

## ICV Work Group Novi Sad

The WG was formed on 14 September 2018. There were 35 colleagues from different business areas (banking, industry, insurance companies, public utilities and education). So far we have held three workshops.





# A strategy for China

Sometimes the strangest things happen. I was at breakfast when my business phone rang: an unknown number, area code apparently not German. A nice gentleman, speaking in German with a light Austrian accent, who presumably wanted to sell me something. "Not needed." I wanted to hang up until I realised that the interviewer didn't want to sell anything; he was interested in the topic of strategy development and implementation using the balanced scorecard management method.

We got into conversation: the caller was the managing director of a Chinese company based near Shanghai, a subsidiary of an Austrian group, but quite free to act independently as long as the figures added up. That's probably what they're doing!

The company was already working with the balanced scorecard, but they were not satisfied. They had strategic goals, already had many key figures, but what do they do now? How can the employees be involved, how do concrete actions connect with the goals? Kaplan/Norton doesn't help here either...

I tried to explain our European approach: to develop a "common" strategy together with more than just managers, to define together what should in principle be done now and what should be done later. And then develop concrete activities for the next one to two years and implement them together in strategic projects. And, of course, follow the implementation by means of key figures.

"Can you send us an offer?" I was asked. Done. Already at noon came the OK from China. If only things always went so quickly.

Flights booked, visa granted, books on the different cultures packed, then off to the airport: that's how simple it is nowadays.

We were surprised during the workshops – held in English with Chinese translation for a few of the colleagues – how openly everything was discussed and argued with one other and then a consensus reached. Maybe it was also thanks to our approach: we discussed everything in small groups (usually three people) first and then presented to the whole group.

The three days of strategy development went by quickly (the flight home not!). Now it's time for another three days for strategy implementation – and in spring next year for the preview for 2020 once again to Shanghai or to Taicang, approximately 100 km to the west.

All in all a great experience, which once again shows how close the economic areas are to each other – even if some want to turn back the clock on this.



**DR. HERWIG R. FRIEDAG**

Friedag Consult, Berlin



# Developing an effective managerial costing model

We live in an age of rapid change, one in which businesses must be able to rapidly assess and respond to changes in their business environments. Effective financial planning and analysis (FP&A) is increasingly important to organisational success (and survival).



**PH.D. RAEF  
LAWSON**

IMA Vice President-  
Research & Policy and  
Professor-in-Residence

The good news is that advances in digital technology, big data, data analytics and artificial intelligence increase the potential for controllers to use powerful tools to vastly improve and expand the FP&A function. Yet like so many advances in the field, the tools and methods employed tend to get in front of the thinking about foundational knowledge and the strategic direction the profession needs to take for long-term success.

While traditional tasks such as external financial reporting, record-keeping and cash management are important, more attention needs to be placed on the developing areas of non-financial and financial data analytics and modelling that casually supports building robust forward-looking scenarios and analyses. Organisations need to clearly understand how they can generate revenue, invest and spend for the long term, and configure and manage operations efficiently. They must be capable of developing robust models of their markets, customers and external business environments and build robust costing models of their internal resources, operations and processes that create value.

Organisations that design and implement impactful costing models realise improved inputs for decision-making. They can easily identify products that are losing money or pricing that is out of line with market trends. Their management can better trace performance to key business drivers and their CFOs focus on data that enables effective internal decision-making.

The challenge is that with so many business tools and fads out there, how do managers decide which costing practices are right for their organisation? Best practices aren't necessarily the right practices for any specific organisation; they depend on many factors, including the industry in which the organisation operates, its strategy, competitive environment, management objectives and more.

To provide guidance to organisations on designing an effective managerial costing system, IMA's Managerial Costing Task Force has developed a six-step process:

- ▶ Conduct a quick assessment of the current costing system's effectiveness
- ▶ Analyse the organisation's strategy and business environment
- ▶ Consider managerial costing modelling concepts
- ▶ Evaluate current managerial costing practices in the organisation
- ▶ Design the appropriate level of costing model sophistication for the organisation
- ▶ Implement the new cost model across the organisation



Additional information can be found in IMA's Statement of Management Accounting, "Developing an Effective Managerial Costing Model" (<http://bit.ly/managerialcosting>).

# Rooting the ICV controlling philosophy



Controlling as known in German-speaking regions was definitely influenced by Dr. Dr. h. c. Albrecht Deyhle and the International Association of Controllers ICV. The ICV's internationalisation strategy is aimed at rooting this controlling philosophy in neighbouring countries. The International Association of Controllers is meanwhile represented in 15 countries with knowledge transfer, exchange of experiences and networking.

The ICV offers the opportunity to exchange ideas both within these countries and across borders. The association translates its most important publications for controllers in these countries into English or, in some cases, the relevant national language. In doing so, the ICV supports international groups with their expansion into Europe and the development of the local controlling expertise this entails. Thanks to its members in those countries the ICV can draw on an excellent network of specialists who are familiar with general local economic and intercultural conditions. The ICV is able to establish contacts locally, which can also be used in recruitment assignments.

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## Member benefits:

Access to controller know-how at international level

Contacts to controllers and CFOs in Europe

Work group meetings as practically focused, free further education

Co-authorship of future-focused controlling concepts and tools

Additional ICV Work Groups in German-speaking countries: Austria, Germany and Switzerland

[www.icv-controlling.com/en/work-groups](http://www.icv-controlling.com/en/work-groups)

# Unlock your true potential with the CMA



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## The Core of the CMA: 12 practice areas

### Part 1: Financial Planning, Performance, and Analytics

-  External Financial Reporting Decisions
-  Planning, Budgeting, and Forecasting
-  Performance Management
-  Cost Management
-  Internal Controls
-  Technology and Analytics

### Part 2: Strategic Financial Management

-  Financial Statement Analysis
-  Corporate Finance
-  Decision Analysis
-  Risk Management
-  Investment Decisions
-  Professional Ethics

1. Most candidates complete the program within 12-18 months, but are allowed three years to do it.

2. To earn the CMA, candidates must pass a rigorous two-part exam, and meet education and experience requirements.

3. To keep current with industry best practices, all CMAs are required to complete 30 hours of continuing education per year to maintain their CMA status.

Leading multinational companies, such as IBM, Johnson & Johnson, Philips, and others, use the CMA program as a turnkey solution to raise the competencies of their accounting and finance employees.

To learn more about how you can benefit from the CMA program, please contact Bernardin Generalao, Manager, DACH/Europe, at [Bernardin.Generalao@imanet.org](mailto:Bernardin.Generalao@imanet.org) or +41 44 208 31 60.



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