

# CONTROLLER<sup>®</sup>

Magazin

SPECIAL



Positioning now for the  
upswing afterwards

Learnings for a  
VUCA World

ICV focuses on Slovenia

CONTROLLING INTERNATIONAL

## Stronger than ever





**Conrad  
Günther**

Chief editor and publisher



**Hans-Peter  
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Team PR / New Media, ICV

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## Dear readers,

Digitalization has arrived in corporate practice: At Europe's leading controlling conference in 2021, the 45th Congress of Controllers, successful projects of renowned companies were presented. The Congress also offered presentations on "agility." This topic also has high priority in corporate practice – a challenge for controllers. High on the agenda remains the topic of "strategy," which sets the basic direction for companies in our VUCA world. And last but not least, "sustainability" remains a "megatopic." Digitalization creates new possibilities for sustainable controlling to be able to manage in a resource-saving way.

Our Special Controlling International this year shows how the controlling community is facing up to the broad spectrum of topics. It becomes clear that controlling is more important and stronger today than ever before. A survey in this magazine shows that controlling has emerged stronger from the Covid pandemic. Our cover picture symbolizes not only "grown strength," but also the special importance of the community: together, controllers are stronger – our cohesion in the ICV across sectors, company sizes, and national borders has passed another baptism of fire.

**We would like to thank all the authors whose contributions have made this exciting and varied journey through the current world of controlling possible.**

**Conrad Günther,**  
Chief editor and publisher

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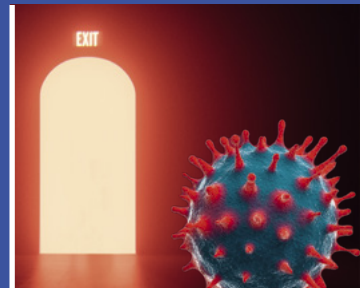
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# “A More Than Successful Premiere”

The ICV Chairman, Prof. Dr. Heimo Losbichler, assessed the 45th Congress of Controllers as a “more than successful premiere.” On April 26/27, with 400 guests, it was organized for the first time as an online event by the ICV. From the congress studio in Wörthsee near Munich, Prof. Losbichler led the participants through two days of cutting-edge topics: digital change, transformation and disruption, artificial intelligence, sustainability, the future of work, and performance management. Leading companies, including DHL, Deutsche Bahn, BASF, A1 Telekom Austria, etc., provided insights. The 46th Congress is scheduled to take place in Munich on May 9/10, 2022.

## The prestigious ICV Controlling Excellence Award was given in 2021 to Robert Bosch GmbH for the concept “Controller of the Future – People Make the Difference!”

The technology and service company impressed with the development of new controller roles to support its transformation. The ICV also recognized a project by A1 Telekom Austria, “Finance Analytics @ A1 Austria,” a process for the introduction of advanced analytics, as well as the project “Introduction of a Product Lifecycle Controlling in the KUKA Robotics Segment” by KUKA Deutschland GmbH. The award was presented on April 26, 2021, at Europe’s leading controlling conference, the 45th Congress of Controllers.

Every year, the ICV International Association of Controllers honors exemplary, practical controlling solutions with the prestigious award. The expert jury, made up of both practitioners and professors, is headed by the Chairman of the ICV Board of Trustees, Prof. Dr. Utz Schäffer, from the WHU Otto Beisheim School of Management, Institute for Management and Controlling, Vallendar.

The starting point for the winning project of Bosch was the fact that the company also develops its controlling with advancing digitization. The controllers support the operational business units with new management concepts, methods, systems, and tools in the

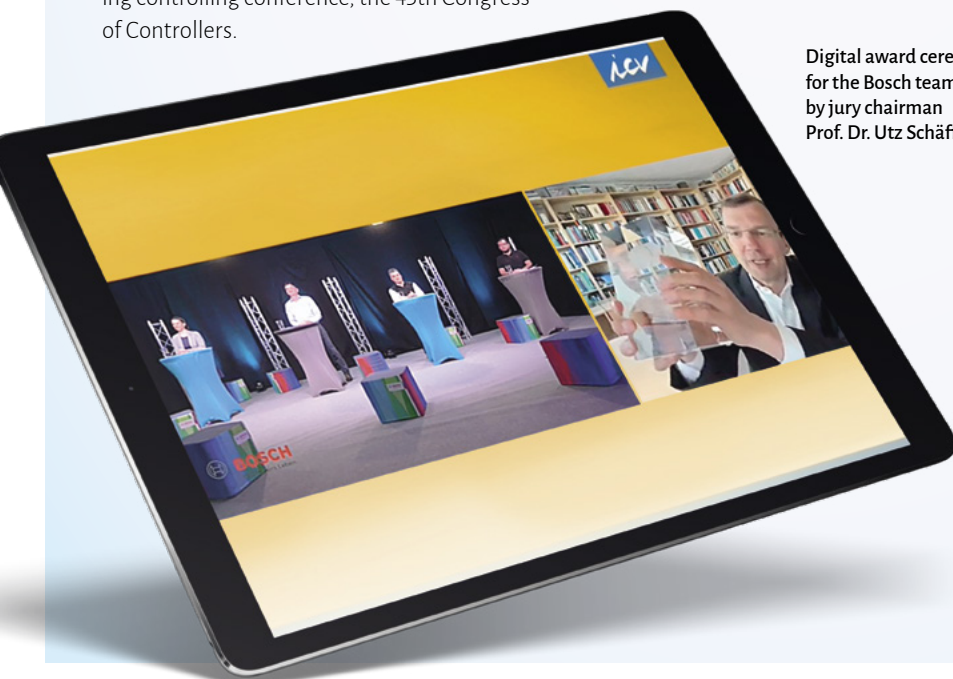
process of becoming the leading provider in the Internet of Things and for mobility solutions. Since the digital transformation also leads to new business models for Bosch, it is an urgent task for the controllers to support them in their development and expansion with appropriate and adapted as well as new management instruments.

