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CONTROLLING INTERNATIONAL

Magazin

SPECIAL

Controlling
on the
move

motion & agility

ICV: **Controllers need to prepare for a future of radical breaks**
IGC: **General Assembly 2018 in Gdansk**
CA International: **Controllers Best Practice in Kaliningrad**

Croatia: **Two active Work Groups**
China: **Developing local controllers**
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Dear readers,

Digitisation has a series of consequences for controllers as business partner that will lead to significant changes in controlling. Controllers will have to adapt, or even transform themselves. But, despite the pessimistic predictions of some, their existence is not threatened. On the contrary: exciting, interesting and – some say – the best times for the profession lie ahead for those who are prepared for them. For digitisation in controlling will not only reduce the burden of routine activities but also offer new technological possibilities for planning and management. With more time and a better equipped toolbox, controllers will be in a better position to take on the role of business partner, provided they embrace the challenges of our time.

These challenges don't stop at a country's borders, and so it is interesting to see in this year's edition of Controller Magazin Special how controllers in different countries are anticipating them, preparing for them and dealing with them. As the editorial team we would like to extend our heartfelt thanks for the wide variety of information and reports that once again make the Special a colourful kaleidoscope of the world of controlling. As different as the approaches may be, one thing is clear: in the International Association of Controllers (ICV), the International Group of Controlling (IGC) and the Controller Akademie (CA), colleagues have decisively set off down the road, full of optimism and drive. Everything is moving well.

We hope that you enjoy reading this Controller Magazin Special – and look forward to meeting many of you personally at the Controller Congress or one of the many other ICV, IGC or CA events in Germany or abroad.

Conrad Günther,
Chief editor and publisher

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

IMPRINT: CONTROLLER MAGAZIN SPECIAL IS A SPECIAL EDITION OF THE TRADE JOURNAL CONTROLLER MAGAZIN AND APPEARS ONCE A YEAR.

ISSN 1616-0495, order no. 5001, Postal distribution: E 12688

EXECUTIVE PUBLISHER Controller Magazin, Conrad Günther

PUBLISHER Verlag für ControllingWissen AG

Münchner Str. 10, 82237 Würthsee

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info@vcw-verlag.de, www.controllermagazin.de

Registered in the commercial register Freiburg i.Br. HRB 471840

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www.deyhleundloewe.de

Picture credits Cover istockphoto, content Photocase and Adobe Stock

Printer Grafisches Centrum Cuno GmbH & Co. KG

CONTROLLERS NEED TO PREPARE FOR A FUTURE OF **RADICAL BREAKS**

Europe's largest controlling conference in Munich / In his opening speech Siegfried Gänßlen requires "success or quick failure" also in controlling



Siegfried Gänßlen
Chairman of the International Association of Controllers (2007-2018).



Hans-Peter Sander
Head of PR / New
Media ICV

Europe's largest controlling conference, the 43rd Controller Congress, was opened on 23 April 2018 in Munich with nearly 600 participants. Siegfried Gänßlen, Board Member of the hosting International Association of Controllers (ICV), explained in his opening speech that the high number of participants shows that the motto of "controlling on the move" hit the nerve of the controller community. The profound change in the process of digitisation requires from controllers "motion and agility" to keep up with the pace. Digital transformation is no longer just about product innovation, but about the impact of digitisation on business models, corporate management, competitive strategies, value creation, customer relationships and the world of work. "We have to prepare for a future of radical breaks", said Gänßlen.

The longstanding chairman of the ICV asked the audience whether digitisation actually sets the controllers in motion. The digital potential is only insufficiently exploited today; the digital transformation still lacks the necessary dynamics. There is still a lack of the foundation for the digitisation of standard processes and "the expertise of distinguishing cause and effect from pure coincidence".

According to Gänßlen, controllers themselves are active in shaping the change in companies and in controlling. This requires that they act more proactively. "This challenges us as controllers and at the same time opens up opportunities for us to further develop, specialise and help make controlling more of a driver of the digital business model." "We are at the beginning of the movement." Controllers now have "the fantastic opportunity to advance this movement, to be there, to shape, to open up new fields and stake out new claims".

According to Gänßlen, when we talk about evolving controllers' capabilities, there are three key points: you need to "solidly understand the company's business model and value chain" and "know and feel the market and its customers". It is also about communication skills and knowledge of statistics and IT.

"Let us use the new place to devote more time to analysis and demanding tasks", Gänßlen said about using learning machines, which quickly and reliably take on routine tasks such as data collection or compliance checks, in corporate management.

Gänßlen explained that securing rationality in corporate management will become even more important. "Controlling on the move" should be understood as a request from the Munich Congress for continuous learning. Businesses need to educate employees on time, and employees need to be prepared to learn more, from dealing with "Big Data" to the ability to use cognitive systems effectively. He is firmly convinced that "good controlling, continuously supplemented by new skills, is more important than ever, and will continue to be important in the future".

For international, non-German-speaking participants the host ICV offers **live translations into English** at the Munich Congress.

ICV CONTROLLING EXCELLENCE AWARD 2018

TO ROBERT BOSCH GMBH

At Europe's largest controlling conference, the 43rd Controller Congress, the "ICV Controlling Excellence Award 2018" was given to Robert Bosch GmbH, Powertrain Solutions Division (Diesel Systems), Stuttgart, for the "Big Data-Based Approach to optimise Net Working Capital at Bosch / Diesel Systems".

The jury of the International Association of Controllers (ICV), headed by Prof. Dr. Dr. h.c. Jürgen Weber, WHU – Otto Beisheim School of Management, Institute for Management and Controlling (IMC) and Chairman of the ICV Board of Trustees, had nominated three candidates for the award: Brau Union Österreich AG, Linz; Robert Bosch GmbH, Powertrain Solutions Division (Diesel Systems), Stuttgart; Verband der Ersatzkassen e.V. (vdek), Berlin. Finally "a trend-setting solution from the field of digitisation, which is extremely up-to-date for the entire controlling community" was awarded, said the jury.

THE SOLUTION OF THE WINNER ROBERT BOSCH GMBH

Robert Bosch GmbH, Powertrain Solutions, won the "ICV Controlling Excellence Award" with the solution "Big Data-Based Approach to optimise Net Working Capital at Bosch/Diesel Systems". Economic framework conditions are changing faster and faster, and controlling in the Powertrain Solutions Division of Robert Bosch GmbH is also facing the challenge of adequately adapting controlling methods and processes. In order to establish controllers as business partners in accordance with the company's controller mission statement, efficiency must increase and a higher level of automation in the basic processes must be achieved. For these reasons, the Powertrain Solutions Division has developed a digitisation roadmap, which aims at the widespread use of big data tools in controlling by 2021. In addition to adapting the IT infrastructure, this required additional controllers' skills in dealing with big data. Finally, organisational adjustments were required in terms of long-term collaboration across cross-functional teams to analyse and process

results from big data applications. In order to gain experience with the use of big data and the resulting challenges in the practical example, a first project was started in 2017 with a Big Data & Analytics Tool. This has closed a hitherto existing gap in controlling in dealing and the associated working capital optimisation by modern algorithms. As a result, the project has already uncovered conflicts of interest within working capital, analysed viable potentials and recorded employee experience in working with BI tools. Based on the up-to-date, detailed data from the Big Data & Analytics Tool, Bosch Powertrain Solutions can now uncover potentials and, with the help of alert functions, react in a timely manner with the affected departments in case of deviations.

Controllers and controller teams can compete with their controlling solutions for the prestigious "ICV Controlling Excellence Award 2019". The award, worth EUR 5,000, will be given on **13 May 2019** at Europe's largest controlling conference, the **44th Controller Congress**, for "exemplary controlling work". Details of the 2019 award will be published soon on the **ICV website**.



New ICV Chairman

FH-Prof. Dipl.-Ing. Dr. Heimo Losbichler (photo left) (52) from Steyr in Upper Austria is the new Chairman of the Board of the International Association of Controllers (ICV). He succeeds Siegfried Gänßlen (72) from Stuttgart, who held this honorary position since May 2007. New Deputy Chairman of the ICV is Matthias von Daacke (photo right) (49), Member of the Management Board and Director Controlling, Blanco GmbH & Co. KG in Oberderdingen (D).

FUTURE TASKS

FOR THE CONTROLLERS – INSIGHTS FROM THE ICV THINK TANK

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 sums up last year's topic "digital business model innovation" and already gives an outlook on this year's topic "controlling start-ups and start-up initiatives" (especially – but not only – within established businesses).