This also includes effectively managing and mapping the increasingly cross-unit business. At the same time, controllers increase their efficiency in their own functional area through process automation with Robotic Process Automation (RPA), the creation of machine forecasts with predictive analytics, e.g. for sales, and through the use of highly integrated reporting systems with customer-oriented dashboards.

As part of the concept, Bosch developed five new roles for the company’s 4,000 controllers and has implemented them since the beginning of 2021. In addition to the well-known “business partner” profile, there is also the business analyst, subject matter expert, governor, and data scientist. For each of these roles, a specific competence profile and a matching training curriculum was created.

(The application deadline for the 2022 ICV Controlling Excellence Award is January 31, 2022.) ■

Digital award ceremony  
for the Bosch team  
by jury chairman  
Prof. Dr. Utz Schäffer.



## ICV Newcomer Award 2020: The “Cuckoo in the Accountant’s Nest”



Jesper Juul, winner of the ICV Newcomer Award 2020

The ICV Newcomer Award 2020 was presented on November 7 to Jesper Juul from the School of Economics and Law Berlin for his master’s thesis “The application of performance metrics in earn-out provisions,” supervised by Prof. Dr. Thomas Gruber. Second place went to Christoph Beis and Andreas Friedrich from the Stockholm School of Economics for their master’s thesis “The Data Scientist: A Cuckoo in the Management Accountant’s Nest?,” supervised by Prof. Dr. Lukas Goretzki. Third place went to Manuel Mandl with his thesis “Use cases and implementation of manufacturing execution systems data in a process mining application,” supervised by Matthias Regier and Prof. Dr. Gunther Friedl at TU Munich.

Since 2005, the ICV has annually recognized the achievements of young professionals who develop innovative scientific solutions to practical problems in controlling during their studies by awarding a prize for excellent final theses. Applications are open for theses written in German and English.

“It is of great importance for controller practice that students not only deal with theoretical concepts and methods during their education, but also with their practical application and resulting problems,” explains the ICV jury chair, Prof. Dr. Nicole Jekel, from the Beuth University of Applied Sciences Berlin. The jury’s decision focuses not only on the scientific foundation but also on the practical relevance of the question, the direct practicability of the concepts developed, and the degree of innovation of the theses. Furthermore, the conformity of the theses with the basic positions of the ICV or their critical discussion is evaluated. ■

## Green Controlling Award for “CO<sub>2</sub>-Neutralization of the Bosch Group in 2020”

The 2020 Green Controlling Award of the Péter Horváth Foundation in cooperation with the ICV International Controller Association has been awarded to Robert Bosch GmbH for the project “CO<sub>2</sub> neutralization of the Bosch Group in 2020.”

To enable Bosch as a global industrial company with its more than 400 locations to be CO<sub>2</sub>-neutral, an interdisciplinary team of controllers, engineers, and energy and climate experts developed and launched an ambitious program with various levers. To make CO<sub>2</sub>-neutrality possible, Bosch is investing not only in renewable energy supplies but also and above all in the energy efficiency of its locations. By 2030, the company aims to successively improve the ecological quality of its CO<sub>2</sub>-neutrality by increasing these two measures. As short-term levers, Bosch also purchases green electricity and fully offsets unavoidable CO<sub>2</sub> emissions through selected climate protection measures.

Torsten Kallweit, Head of Environment and Sustainability at Robert Bosch GmbH, received the €10,000 Green Controlling Award 2020 for the project “CO<sub>2</sub> neutralization of the Bosch Group in 2020” from Péter Horváth and ICV Chairman Heimo Losbichler on September 23 at the Stuttgart Controlling & Management Forum (online). ■

ICV



Hans-Peter  
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Prof. Dr Péter Horváth (left) with Torsten Kallweit, Head of Environment and Sustainability at Robert Bosch GmbH, who accepted the Green Controlling Award 2020 for the project “CO<sub>2</sub>-neutralization of the Bosch Group in 2020”.

# Servitization & Controlling – Insights from the ICV Think Tank



Every year, the Think Tank of the ICV (International Association of Controllers) asks its members for trends as well as underserved topics to address and develop its annual topic. This article deals with this year’s main topic, “Servitization & Controlling.”



**Prof. Dr. Ronald Gleich**

Academic Director of the Center for Performance Management & Controlling at the Frankfurt School of Finance & Management.

Challenges of controllers associated with a business model shift toward servitization: What are the costs incurred in delivering a service on top of a product? How should this service be priced and billed? How is success measured? When confronted with service-based business models, companies historically focused on products often need to rethink the applied controlling concepts.

Servitization describes the change and enhancement of product-based business models through various forms of services (Klein, 2019). While such models are still rarely addressed from the perspective of controlling, they are becoming increasingly important as digitization becomes more widespread. With the changes inherent, not only are business models transformed, but also how they are measured and controlled. As business partners, con-

trollers have to help management to address changed cost objects and structures, as the boundaries of fixed and variable as well as direct and indirect costs blur in service environments. Another challenge ahead is profitability and marginal cost analysis (Cinquini & Tenucci, 2011, p. 11). Controllers must drive the change and use their business and data understanding to steer the upcoming business models with the right concepts.

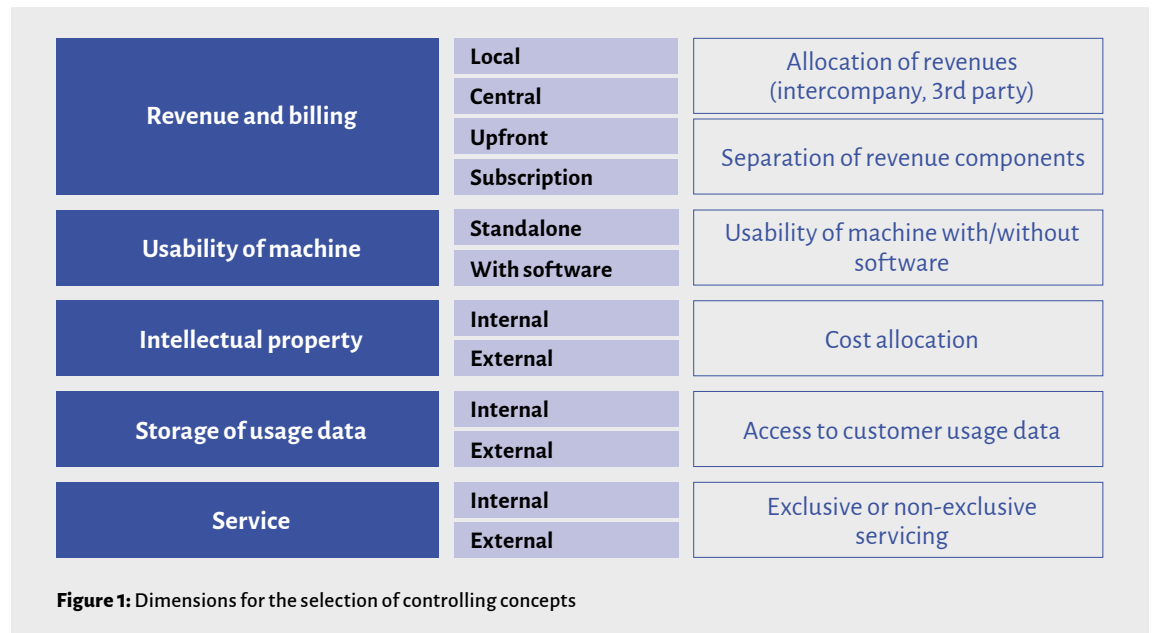
The Think Tank develops its results by combining application examples from corporate practice to support the academic findings of the ICV.

Various business models require an array of concepts in controlling. One example of such a business model is the subscription model.