Prof. Dr. Ronald Gleich

Head of Strascheg Institute for Innovation, Transformation & Entrepreneurship (SITE) at the EBS University for Business and Law.



Dr. Jan Christoph Munck

Research Director Controlling & Innovation at SITE

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 ICV work groups

SUCCESSFUL DEVELOPMENT AND IMPLEMENTATION OF BUSINESS MODELS – TASKS OF CONTROLLERS

Digitisation not only has the potential to change the rules of competition in a small time frame, but also creates huge market potential for start-ups and established companies alike. Relevant tasks to successfully exploit this potential are outlined in Fig. 1. (cf. Pampel 2017, p. 22 ff.).

The innovation problem describes the process of creating and substantiating a new digital business model. Open innovation, design thinking, agile methodologies or lean start-up are some examples of new methods that can be used.

The performance problem deals with the issue that traditional KPIs are usually not fully applicable to digital business models. Simply adopting the controlling processes of a "conventional" business model does not work in practice.

The strategy problem focuses on the transition from the traditional business model to the new one. In principle, there are three different development paths: (1) Introduction of a digital business model innovation independent from the original business model; (2) Expansion of a digital business model with an impact on the current business model; or (3) Cannibalisation of the existing business model by the new digital business model.

Figure 1:
Main tasks of the controller in the context of digital business model innovations

Innovation Problem	Identify digitisation potentials and the resulting development, substantiation and implementation of business model innovations
Performance Problem	Set up a suitable performance measurement system and identify the necessary suitable performance management indicators for the digital business model
Strategy Problem	Transition from the "old" business model to the "new" digital business model and coordinate the associated resources, timing and change management

Application examples from corporate practice were conducted with Zalando, Daimler, KUKA and Deutsche Bahn. The detailed results can be found in the dream car report (<https://www.icv-controlling.com/en>)

SUCCESSFUL DIGITAL TRANSFORMATION OF BUSINESS MODELS – MAIN INFLUENCING FACTORS

Technological and financial resources are not the only decisive factors for the successful implementation of digital business models. We have compiled a list of six main factors influencing the success of digital transformation (see Fig. 2, based on BSP 2016, p. 7f.).

The following section will focus on start-up controlling. While in this context the first results on the controlling of stand-alone start-ups are presented (and in this context especially the special requirements of controlling), the Think Tank's focus will shift to the controlling of start-up initiatives in the near future. This primarily refers to forms such as incubators, accelerators or innovation labs. More often, these are being spun off into existing companies.

REQUIREMENTS OF CONTROLLING IN YOUNG AND GROWING COMPANIES – AN OVERVIEW

Controlling must be tailored to the individual requirements of start-ups in order to achieve optimal results. The special requirements and typical errors in the structure of controlling are described below.

Start-ups have some specific features, which is why established controlling concepts are usually not transferable. Short decision paths and a high degree of flexibility ensure greater management requirements, which can often be prone to errors. Especially at the beginning, regular liquidity checks and analyses of market entry barriers are necessary tasks. In addition, the high initial investments may require continuous cost control. Controlling also supports the preparation of reports for investors.

The aspects mentioned so far reinforce the impression that controlling in start-ups is no less demanding than in established companies, but usually requires individual adaptation and reduction to individual instruments. This type of individual adaptation allows start-ups an effective and efficient controlling.

Fig. 3 summarises the most important requirements once again. It should be stressed that these should be re-examined depending on the current life cycle phase.

Figure 2:
Factors, which influence the success of digital transformation



Figure 3:
Requirements for controlling in start-ups (Diehm, 2016)

Flexible and adaptable controlling system	Controlling must not hinder the dynamism and flexibility of young companies
Risk management	Controlling should make opportunities and risks visible and measurable
Standardized controlling instruments	Controlling must ensure rational decisions and counteract the emotional decisions of founders who are not experienced in the market
Reduced and simple controlling instruments	Controlling for young and resource-poor companies must be reduced to a few, easy-to-use yet meaningful controlling instruments
Focus on the founder(s)	Controlling must be tailored to the information needs and the level of knowledge of the founder(s), but should include as many relevant aspects as possible
Compatibility with the controlling requirements of investors	Internal and external controlling and reporting requirements should be coordinated at the latest when external investors are required
Controlling Intangible Assets	Controlling should monitor the benefits of investments in intangible assets and their current value

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 homepage of the ICV Think Tank (<https://www.icv-controlling.com/en/work-groups/think-tank.html>)



Alexander Schlüter
Research Assistant at SITE

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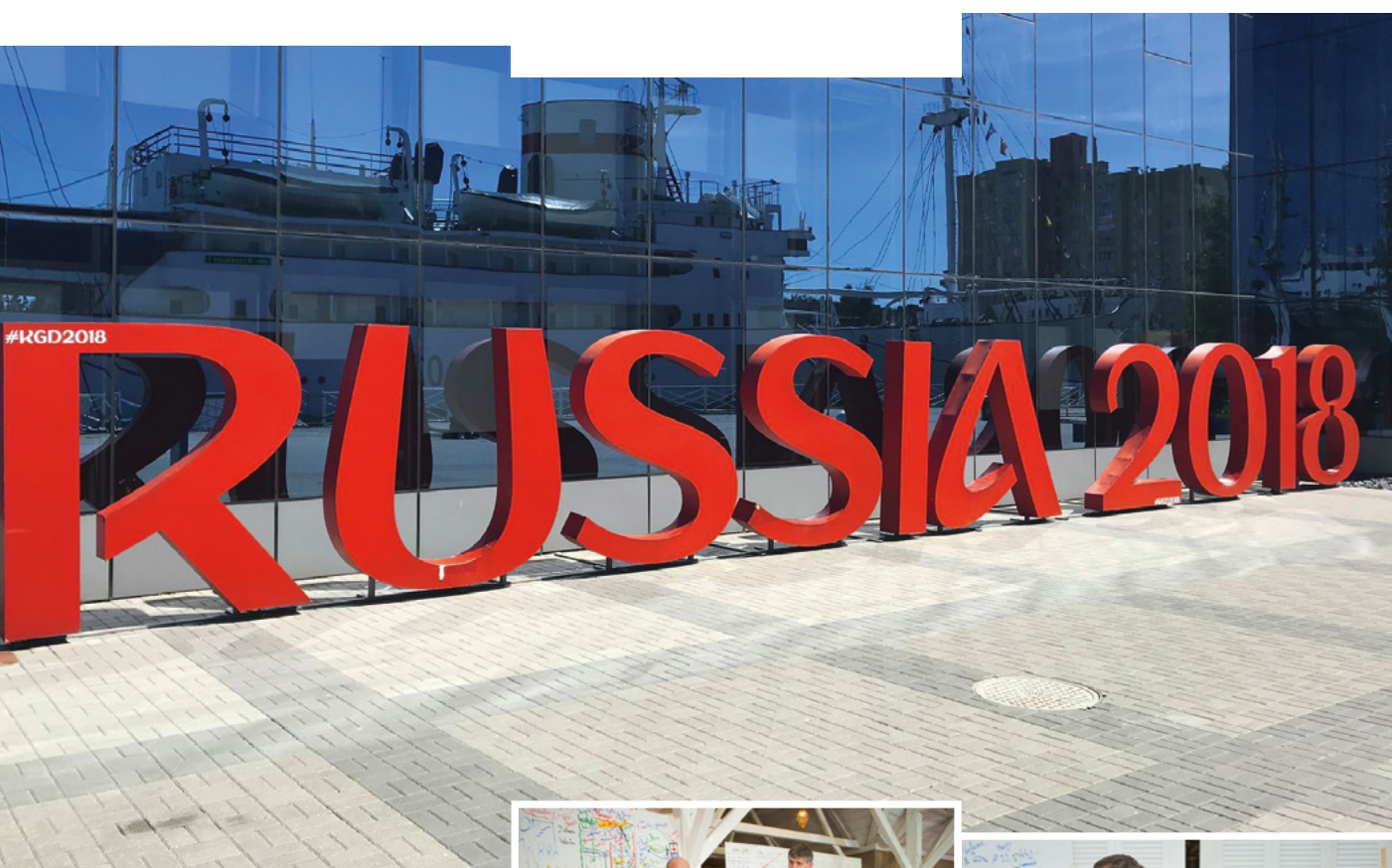
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AN ICV WORK GROUP FOR TEN YEARS
AND NOW THE FIRST-EVER CA STAGE
CONTROLLERS **BEST PRACTICE**

IN KALININGRAD, RUSSIA

In cooperation with Valentin Usenkov, ICV Work Group leader, 30 Russian entrepreneurs completed the first-ever Stage I seminar in Russian of the CA controller akademie's five-stage diploma program.