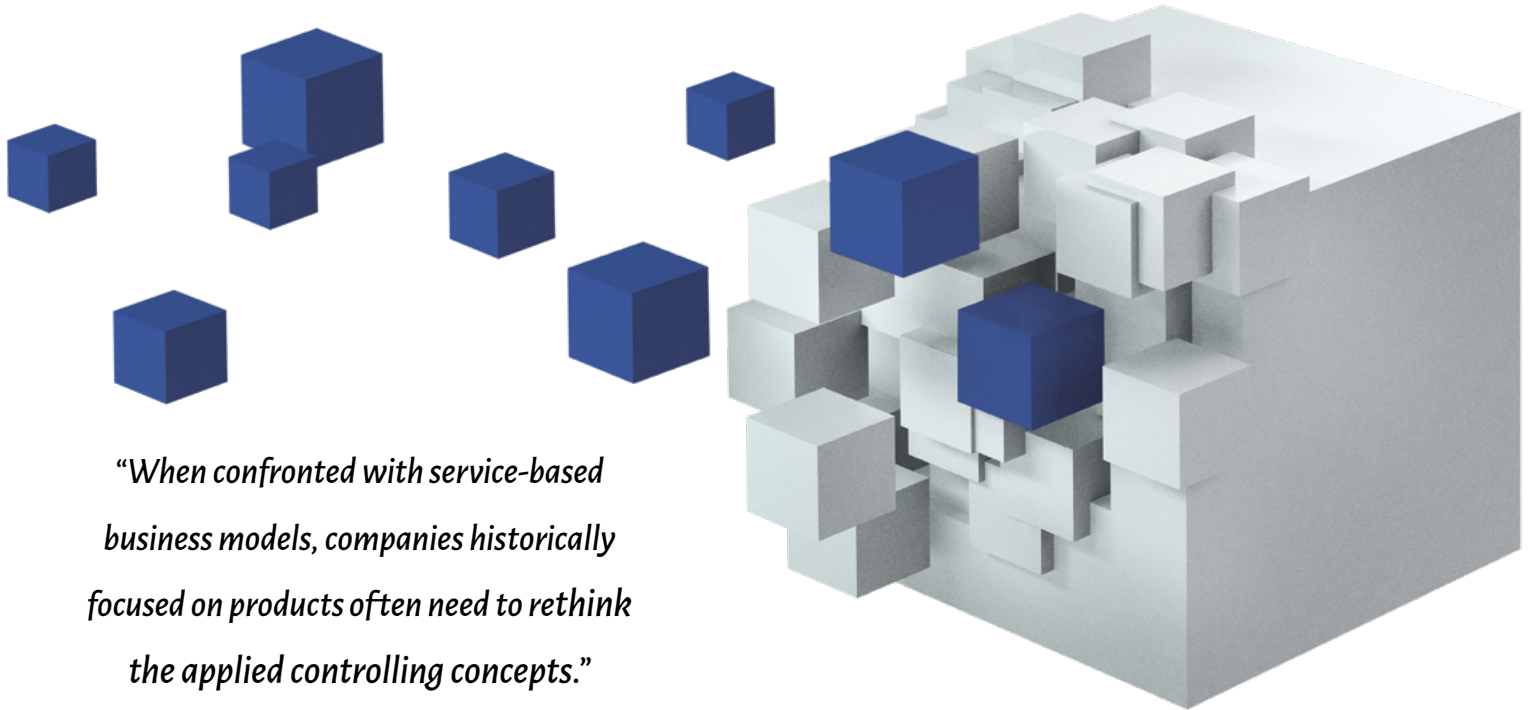
**Dr. Jan Christoph Munk**

Research Director of the Strascheg Center for Impact in Innovation & Entrepreneurship (SCIE) at the EBS University in Wiesbaden.



**Figure 1:** Dimensions for the selection of controlling concepts





***“When confronted with service-based business models, companies historically focused on products often need to rethink the applied controlling concepts.”***

In addition to the stated challenges regarding cost and profit controlling, controlling of subscription models requires the preparation and support of the examination of financing partnerships. Due to a shorter notice period, the cash flow profile of a business changes. In addition, customer data is continuously analyzed. The shorter notice period and the resulting revenue volatility require constant churn analysis, as well as forecasts of terminations based on usage profiles and other customer data. To do so and anticipate the volatile cash flows, the organization must apply modern forecasting, analytics, and machine learning methods. To that end controlling must be available with its expertise regarding all aspects of company data. It needs to provide analyses to support the transformation of the business model, and at the same time develop analyses for the day-to-day business under the new business model. An overview of topics that controllers must analyze and structure for this transformation can be seen in Figure 1.

Controlling offers the capabilities and tools to develop measurements of the quality of services as well as the return profile of subscription models.

Service excellence is a concept targeted at generating customer delight and therefore loyalty. The associated measurement is complex because it relates to the entire organization. In addition, customer delight and outstanding customer experiences are not objectively measurable quantities, but rather subjectively perceived indicators. It is therefore a major challenge to generate standardized metrics from the “soft” facts. The metrics used to date to measure customer satisfaction such as Net Promoter Scores (NPS) are only a first step. In addi-

tion, the data situation in many organizations is deficient. Finally, the responsibility for service excellence is not clearly defined in many organizations and therefore individual goals are not set. Controlling therefore can help shape service excellence in the company and thus contribute to corporate success.

In addition to the NPS and traditional financial KPIs, additional KPIs can be applied to enable a customer view on investments and returns. For repeat-service business models, such as subscription models, CAC, ARPU, churn, and retention time as well as various costs can be combined to calculate the CLV.

As it calculates the value generated per average customer over its customer lifetime by the initiative at hand, the CLV is particularly useful for estimating the value that is created in a year to materialize in the following years. In addition, due to this feature, it is especially suitable for initiatives involving larger investments due to their inability to fulfill corporate breakeven-period requirements. Especially in planning and communication with board members, the CLV can help to generate an idea of an initiative’s economics. Initially, retention times, customer acquisition costs, and average revenue per user are planned using assumptions. However, controllers need to constantly challenge and validate these. ■



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EXIT

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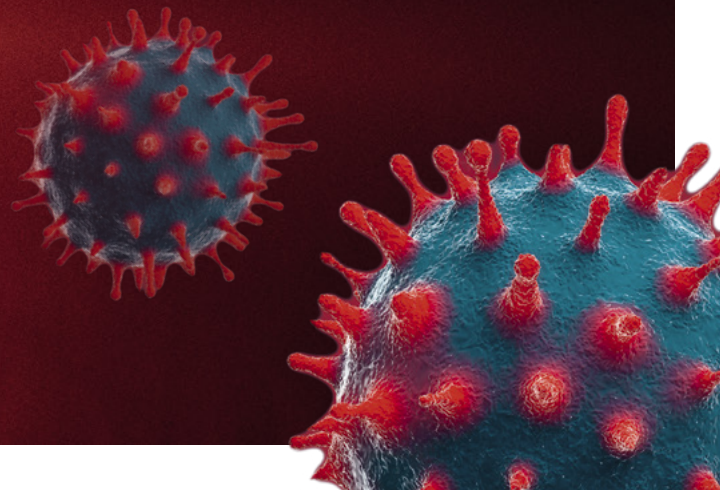
# Cost Management in Times of Crisis – First Results of a Study in 4 Countries

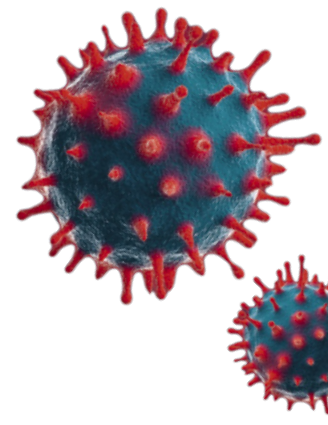
The current coronavirus crisis represents a major challenge for controllers and managers. Uncertainties and the resulting risks concerning politics, markets, and technology and their interplay must be mastered, and sudden drops in sales must be managed. Cost management offers a comprehensive arsenal of instruments and methods that can be used to manage crises.



The study, jointly conducted by four members of the International Group of Controlling (IGC), the Frankfurt School of Finance & Management, the University of St. Gallen, the Joanneum University of Applied Sciences, and the Croatian training company Business Effectiveness, in the DACH region and Croatia, focuses on the analysis of cost management in companies which have been affected by the current crisis.

Data collection took place in the period from March to May 2021 in the form of a standardized online survey. A total of 402 companies, represented by executives and experts from finance and controlling, took part in the study. Of the participating companies, 92 (22.9%) were from Germany, 72 (17.9%) from Austria, and 119 participants (29.6%) each from Switzerland and Croatia.





The study participants are predominantly from the service sector as well as the manufacturing industry. Measured by the number of employees, a clear focus of the sample is on small and medium-sized companies.

## Results at a Glance

The pandemic has prompted many companies to develop their cost management further. This is especially true for large companies (more than 2,000 employees): 40% of these companies took the pandemic as an opportunity to optimize their cost management, while only 24.1% of medium-sized and 21.5% of small enterprises did so. Of these companies, more than 50% were able to improve their cost efficiency according to their own assessment.

One driver of greater cost efficiency is the flexibilization of cost structures. Just under half of the companies have recently worked on changing their cost structure and have minimally increased the share of variable costs on average (from 45% to 46%). However, this prima facie seemingly small change is remarkable against the background of significantly falling sales (-18% on average during the current crisis) and can be attributed to extensive controlling and management activities with regard to the cost structure.

The answers to three key questions on cost efficiency show that cost efficiency was generally increased during the coronavirus crisis and that steady improvements were achieved. However, the answers also show that the efficiency improvements are perceived to be overall relatively moderate and that there is still further potential for optimization:

- ▶ We have managed to continuously reduce our costs in relation to our sales (average agreement 3.22 on a scale from 1 to 5).
- ▶ We have continuously increased our cost efficiency (agreement 3.29).
- ▶ In terms of our cost efficiency, we have managed to improve continuously (agreement 3.29).

An important factor in increasing cost efficiency appears to be a defined cost control: the more companies controlled their costs in precisely defined periodic cycles, the more they were able to continuously increase their cost efficiency.

Another success factor for increasing cost efficiency can be the use of suitable tools at the process, resource, and product level. Dividing the companies into different groups in terms of their performance in cost management, it becomes apparent that companies in the “high-performance cost management” group use modern cost management tools to a high degree. This can be observed, for example, at the process level. “High performers” extensively use such tools as activity-based costing, process benchmarking, or “kaizen costing.”

The innovative tool Robotic Process Automation (RPA) is also used more extensively by these companies than by companies with a less efficient cost management.

The conclusion can be drawn that high-performance cost management with a wide range of approaches, i.e. resource-, process-, or product-related starting points, and several actively used tools, can certainly bring companies competitive advantages, and not only in times of crisis, especially if the cost position is a strategic success factor in the respective market.

However, successful cost management cannot only be attributed to the use of cost management tools in general but must also be anchored in corporate management. Many companies see the efficient handling of costs as an important management task, and managers exemplify cost-conscious thinking and action. A high level of agreement was found among the participating experts on these aspects.

## Conclusion

This study has shown that many companies already had a distinctive and efficient cost management system in place before the coronavirus crisis. During the crisis, cost management was further optimized. It should be particularly emphasized how important and effective regular cost control is and what positive influence the use of various tools at different levels (process, resources, product, i.e. the objects of proactive cost management according to Franz/Kajüter 2002, p. 13) has on the efficiency of cost management. ■

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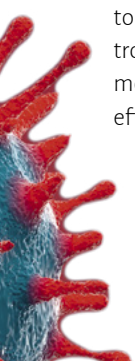
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# How transfer pricing complicates tax control

On engaging with the subject of transfer pricing, it is obvious that the tax angle plays a dominant role. Current buzzwords include ATAD (Anti Tax Avoidance Directive) and CbCR (Country-by-Country Reporting). Prevalent discussion topics include avoiding compliance breaches, fines and even double taxation. The impact on operative controlling is soon forgotten when implementation focuses on the tax angle.