Proud participants receive their attendance certificate.



A powerful trainer teamwork between founder of USENKOV.PRO, Valentin Usenkov, and Dietmar Pascher from the CA controller akademie.

Valentin Usenkov, who has led the ICV Work Group in Kaliningrad for ten years, has sown the seeds of the controlling mindset in his homeland. Valentin's interest to build on this foundation was then immediately sparked in March 2016, when he visited Germany to attend our Stage I seminar in English. That was the birth of the idea to bring the most successful controlling seminar of all time to Kaliningrad, Russia. Several train-the-trainer seminars in Germany followed next, as well as joint events in Kaliningrad. And then the time had come. The first-ever Stage I Controllers Best Practice seminar took place in Russia during June of this year. It was an unbelievable event in a number of ways.

The enthusiasm and dedication of the participants are what stand out the most. These (managing) entrepreneurs appreciated above all the seminar's practical tips and "hands-on" methods. A welcome challenge for us trainers was to refine the seminar's contents so that they could be implemented right away in actual corporate practice.

In light of the relatively brief tradition which the private sector has in Russia, we had to deal with very dynamic and fast-growing firms. Some large companies participated as well. Together these firms came from a wide variety of industries, such as retailing, real estate, agriculture, healthcare, restaurants and hotels, manufacturers of consumer goods or B2B, as well as construction firms, architectural agencies and others. That led to highly interesting interactions, both during and on the sidelines of the seminar.

One aspect of the seminar that was particularly enjoyable was our decision to perform the first Stage I seminar with two trainers, i.e. Valentin and myself. The result was cultural and linguistic fireworks in Russian and English, and in German when possible. An especially moving moment for me was to experience the creation of Deyhle's cost cube in Cyrillic letters.

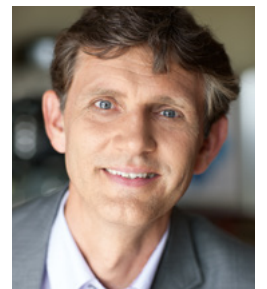
It did not last long until controlling was all the managers and entrepreneurs were talking about! "We need controllers, too," was what some said. "Where do I find them? Would German controllers come to Kaliningrad, and do they speak Russian?" "When will the next Stage I seminar take place here?" "I wish managers in our companies would also be eager to enquire of our controllers."

Last but not least, Kaliningrad, was an extremely friendly host of a perfectly organised event.

Following the completion of the Stage I seminar, the week culminated with the 11th Annual Controlling Conference, which demonstrated to us how large the controlling family in Kaliningrad has meanwhile become. The topics presented were top and on the pulse of the times. Digitisation and the associated transformation concern the people there, just like they do here.

We already have new ideas to foster even further the ICV Work Group and the controlling mindset in Kaliningrad.

Kaliningrad, we look forward to our next visit!



Dietmar Pascher
Partner and Trainer of the CA controller akademie, Manager International Program



ICV INTERNATIONAL
WORK GROUP 2017

TARGET COMPANY

IN LJUBLJANA, SLOVENIA



The ICV's international work group has set itself the task of each year supporting one company with new, mostly controlling-friendly ideas. We all are members of the ICV with at least ten years of professional experience as controllers and consultants, as both groups are seen as (internal) advisers in the company. Controllers should increasingly work as internal consultants in the company. This is to be professionalised in the work group.

Every year one company (target 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.

In 2017 we were in Slovenia: MDM d.o.o. from Ljubljana, Slovenia (www.mdm.si). MDM is a family business with 130 employees. Also here in Slovenia the approach was the same as in the last years:

I. GET-TO-KNOW MEETING (25/26 MAY 2017):

14 controllers and consultants of the international work group, all members of the ICV, met last year in Slovenia to work for a new "target company". The tendering in 2017 was won by MDM, a company from Ljubljana, Slovenia. On 25 May 2017 all work group members arrived at the hotel from Croatia, Germany and Poland as well as from Slovenia. Next morning we drove to MDM headquarters. We visited the production and selling premises and discussed potential topics for the teams.

In the afternoon both groups – MDM managers and ICV members – started to work on four subjects:

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

A walk in the city of Ljubljana with a cosy evening dinner in a summer restaurant beside the river ended this interesting day quite late. The next day the four teams continued to work on their subjects and – in the afternoon – presented their first results.

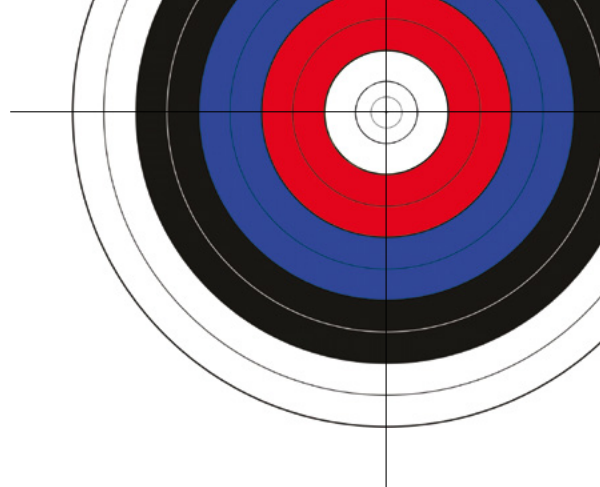
II. EXCHANGE MEETING IN LONDON (16 SEPTEMBER 2017):

This workshop in London was orientated to exchange experiences and views. On this Saturday we went on further with the teamwork and in the afternoon we presented the results of the different teams. Afterwards the work group teams were changed a bit to provide different views and ideas to our client. We had an interesting time in the dignified but quite modern halls of Princess Gardens. Most of us arrived the evening before and spent some time together.

III. RESULTS WORKSHOP IN LJUBLJANA (19 AND 20 OCTOBER 2017):

The teams started on Friday internally to finalise their presentations, discussing the London results with MDM team colleagues. Then we had a discussion in the overall group in order to obtain feedback and additional considerations. We concluded the day with a great dinner. On Saturday the results were presented to the company's top management (owner, CEO).

"The purpose to connect with ICV was mainly to control the departments financially, in a mathematical way. But immediately we figured out the importance of traditional values, leadership, relationship and emotional intelligence – so figures became as a consequence due to the proper execution of the four mentioned facts. Thank you to the whole ICV team."



Our target company for 2018 is based in Berlin: AUTODOC specializes in the online trade of auto parts. Not only in Germany, AUTODOC is a benchmark in e-commerce for the automotive industry. AUTODOC is Europe's fastest growing company in its sector.

AUTODOC was founded in 2008 and offers more than 1.5 million auto parts in 26 European countries in its online stores. For 10 years, AUTODOC has been focusing on its customers by providing auto parts from 280 manufacturers at fair prices, aiming to help them to repair their automobiles. A perfect task for our international work group. The sequence of our work is based on three personal and many remote (digital) meetings:

I. GET-TO-KNOW WORKSHOP (25/26 MAY 2018):

On Friday the participants were taken on a guided tour through the Berlin warehouse of AUTODOC. Afterwards, we went back to the hotel, where we presented ourselves and got to know the owners and the top management of AUTODOC. It was interesting to talk in six languages – English, German, Russian, Polish, Croatian and Slovenian – although English is our “business language”. The company's management requested assistance with four subject areas.

- 1. B2B** – strategic review of the business model
- 2. Logistics** – the growth of the company is unique: every year sales have doubled!
- 3. Controlling** – the controlling systems have to grow with the company's growth
- 4. Purchasing** – the same with purchasing

In the afternoon and on Saturday morning the four work-group teams, managed by an ICV member (each consisting of three or four ICV participants and the same number of managers from AUTODOC in each team) were formed to address these subject areas. On Friday evening we were invited to a steakhouse at Potsdamer Platz.

Most of us left on Sunday morning and some enjoyed a visit of the Reichstag, seat of the German parliament.

II. PREPARATION TIME (NEARLY 6 MONTHS):

Over the following months the four work-group teams are working independently to address their subject area. Internal communication will take place via Skype, telephone conference calls etc., although personal meetings are also possible.

III. EXCHANGE MEETING (SATURDAY, 22 SEPTEMBER 2018), ONLY ICV MEMBERS:

On this Saturday we will meet in Vienna and go on further with the team work and in the afternoon we will present the results of our team work. Afterwards the work-group teams may be changed to provide different views and ideas to our client. For those who do not know Vienna we will organise a tourist programme on Sunday. The meeting will take place in a central European city so the travel will not be too expensive in terms of time and money. For this exchange meeting at least one person of each team must be present, better of course all participants of the international work group. However attending this weekend is not obligatory.

IV. RESULTS WORKSHOP (9/10 NOVEMBER 2018):

The four teams will present their solutions internally, then discuss them in the overall group in order to obtain feedback and additional considerations. On the second day the results will be presented to the company's top management (owners, CEO).



Dr. Herwig R. Friedag
Member, one of the founders of the ICV International Work Group

2018
BERLIN
FOLLOWS LJUBLJANA



INTERNATIONAL GROUP OF CONTROLLING (IGC): **GENERAL ASSEMBLY 2018** IN GDANSK



Prof. Dr. Heimo Losbichler

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



International Group of Controlling

June 9, the International Group of Controlling (IGC) held its Assembly 2018 in Gdansk, Poland, organised by Stefan Olech, Akademia Controllingu ODITK, and headed by Prof. Dr. Heimo Losbichler. Twenty-two participants – representing 21 member organisations – took part.

The agenda included inspiring presentations and discussions about the future of controlling, the role of controllers and the future of controlling education. Major items on the agenda: Digital Learning, Enterprise Analytics – Digital Board Room SAP, Controlling at Volkswagen Poznan and Cultural Differences, International Observatory of Performance Managers, CEN Norm on controller professional figure.

At the beginning two empirical studies were presented: Prof. Dr. Stefan Olech, Akademia Controllingu ODITK (Gdansk): Controlling in Poland, and Frederic Doche, Association Nationale des Directeurs Financiers et de Contrôle de Gestion (DFCG) (French CFO Association): Controlling in France and other countries. The study by Prof. Olech is based on a recurring panel in Poland and shows both the growing importance of controlling and increasing demands on controllers; both as a constant development.

The DFCG study is based on surveys in France and other countries, with most of the feedback coming from France. The study shows the change of the controller to a management partner with required competencies in IT / digitisation and social competence. Thus, the results are very similar to the statements of the ICV from D, A, CH. The DFCG wants to position and designate controllers as performance managers, replacing the less and less popular term in France “contrôleur de gestion”.



IGC Management Board: Prof. Dr. Ronald Gleich (D), Prof. Dr. Heimo Losbichler, Chairman (A), Dr. Rita Niedermayr-Kruse, Deputy Chairman (A), Dr. Klaus Eiselmayer (D), (not in the picture: Prof. Dr. Klaus Möller (CH)).

ICV Board Member Malgorzata Podskarbi, Head of Controlling Volkswagen Poznań, presented a highly regarded example of agile controlling. A pilot project for management reporting was successful with a design thinking approach involving executives and rapid iterative prototyping. Reinhard Taucher, Business Development Finance, Center of Expertise Middle & Eastern Europe, presented then the SAP Digital Boardroom. Finally, Giorgio Cinciripini, Assocontroller, Associazione dei controller Italiani, focused on the applicable controlling standard in Italy. His suggestion to establish this standard internationally was critically discussed by the participants of the Assembly.

In the International Group of Controlling (IGC), founded in 1995 on the initiative of the ICV, the ICV has the statutory chairmanship. Currently, the Chairman of the ICV, Prof. Dr. Heimo Losbichler, is also IGC Chairman. The sister organisations IGC and ICV are jointly pursuing the goal of spreading German-speaking controlling philosophy shaped by Albrecht Deyhle in practice and science internationally. The work of the IGC focuses on the development, dissemination and updating of basic standards in controlling. The IGC members commit themselves to follow these standards. The IGC is a platform beyond the ICV for a jointly supported controlling understanding. The IGC has therefore also developed a comprehensive evaluation procedure. At this year's IGC General Assembly in Gdansk, the certification of the training programme of WIFI Vienna (Institute for Economic Development of the Vienna Economic Chamber – GER Wirtschaftsförderungsinstitut der Wirtschaftskammer Wien) in the area of controlling was renewed.

PARTNERING OF MANAGERS & CONTROLLERS IN CROATIA



Competences exist, but permission is required

In 2018 in our company Poslovna učinkovitost d.o.o. (Business Effectiveness Ltd.) we paid due attention to the determination of the existing and desired state, as well as the proposals for the necessary activities to improve the cooperation of management and controlling in Croatian companies.

The issue of management and controlling cooperation is as old as controlling practice itself, but unfortunately, there is still a significant space for improving this relationship.

How did we find it necessary to further explore this issue in Croatia?

In Croatia we carry out numerous projects and educational activities independently and in cooperation with numerous partners from abroad (Germany, Switzerland, Austria, Finland, Great Britain, etc.). By doing these activities in business practice, very often we are immediately convinced that the controllers in Croatia are well educated and trained for the existing business challenges. Likewise, they are motivated to improve controlling practices in their own company, but they do not have enough strong support of the management for that. The results of the research study which we conducted in 2017, and compared with the results of 2010, also support the fact of insufficient practice of using controlling instruments in Croatian companies.

In 2018 we organised an ICV Croatian Adriatic Region Workshop in Split in March, conducted a

research study in May and in June we organised the 9th Controlling Conference in Zagreb as well as issued a book and magazine on cooperation of management and controlling.

In the research study on management and controlling cooperation, in which 112 participants participated, we explored the quality of the management (decision-making processes) and controlling (business partnering and controlling processes) as well as the level of competences of managers and controllers. Research study results have shown that competences are above average, and management and controlling processes are below average.

From this contradiction it is possible to conclude that the respondents think they are competent, but their understanding of management and controlling cooperation is not within the broadly accepted concept of cooperation, or the respondents are truly competent but there is a lack of authorisation or motivation to improve elements of good mutual cooperation.

Certainly a part of the answer to this question can be found in 69 proposals for better management and controlling cooperation that are grouped into five groups. Among them, the largest number of proposals refers to better internal communication among managers and controllers (27/69), more intensive involvement of controlling in business decision-making processes (19/69) and better understanding of management on the importance of controlling (11/69).



Dr. Mladen Meter

*Controlling and Finance Consultant,
Business Effectiveness Ltd.,
ICV Croatian Adriatic Region
Work Group Leader*



ICV Croatian Adriatic Region Workshop: "Controller as Management Partner", Split, March 2018



THE ON-GOING MEETING POINT
FOR CROATIAN CONTROLLERS

ICV CROATIA I



8 YEARS
25 WORKSHOPS
70 MEMBERS



Jasmina Očko,

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

Back in 2010, the Croatian community of controllers was more than ready to organise and gather formally in order to share experiences. It seemed logical for us to carry out this project under the auspices of ICV, the world's largest association of controllers. ICV has many years of know-how and experience in this area. Our first workshop, WG Croatia, proved that this was the beginning of a great story.

Our membership base grew extensively. During the past eight years, 160 members from all over the country took part in this group. Some of our members are highly positioned board members in large multinationals, some are controllers in Germany, Switzerland, the Netherlands, some are entrepreneurs. Today, we have a stable group of around 70 controllers who make a firm base and are very connected. There are about 30 participants present at each of our workshops, which enables fast sharing and expansion of ideas, solutions and experiences.

During the early years, our partner company Microsoft Croatia let us use their premises, but in 2013 ICV WG Croatia got its own permanent premises. Since then we have had the best conditions for work and gatherings.

In the course of all these years we have never encountered any problems regarding the selection of subjects or volunteers inside WG or externally, who were willing to prepare materials, presentations or tasks for an all-day workshop. The schedule is agreed upon at the end of the year for the next year and future subjects are chosen at each workshop. A few months ago we distributed a questionnaire among all our members in order to find out what they find the most useful and what type of work they prefer. According to the results, we prefer guest lecturers from abroad who come from the field of controlling. Among our favourite guests are Dietmar Pascher, Herwig Friedag and Andrej Lapajne, to whom we express our gratitude. We were lucky enough to have an all-day lecture about transfer prices or IFRS held by colleagues from TPA Audit and Mazars Cinotti. Also, thanks to the contribution of our ICV members, we were able to go through case studies from more than 30 medium and large-sized companies from Croatia.

Each of our workshops is an all-day event where we work with much discipline, solve problem tasks, have debates. But sometimes we also want to relax. For this we choose subjects related to soft skills, which are also very helpful in our everyday controllers' lives. Two of those workshops

were particularly interesting. They were organised by our colleagues who are psychologists: “Do not kill the messenger” and “In what way can the organisational culture beat the controlling department?”. These two workshops impressed us greatly and all of us concluded that, in our attempt to master the hard skills, we pay too little attention to soft skills. It was a truly enlightening experience.

Speaking of hard skills we usually say that having no choice makes it easier. Therefore, “Transfer Prices” as well as “IFRS” are the most popular subjects.