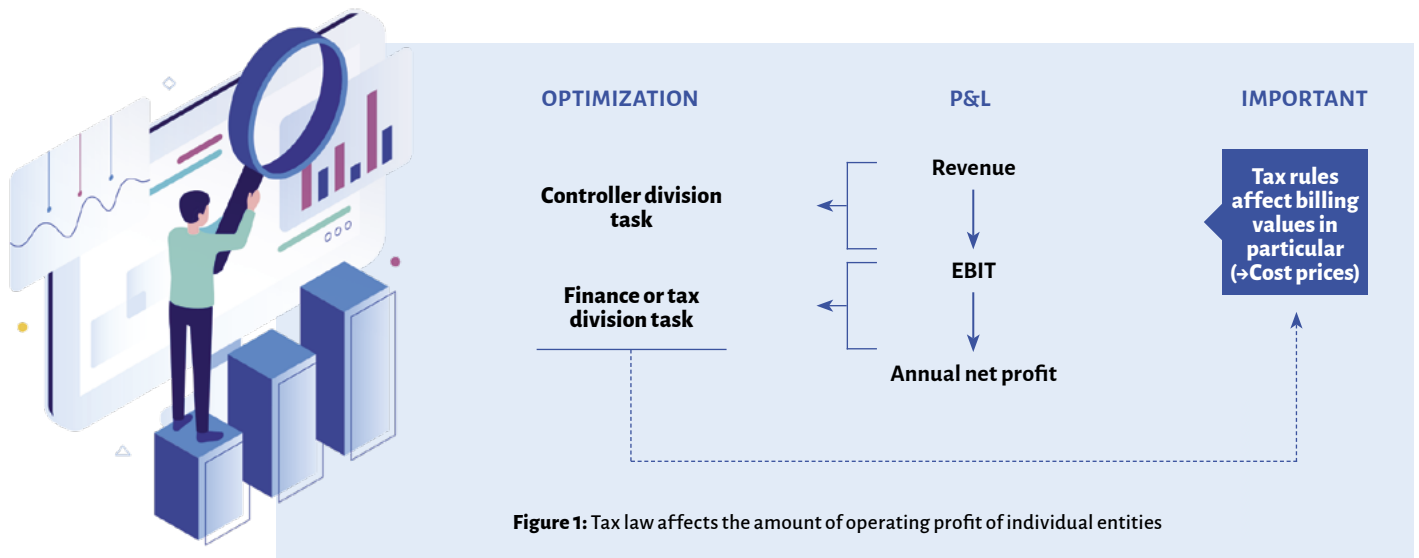


Figure 1: Tax law affects the amount of operating profit of individual entities



Guido  
Kleinhietpaß

Trainer and Partner  
at the CA Akademie AG



The following example was chosen because it shows a situation in which the tax logic is not sufficient, but requires additional information from the controller division. Point of departure is a typical tripartite value creation structure, see Fig. 2.

In the initial situation, the principal is left with €23. Both routine entities, i.e. the manufacturing contractor in the production function and the LRD (limited risk distributor) in the sales function, receive the tax-wise reasonable margin of cost plus 5% and resale minus 15%. Each of the three companies generates a profit from their share in value creation and therefore has an interest in pursuing the business.

Let's assume an increase in production costs, see Fig. 3 with regard to our example. Wastage has increased,

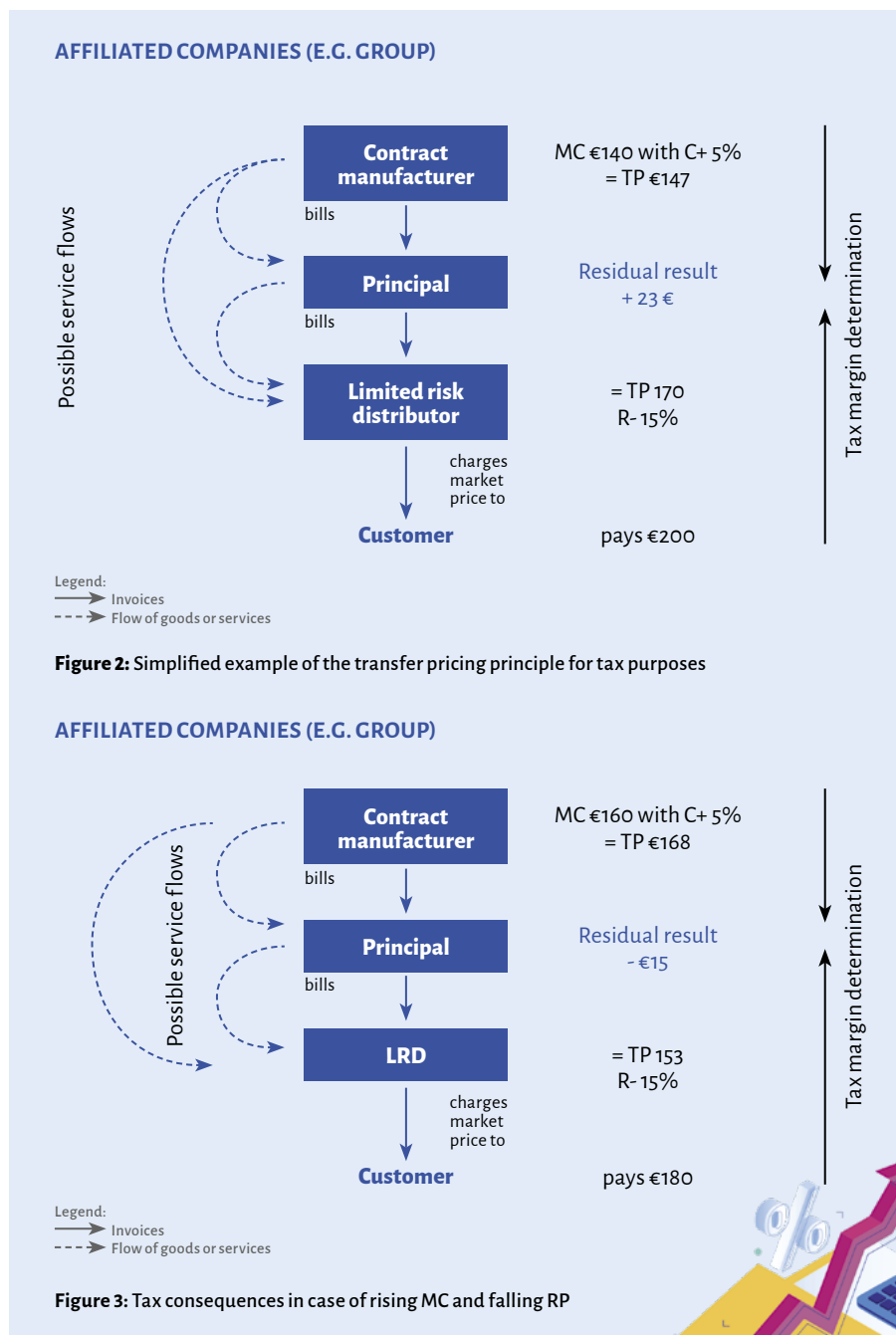
also reworking, and the cost of some raw materials has risen. Manufacturing costs rise from €140 to €160. From a tax point of view, the transfer price must be increased to €168. This however presents a problem for the controller. The tax margin of the contract manufacturer rises from seven to eight euros. It is not logical that higher costs (due to raw material costs) should lead to higher margins. And especially not if the contract manufacturer is responsible for the costs (reworking). The cost plus method generates neither an incentive for efficiency nor transparency. Indeed, it may be posited that production should not show a margin at all. From a tax point of view, this is a given: "the margin of any company corresponds to its share in the value chain." In the controller's book however, no turnover with external customers means no profit.