But, do not get us wrong, because we also like to have fun. After 19 workshops, the 20th was organised at “Stari fijaker”, a traditional restaurant in Zagreb. It was a great opportunity to connect work and pleasure.

The most important benefit of the group’s activities is good networking and the possibility for Croatian controllers to meet, work together and socialise at least 3–4 times a year. These activities resulted in many new job opportunities and transfers, and recommendations regarding ERP and BI systems. Last but not least, we had the opportunity to observe many examples of best practice from the everyday work of controllers. Each year, at our workshop, we organise a presentation held by the winner of the contest for the best controlling project in Croatia. Once a November (November 15, 2018 in Zagreb), we organise the international ICV conference – just like the Munich Controller Congress. This is the opportunity for many members, as well as other sympathisers – over 200 of them – to see the best international practice. Collaboration with ICV makes it possible for our members to get to know the international controlling scene and enrich their insights.



Workshop with Dr. Herwig R. Friedag.

The following are subjects at all our workshops and can serve as suggestions for any WG which has exhausted its ideas:

1. Planning – necessity or nightmare?
2. One page only report
3. Structuring of expenses in controlling
4. Management by objectives
5. Assessing profitability of investment projects
6. Implementation and development of the function of controlling in companies
7. Measuring employees' productivity in profit and cost centres
8. Calculating the cost price and establishing the selling price
9. Project controlling
10. Planning – the modern approach
11. Managing supplies
12. Balanced scorecard is management, not measurement
13. Risk management and innovations in cost management
14. Psychology in controlling – Do not kill the messenger
15. Zebra BI – the most desired controlling tool
16. Measuring process efficiency of the business support service
17. Controllers for controllers – the best advice and verified solutions
18. Controllers for controllers – first aid
19. Power BI – the beginning of the new era of controlling?
20. Presentation of the awarded controlling project and celebration of the 20th anniversary ICV workshop
21. How organisational culture can beat the controlling department
22. Window dressing in financial reports
23. Transfer prices
24. MSFI for controllers and managers
25. BI tools for controlling support



CFO = CHIEF FUTURE OFFICER ?

Lessons from the 30th Budapest Management and Controlling Forum



István Radó,
Head of the ICV
Work Group Hungary
and managing director of
IFUA Horváth & Partners

Companies should become data driven. This is beyond question. A lot of data arise everywhere and they should be analysed so as to make companies more efficient, find new customers and markets, develop new products etc. How does this happen and what should be the role of the CFO in such an environment? That was the main topic of the 30th Budapest Management and Controlling Forum, which was titled “CFO = Chief Future Officer?”.

The big majority of participants of the conference thought that digitisation fundamentally transforms the value chain of their industry. 74% of them said so in our on-the-spot online survey. But only 50% of participants believed that CFOs help innovation. 35% answered that CFOs slow down innovation, while 16% felt they don't affect it at all.

Not helping innovation in a fast changing environment? This is not a good attitude, according to speakers of the conference.

“CFOs should be drivers of the digital transformation. If not, they would become only producers of reports and tax declarations and will lose importance” said Emese Weissenbacher, CFO of Mann + Hummel, global leader and expert in the field of filtration, in her presentation. This statement resonated very well with other speakers and the audience.

“CFOs should offer digitisation almost forcefully to IT and to business areas so that they can deal with it intensively” thinks Barna Erdélyi, CFO of Waberer's, a logistics company. “This is the duty of the CFO, because finance & controlling is considered to be a business partner, a consultant, an interpreter already for a long time. This role is very important also in digitisation. Finance & controlling is capable not only of mediating between different professional fields, but it can also balance between digital dreams and facts. This way a company can be innovative and also financially stable at the same time” he explained.

“Finance & controlling has a dual role in digitisation” said Csaba Poroszlai, CFO of Egis, member of the Sanofi Group, a pharmaceutical company. “Finance & controlling is one of the most data driven areas. That’s why on the one hand it can set an example in the automation of administrative fields and on the other hand it has a very good chance in entering the contest for analysing tasks.”

If participants of the conference estimated well the attitude of CFOs in Hungary, about half of the CFOs should change their attitude and become change agents in the digital world. But which fields in finance & controlling will be most affected by digitisation? Reporting got the highest score from participants of the conference while predictive analytics and data governance finished in second and third place. Machine learning scored surprisingly low (see the table).

While the importance of the first three fields was acknowledged in the presentations, machine learning was credited with much greater signifi-

cance by speakers than by participants. One of those speakers was Endre Fáklya, Enterprise Intelligence Manager of Argenta, New Zealand. He even predicted that every company would become an analytics company and the only difference among them will be what they produce and/or what service they give. “We are not far from this” he stated.

The circle of companies that use analytics in different fields is also broadening in Hungary. We could hear examples of this from HR, marketing & sales, innovation, production, logistics and of course from finance & controlling. No doubt, business intelligence and analytics is already indispensable to growth. As Endre Fáklya said, analytics makes it possible not only to serve our markets but also to create new markets, that is “growth hacking”.

The message of the 30th Budapest Management and Controlling Forum was clear: CFOs, let’s become Chief Future Officers!



Fields considered to be the most important in the digitisation of finance & controlling*

Digitisation does not avoid finance & controlling either. Choose 3 fields out of 10 that are considered the most important in your company!

Integrated reporting, interactive dashboards, visual reporting	58%
Predictive analytics and forecasting	47%
Central data governance, data standards; data integration	44%
Driver based planning, automated planning, digital planning	35%
Finance transformation, one finance, one data, real time finance, lean finance	29%
Advanced analytics, IoT analytics, sales analytics	27%
Robotic process automation, efficiency improvement	26%
Digital integration e.g. source-to-pay	9%
Machine learning for business decision	7%
Other technological innovations that are not listed here	0%

*Based on the answers of participants of the 30th Budapest Management and Controlling Forum

30 years of Budapest Management and Controlling Forum

The first controlling conference in Hungary was organised in 1989 on the model of the Stuttgart Controlling Forum. At that time its name was simply Budapest Controlling Forum.

In times of political transition there was enormous interest in modern management methods, and 300 people came to learn from the presentations.

The name of the conference changed to Budapest Management and Controlling Forum (BMCF) in 2005. That year the title of the conference was “Excellence in Governance”. Both changes indicated the new role of controlling.

Between 1989 and 2018 almost 5,500 participants from more than 1000 organisations attended. About 400 presentations have been held. Prof. Dr. Dr. h.c. mult. Péter Horváth, founder both of Horváth & Partners Group and BMCF, has held a presentation every year.

The interest in the Budapest Management and Controlling Forum has not lessened since the beginning: the 30th conference this year attracted 300 participants, as many as the first in 1989.

A NEW ICV EXECUTIVE DIRECTOR IN POLAND



What are you going to change in ICV POLAND in the upcoming years?

Dr. Tomasz M. Zieliński [TZ]: First of all, we want to promote the ICV controlling philosophy in our country, change the perception of controllers and ensure that they will be perceived as business partners of the management. We also want to concentrate on providing our members with the largest possible range of modern controlling knowledge. For this purpose, we will do our best to provide access to substantive materials also in Polish language.

What are the plans for ICV activity in Poland?

[TZ]: The essence of ICV are work groups and meetings. Work groups are a platform for our members to exchange knowledge, experiences and contacts. We plan the continuous development of the activities of Polish regional work groups. In addition to active regional work groups in Warsaw, Torun, Gdansk and Lublin, in 2019 we want to re-launch groups in Poznań, Szczecin, Wrocław, Katowice and Krakow. We are currently looking for people interested in engaging in the regional structures of ICV.

Dr. Tomasz M. Zieliński

- Executive Director of ICV POLAND (Delegate for Poland) – International Association of Controllers (ICV).
- Business expert, consultant and trainer with practical experience in the area of cost and profitability management, controlling, process management and business intelligence.
- Chairman of the Board, co-founder at ABC Akademia Sp. z o.o. and Akademia Controllingu Sp. z o.o.
- Author of advanced Resource and Process Consumption Accounting (RPCA) concept, which is implemented in the large capital groups and enterprises from many production, commercial, financial and service sectors.
- Charismatic lecturer at universities and training companies and speaker at many conferences in the field of controlling, management accounting and business intelligence.

What new activities will be taken by ICV POLAND?

[TZ]: From the beginning of next year we want to run Subject Work Groups. I think of them as a less formal version of ICV Expert Work Groups. The aim of these groups is to give the possibility to controllers to work on a specific subject more deeply. Potential subjects are controlling in family businesses, advanced analytics or resource and process consumption accounting (RPCA). Moreover, subject work groups could also be targeted at specific sectors such as production, trade, hospitals, water supply and others. The interest is big both on the side of our members, as well as experts and partners. A novelty which we are also working on will be webinars that will give our members the opportunity to participate in some meetings via the Internet. It will also allow us to increase coverage, involve more people and promote good controlling practices developed by our work groups.

DIGITIZATION, ROBOTIZATION AND BUSINESS INTELLIGENCE IN CONTROLLING



12th Controlling Intelligence Adventure Congress (CIA)

On 3-4 December 2018, the largest controlling event in Central and Eastern Europe will take place in Poznan (Poland)! Over 250 participants will listen to 6 lectures, a 60 minute discussion panel, and 6 thematic sessions with 12 expert speakers. It will be more than 800 minutes of knowledge exchange. Speakers will talk about their experiences and controlling solutions that have succeeded in their companies. Chairman of the ICV Board Prof. Dr. Heimo Losbichler will give a key-note speech "Controlling and the role of controllers in tomorrow's digital business".

For English speaking participants we will provide a simultaneous translation.

For the first time in the history of the CIA Congress, we will organise ICV Young Controllers Barcamp a session dedicated to students! They will present their works and achievements. The voice of future controllers is important to us! During the Congress we will talk about the newest trends in controlling. We will present subjects such as business intelligence, advanced analytics, big data, digitisation, robotic process automation, reporting and dashboards, storytelling and visualisation.

In addition, we will provide our participants with entertainment – a surprise party on the first evening of the Congress.

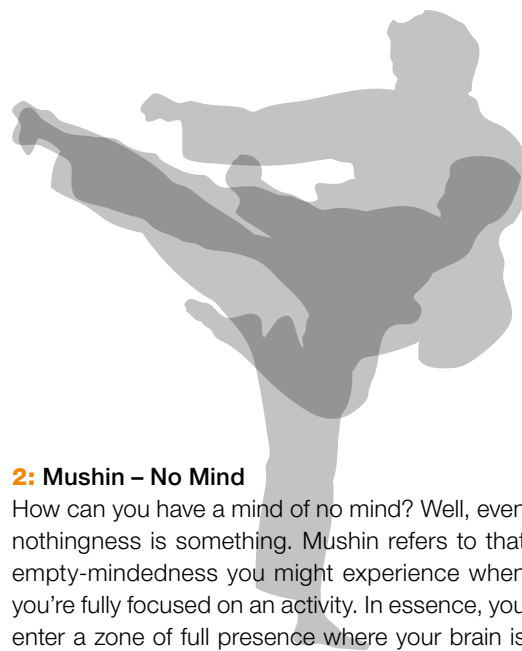


Dr. Tomasz M. Zieliński together with the ICV Board in Munich.

**REGISTER TODAY!
DON'T MISS THE EVENT!**

+++++ **3-4 DECEMBER 2018,**
IBB ANDERSIA HOTEL IN POZNAŃ,
POLAND +++++

WHAT CAN CONTROLLERS LEARN FROM KARATE?



Karate is an interesting martial art and many times I think that controllers should know it as well. In addition to techniques, karate can also contain a philosophical side closely linked to exercise. The purpose of karate is the development of the entire human being through long-term exercise, both in the sense of physical development (health, fighting and self-defence, sport) as well as the development of personality and the achievement of inner peace.



Dragica Erčulj,
ICV regional delegate
for SEE region,
Head of the ICV
Work Group Slovenia

What is a controller? A bean counter? Unfortunately many still think so, but times are changing! Today, the controller is a management partner; in an ideal case the controller is involved in the planning and on this basis can make the figures behind the objectives, analyse, advise and, if necessary, take corrective actions; reporting is just a part of his job. Profitability always has a top priority for a controller. A controller recognises potential savings as well as development opportunities and synergies. The professional image of the controller is challenging and complex. Controllers can use different tools and methods to do the job better, but they also need communication and philosophical skills. I think communication is the main part of a controller's daily work and at many times the weak point.

Could controllers learn something from traditional karate? Karate involves many states of mind, some of which I'd like to share with you. The original expression in Japanese and definitions are taken from <http://www.karatebyjesse.com>

1: Shoshin – Beginner's Mind

This means the open-minded attitude of being ready to learn, without preconceived notions, judgment or bias. Shoshin is essential for karate because our mind is like a parachute – it doesn't work if it's closed. The difficult part is to maintain Shoshin as you advance in grades. Some people think they "know it all" when they reach black belt, but this is just "the first level". When you achieve a professional level of controlling, it is not the end. It's the beginning.

"In the beginner's mind, there are many possibilities. In the expert's mind there are few."
Shunryu Suzuki (1904-1971)

2: Mushin – No Mind

How can you have a mind of no mind? Well, even nothingness is something. Mushin refers to that empty-mindedness you might experience when you're fully focused on an activity. In essence, you enter a zone of full presence where your brain is not occupied with anything else but the task at hand. On the other hand, be focused.

"Empty your mind. Be formless, shapeless, like water." Bruce Lee (1940-1973)

3: Fudoshin – Immovable Mind

This means that no outside influence affects your mind. It's like being in a fortress that nothing can penetrate. In controlling, it is very usable for goal setting. If I set my mind to something, I don't allow anything to shake my belief in achieving it. Be steadfast.

"Mankind is divided into three classes: those who move, those who are movable and those who are immovable." Benjamin Franklin (1706-1790)

4: Zanshin – Remaining Mind

This is actually a judging criterion when competing in kumite (fighting). After scoring a punch or kick, you must keep your attention on the opponent. Why? Because "it ain't over till it's over". Zanshin means keeping your focus lingering to make sure all potential threats are neutralised. In controlling we can connect this part to continuous improvements.

"Stay ready, so you don't have to get ready."

Conor McGregor

EVERYTHING BEGINS IN THE MIND

Regardless of the number of degrees and colours of the belts, there is an aspect in karate that learning in reality, even at the highest level achieved, never ends, and that it is only the first master degree, black belt Day 1, the beginning of a true knowledge of the skill. The same is true in the controlling business – lifelong education. Keep this mindset.

P.S.: My son is a karate master, black belt Day 5 and a trainer.

WITH GREEN TOPICS TO BLACK NUMBERS



Winner of the Green Controlling Award 2017 was PORSCHE AG.

Green Controlling Award of the Péter Horváth Foundation in cooperation with the ICV



Dr. Alexander Stehle,
Head of the ICV Work
Group Green Controlling

Controllers as business partners are required to actively support the implementation of sustainability targets. In cooperation with the International Association of Controllers (ICV), the most innovative and effective “green” controlling solution for the design and management of ecological strategies, programmes, projects and measures in companies and public institutions is awarded each year in order to promote the work of controlling on the “green challenge”. The 2017 Green Controlling Award was given for the solution “Business management of CO2 target achievement at Porsche”.

The best solutions are awarded every year with 10,000 EUR. All solutions implemented at least two years earlier can be submitted. The award is given at the annual Stuttgart Controller Forum usually in September. Applications must be submitted to: Péter Horváth-Stiftung, c/o Horváth & Partners, Königstraße 5, 70173 Stuttgart, Germany. phorvath@horvath-partners.com

To participate in the selection procedure, a maximum of ten pages about the solution must be submitted, in which the following questions are answered:

- What was the problem to solve?
- What was the idea of the green controlling solution?
- What was innovative in the project?
- How was the green controlling solution implemented?
- What was the role of controllers?
- What was the economic and ecologic result (the effect)?

Winners so far were:

- Deutsche Post DHL “Carbon Accounting & Controlling” (2011),
- Hansgrohe SE “Green Controlling – Green Profit – Green Future” (2012),
- Volkswagen AG “Think Blue. Factory. Environment controlling” (2013),
- Flughafen Stuttgart GmbH “fairport Controlling” (2013),
- Takata AG “Maximize innovation to minimize environmental impact” (2014),
- STABILO International GmbH “Controlling as Business Partner in sustainable company management” (2014),
- Deutsche Telekom AG “Green Controlling for group transparency” (2015),
- VAUDE Sport GmbH & Co. KG “Green Controlling integrated in company management process” (2015),
- Voith GmbH “Transparency cares for competitive spirit” (2015),
- Robert Bosch GmbH “Development of a system for strategic and operative environment controlling” (2016),
- DATEV eG “Sustainable check – management tool to ensure sustainability in company management” (2016) and
- PORSCHE AG “Business management of CO2 target achievement at Porsche” (2017)

DEVELOPING LOCAL CONTROLLERS IN CHINA

Changing mindset first



ICV board and Chinese partner, Dr. Huang, Managing Partner of Shanghai DC Consulting.