The same applies to the distribution company. It is unable to maintain the price on the market. While the drop in price of €20 is reflected in the lower sales figures, unfortunately it is not taken fully into account. Due to the price drop, the LRD margin narrows from €30 to €27. To be correct, it should have dropped to €10. In addition, return on sales (ROS) remains unchanged at 15%. **This means that sales cannot be assessed either on the basis of return on sales or of absolute profit.** Tax law has made it impossible to use either indicator. The above also applies to gross and contribution margins. After all, mathematically the two factors can each be converted into the other.

**“Reporting more profit than there is in sum to distribute is not possible.”**

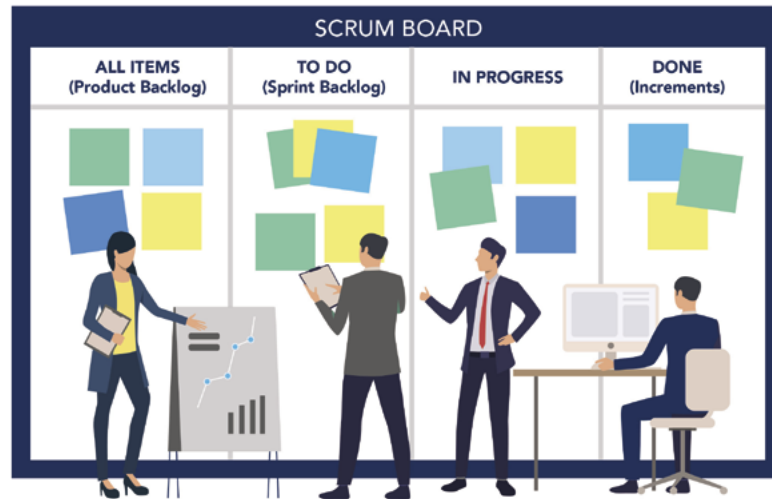
In most cases, auditing constitutes another step. Both gross and net margins are audited using the transactional net margin method (TNMM). Usually based on the EBIT, this is aimed at checking whether sufficient profit has been achieved. A typical case would be a shortfall in target sales volumes combined with a reasonable return on sales. After deducting fixed costs, the remaining profit is no longer reasonable from a tax point of view. In anticipation of this scenario, the tax division takes due counteraction such as lowering the transfer price to the distribution company in order to increase the latter’s EBIT. To sum up, **the good work of the tax division** destroys all the information required by the two routine entities for controlling purposes.

This applies even more so to the principal. They report a loss of -€15. Without information processed in a different manner, they have **no** interest in pursuing the business venture. The profits reported by the routine entities are not included in the principal’s books. It would however be wrong to take



this product out of the range. From the group’s point of view, the sum of the three sub transactions constitutes a (“consolidated”) profit of 20. In the end, the individual companies report the following figures: +8 / -15 / +27. Following the tax logic, this distribution of profit is correct. In the controller’s eyes, it is a nonsense. Reporting more profit than there is in sum to distribute is not possible.

In this example, tax law generates figures that run completely counter to controlling logic. As the accounting invoices are not determined by commercial, but by tax law, the data in the inventory, expense and income accounts of the three companies are not usable without additional information. ■



# Embracing Agility to Bolster Finance Transformation

Today's unique challenges require the finance and accounting function to adapt to rapid change and increased data accessibility. To best position their teams to anticipate and respond to change while meeting business demand for greater value creation, strategic insights, and decision support, some CFOs and Controllers aspire to declare their teams agile finance functions. Rooted in the core values and principles of Agile software development, agile finance functions focus on creating value through the following characteristics:

- ▶ Scalable, efficient operations
- ▶ Transparent, accessible data and metrics
- ▶ Frequent inspection to ensure fit-for-purpose insights
- ▶ Quick, responsible adaptation to change
- ▶ Empowered, capable, multidisciplinary teams

When these attributes are paired with advancing technologies, value creation-centric strategies, and an inclusive, collaborative culture, finance functions are well-posi-

tioned to streamline day-to-day tasks, accelerate project delivery, bolster the quality and relevance of analytical results, and foster continuous improvement and innovation. Some teams reap even greater success when adapting the Scrum Framework, a popular branch of Agile software development, to project management and business processes.