In China, it is reported that there are more than 20 million financial accounting professionals in the country, of which about 10% are estimated to be working as management accountants¹⁾. While “management accounting” as a concept has been – thanks to the promotion of large Anglo-American institutions, such as IMA and CIMA – becoming more and more popular for many students in business schools as well as many local business practitioners in China, the German concept of “controlling” is still not very well known.

According to the current information available to the author, only very few local university or business school professors teach or even know the German concept of controlling. The number of young graduates in China who have received systematic education in the field of controlling is almost negligible in comparison to that in German-speaking countries, where almost every business school or university with business administration studies has its own teaching and research facility in the field of controlling.

Because of this, well-educated young controllers are very rare in the local labour market. Some German companies in China, especially large multinational companies, are trying to recruit Chinese graduates who studied controlling or business administration in business schools or universities abroad, especially in the German-speaking countries. The advantage of this recruiting practice is that the candidates normally understand German well and studied controlling or subjects in that field. The disadvantage is that these candidates normally have a significantly higher income expectation than their local competitors, and that they are in most cases still not experienced in the daily business of controlling. Moreover, the supply of such candidates is also not sufficient if one takes into account the increasing demand on qualified controllers in businesses in China.

Large business groups as well as small-to-medium sized companies are facing the same question: how to find and develop qualified local controllers supporting business success in China? In practice, there seem to be two basic approaches to answer the question according to the observations of the author.

The first approach seems to be straightforward and simple: to re-educate or re-train local financial accountants or financial auditors so that they can carry out the controller’s job. In recent years, many German companies have separated their local finance organisation in China into two parts: one part for financial accounting and another part should be specialising in controlling. Those local financial accountants or auditors who should now be “controllers” are either trained on-the-job in China, sent to in-house or external controlling training seminars, or even sent to German HQ for training and internship. Companies following this approach tend to believe that good knowledge about finance & controlling is the most important foundation for good work by a controller.

The German concept of “controlling” is still not very well known in China.

The second approach can be called the one for “zero-base development”: one recruits non-finance graduates or young professionals with almost zero knowledge in finance & controlling and try to develop them internally. The basic requirement on the candidates is not that they should have studied finance & controlling but they should bring good knowledge about the relevant industry/market, products or technology of the company. Once recruited, these new employees normally participate in an internal trainee programme, which often starts in the operations. In some cases, young controller candidates even have to work as machine operators on the shop floor of production for several months. The philosophy of this approach is that a good sense for and a good understanding of business are the most important skills a good controller should bring with them at the beginning. Knowledge in finance & controlling can be accumulated through on-the-job and off-the-job training later on.



Dr. Zhen Huang

Managing Partner of Shanghai De Chen Enterprise Management Consulting Co. Ltd.; Shanghai De Chen Consulting is the exclusive training business partner of the Germany-based CA controller akademie in China and since November 2017 strategic cooperation partner of ICV in China



Participants of the 5th Sino-German Controlling Forum 2017.

Both approaches mentioned above are helpful to close the gap between supply and demand for qualified controllers in China. And indeed, many German companies in China combine both approaches for finding and developing local talents for the job of controller.

Whether one prefers to “re-train” local financial people or try to “zero-base” develop non-financial professionals, one should – in the view of the author – not forget that what matters most for the success of a controller is not his/her knowledge about finance & controlling, nor his/her knowledge about products and business processes, but also his/her attitudes and mindset. Both a local financial accountant/auditor and a non-financial professional can be a good controller if he/she has the “right” attitudes and mindset for his/her daily job, such as (internal) client and service orientation, proactiveness and self-initiative, openness, readiness to learn fast and to adapt to change, team-player mentality combined with willingness to lead etc.

In order to develop a strong capability of local controllers for successful business navigation in China, senior management should not underestimate the necessity of transforming attitudes and mindsets of their local controllers. Enhancing finance & controlling knowledge, developing business sense and know-how, and establishing the right attitudes and mindset – this should be the three major pillars of any on-the-job or off-the-job training and development programme for local controllers in China. With such a programme in place, one can definitely expect a new generation of local controllers arising in China in the coming years.

What matters most for the success of a controller is his/her attitudes and mindset.



ICV CHINA: SUCCESSFUL START WITH **STRONG PARTNERS**

During the ICV Management Conference in Munich in November 2017, the ICV Managing Director Carmen Zillmer, the ICV Chairman Siegfried Gänßlen and ICV Board Member Matthias von Daacke signed a cooperation agreement between the ICV and Shanghai De Chen Enterprise Management Consulting Co. Ltd. (Shanghai DC Consulting). It took place in the skype presence of the Chinese partner, Dr. Zhen Huang, Managing Partner of Shanghai DC Consulting.

The contract regulates the cooperation between both sides. This includes conducting controlling events in China such as work group meetings (head of the ICV Work Group is Francesco Ingarsia) and conferences under the flag of the International Association of Controllers (ICV).

“Signing the contract is an important step in the further internationalisation of the ICV. We have the foundation stone, e.g. for our first regional work group in China, WG Shanghai. In doing so, we continue implementing our internationalisation strategy under the motto ‘Follow your customer!’. It means developing new ICV networks primarily in the countries where there are branches or representations of companies from the DACH region”, said ICV Board Member Matthias von Daacke.

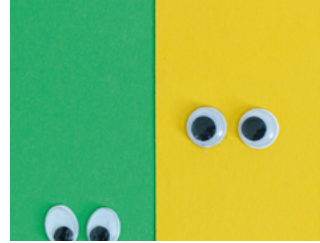
The 6th Sino-German Controlling Forum „Controlling for Sustainability“ will take place on 7 September 2018 in Suzhou

Keynote speeches and workshops include:

- Controlling for Sustainability
- Project Controlling for e-Mobility
- Cost Management for Sustainability
- Legal & Compliance: Green Controlling, Purchasing, Controlling & Compliance
- IT/Data Security
- Reporting and Planning for Sustainability

1) Source: Article published by the WeChat public account of China Management Accounting Network (china-cma), dated 11 July 2017. Link: <https://mp.weixin.qq.com/s/wctbkqrArKbKdrwu3Re3xQ>

RUSSIA, THE UNFAMILIAR NEIGHBOUR



Changing mindset first

Companies increasingly operate around the world and therefore cross-culturally. While this provides good opportunities to enter new markets, risks exist too, particularly when companies are not sufficiently aware of cultural differences and do not take them into account. This can be seen in a study that investigated country and corporate culture using the experiences of Swiss firms in Russia.



Irene Hotz Glanzmann

Director intercultures
swiss gmbh



Prof. Dr. Wilfried Lux

FHS St. Gallen,
ICV member

The interdisciplinary study, "Intercultural Performance Management," aimed to investigate corporate and country culture, and to describe their effects on corporate performance. The questions in the study were addressed using the experiences of Swiss firms operating in Russia. One reason for selecting Russia was that the cultural differences to Switzerland are more obvious than is the case in similar countries. The companies that participated in the study, which lasted nearly two years, included Denison Consulting Europe, intercultures swiss gmbh, Bühler, Novartis and LafargeHolcim. The St. Gallen University of Applied Sciences (FHS St. Gallen) was represented by the Institut für Unternehmensführung (Institute for Corporate Management), the Business Administration Department and the Institut für Soziale Arbeit (Institute for Social Work). Besides the authors, the members of the project team were Karl-Heinz Oehler, Partner and Managing Director, Denison Consulting Europe, as well as Regula Flisch and Christa Uehlinger from FHS St.Gallen.

ASSESSING THE COUNTRY'S CULTURE

To assess the corporate culture, the study used the tool developed by Denison Consulting. This tool takes into account the attributes of Mission, Involvement, Consistency and Adaptability. The resulting measurements of the individual companies were compared with all companies in Denison's proprietary database.

Fundamentally, the stronger the attribute, the greater its influence on corporate performance. Specifically, the study identified the following cause-and-effect relationships: Mission & Consistency: profitability; Mission & Adaptability: innovation, revenue growth and market share; Consistency & Involvement: quality and employee satisfaction; Involvement & Adaptability: creativity and customer satisfaction.

To assess the country environment, cultural dimensions and standards that had been previously investigated were developed further, focusing specifically on Russia and Switzerland. The study took into account the following aspects, as differences were most readily apparent in these areas: time-orientation, avoidance of uncertainty, power and hierarchy, relationship orientation, as well as fatalism and emotion. While it was possible to make a unique assessment of the characteristics in terms of corporate culture, this was not possible regarding the aspects of the country's culture. The study had to investigate on a case-by-case basis how high or low values impact business activities.

AVOIDING FRICTION

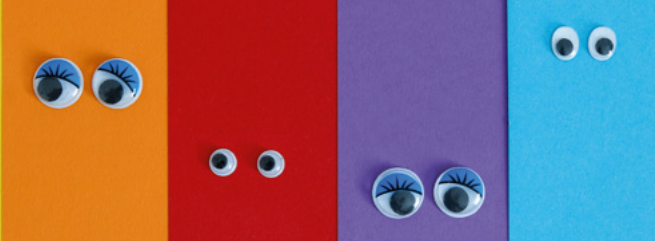
In terms of country culture, the Swiss tend to have a greater focus on punctuality, logical solutions and self-initiative, complying with rules, and security. On the other hand, Russians tend to be more flexible depending on the situation, also regarding rules and deadlines. In addition, personal relationships and the context are important.

Taking these cultural differences into account can minimise friction and foster employees' potential. This influences corporate results as well.

FINANCIAL EFFECTS

The members of the project team collaborated with the companies to identify metrics for measuring the financial and non-financial performance of the company. They then performed a qualitative analysis for each company to identify the respective value drivers or risk factors for each defined metric. Many of these value drivers and risk factors can be found in both the attributes of the corporate culture and in the values of the country culture. This demonstrates that all cultural factors and attributes affect corporate results. This conclusion, however, cannot be proven statistically because of the low number of participants in this study.

In terms of revenue, the value drivers were the competence of sales employees, motivation and the sharing of knowledge. The risk factors were no self-initiative and a lack of an error-tolerant culture. Regarding profitability in new markets, the study showed that the value drivers were innovative employees and their competencies, as well as customer proximity; the risk factors can be a highly



hierarchical organisation and resistance to change. The supposedly “soft factor” of culture can indeed prove to be a hard factor clearly reflected in figures. The study was a first step towards demonstrating this connection.

More dialogue on an equal level

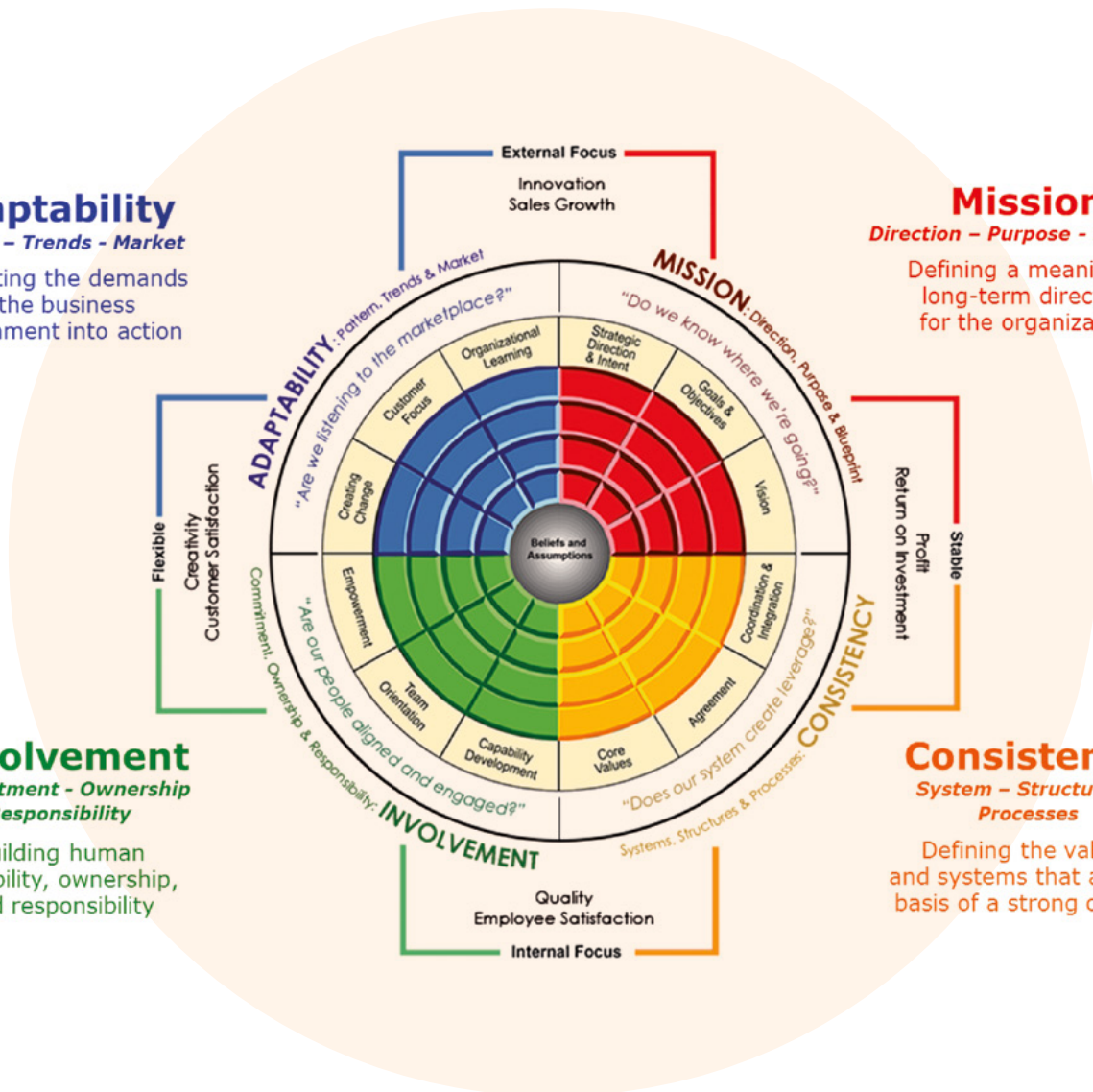
Bühler AG’s subsidiary in Moscow participated in the interdisciplinary study of cross-cultural and corporate cultural collaboration between Switzerland and Russia, undertaken by the St. Gallen University of Applied Sciences. For Markus Vontobel, General Director of Bühler AG in Moscow, the study was a success: “We learned about several things where we can improve and therefore directly realise savings”. He sees the biggest difference in terms of time orientation: “In Russia everything takes much longer. In particular, decisions are frequently postponed, be it in daily life in the office or when dealing with customers”. He believes that in order to overcome cultural differences, “more dialogue is needed on an equal level”. (Read the complete interview with Markus Vontobel at www.fhsg.ch/substanz.)

Adaptability
Pattern – Trends - Market
 Translating the demands of the business environment into action

Mission
Direction – Purpose - Blueprint
 Defining a meaningful long-term direction for the organization

Involvement
Commitment - Ownership Responsibility
 Building human capability, ownership, and responsibility

Consistency
System – Structures - Processes
 Defining the values and systems that are the basis of a strong culture





The ICV Work Group Moscow visiting WILO RUS.



FIRST COMPANY VISIT FOR WORK GROUP

MOSCOW

In particular the member companies of the International Association of Controllers (ICV) with branches in Russia are addressed by the Work Group (WG) Moscow, which the ICV has run for over a year together with the German-Russian Chamber for Foreign Trade.



Dr. Georg Schneider,

Head of the ICV Work Group Moscow

In June the WG Moscow, founded on 14 December 2016, met for the ninth time. The WG already tried something new at one of its recent meetings: the members of the WG could take part in a live-streaming in remote locations such as St. Petersburg. This time there was another premiere: for the first time the work group met outside the premises of the Chamber.

The meeting took place at WILO RUS, the Russian branch of the global pump manufacturer WILO SE, in Noginsk, a new business park on the outskirts of Moscow. First the generous hosts organised a tour in the company complex built in 2013-2016, then WILO RUS CFO Andrey Rozhnov gave a first-class presentation on his company's financial controlling. Participants took the opportunity to make many inquiries and hold lively discussions.

Russian Controlling Conference 2018 in Nizhny Novgorod

The VIII. International Controlling Conference of the Russian Controller's Association, 18/19 May 2018 in Nizhny Novgorod, was opened by Prof. Dr. Sergey Falko, Chairman of the hosting association. To the megacity Nizhni Novgorod on the river Volga had come international guests from Germany, Estonia, Kazakhstan, Austria and Switzerland. Main topic was sustainability controlling. One of the lecturers was ICV member Prof. Dr. Wilfried Lux, FHS St. Gallen. Every year the Russian Controller's Association organises an international conference, and the ICV belongs to its cooperation partners.

Participants of the Russian Controlling Conference in Nizhny Novgorod.



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

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