Leaders can take three steps toward strengthening agility within their functional teams:

1. Assess your team's current agility: Use the characteristics above to determine your team's current level of agility. Encourage your leadership team and some of their staff to participate. Analyze the results and identify the greatest gaps.
2. Strategize and collaborate to fill gaps: Develop a strategy that defines a tactical approach to filling those gaps. Assign each gap to a member of your leadership team and empower them to propose how the gaps should be closed.
3. Visibly support development: Lead by example and learn more about Agile and Scrum. From there, prepare an Agile and Scrum capability development offering for your teams and require leaders to give their team members time and space to participate in the training.

Agility is no longer an aspirational trait, but a requirement for organizational success. IMA's Statement on Management Accounting (SMA) on the topic, "An Agile Approach to Finance Transformation," explores the role of agility in finance functions and leverages accounting and finance use cases to demonstrate value delivery through the application of Agile and Scrum. Finance function leads would benefit from embedding and leveraging agility as they transform with the ultimate goal of becoming an agile finance function. ■

**You can access IMA's Agile & Scrum Series of online courses and find my latest report, "An Agile Approach to Finance Transformation" here: [myima.org/agile](https://myima.org/agile)**



**Jiles  
Loreal**

IMA's Vice President of  
Research and Thought  
Leadership

# Surviving the crisis and positioning oneself now for the upswing afterwards

The ICV has published a dream car report of its think tank “Ideenwerkstatt”

Keeping companies on course in situations that threaten their existence and initiating realignment and a new start is where controlling makes a decisive contribution by providing systematic approaches. The ICV has published a new publication “Always stay on course – How controlling navigates companies through times of crisis”.

The dream car report of the ICV think tank shows ways to work one’s way out of the serious Corona crisis. It describes corporate crises and related tasks, instruments and processes along a phase model – from crisis recognition and preparedness, to short-term survival and stabilisation, to realignment and a potential new start. When the team of the ideas workshop started to deal with this topic in 2019, it was not yet nearly clear how relevant “controlling in times of crisis” would soon be and what challenges the Corona crisis would pose to companies.

## Securing Liquidity without “Shock Rigidity”

The authors leave no doubt: in crisis management, “cash is king”. Short- to medium-term liquidity should be secured, for example, by drawing down/expanding credit lines or working capital measures. Companies with a strong equity base proved to be particularly resilient.

Once liquidity is secured, the next step is to work on the earnings base. “Blunt cost cutting no longer does justice to the situation in current crises. Clear analysis, the clear

### Concentrated controlling expertise in the author team

In the team of authors of the ICV Ideas Workshop illustrious names: Prof. Dr. Ronald Gleich, Frankfurt School of Finance & Management; Stefan Tobias, Horváth & Partners; Prof. Dr. Heimo Losbichler, FH Upper Austria; Siegfried Gänßlen, ICV; Manfred Blachfellner, Change the Game Initiative; Dr. Lars Grünert, TRUMPF; Prof. Dr. Péter Horváth, Horváth & Partners; Prof. Dr. Mischa Seiter, University of Ulm; Karl-Heinz Steinke, ICV; Prof. Dr. Jürgen Weber, WHU Otto Beisheim School of Management; Dr. Jan Christoph Munck, EBS University of Economics and Law; Alexander Schlüter, EBS University of Economics and Law.

delimitation of future topics on which savings must not be made, as well as the identification of vital areas and processes require customised approaches, which must be supported with reliable controlling information.”

The publication helps to look ahead. Because beyond the crisis, the cards are often reshuffled in many industries. “Companies that can quickly emerge from crisis mode can achieve above-average competitive advantages in the process.” Immediate reaction – “both in switching quickly to crisis mode and switching back to normal mode” – is crucial. Controlling can counteract “remaining in a state of shock” with key figures and trigger points, for example, that announce a normalisation of the situation.

If opportunities that open up, which crises can offer for sustainable changes and improvements, are to be used, then experiences and lessons learned must be systematically described and discussed in the organisation. On the other hand, it is necessary to cut off obvious things that are not needed for the future direction of a company.

After covering theory and best practices, with practical tips or “key takeaways” in each chapter, the publication focuses on highly topical practical examples. The companies Kärcher, TRUMPF and Siemens provide insights into how they have dealt with crises. In this way, valuable crisis experiences are shared that can be incorporated into prevention and action planning. ■



The publication will be available in English from the ICV in autumn.



# To work remotely, or not to work remotely, that’s the question.



**Dragana  
Mujanovic**

Head of the  
International Work Group

In 2021, due to the coronavirus crisis, the ICV International Work Group was forced to work remotely, as did other teams. The team quickly adapted, and we immediately figured out how to constructively use the time in front of us. As the activities with the highest potential for remote work include updating knowledge and interacting with computers, it didn't take us long to design the ICV Int WG Academy. We decided to organize two training events for members every month and offer our knowledge to each other. This is how our ICV Int WG Academy was created, which lasted six months and organized 12 excellent online workshops.

We even planned “time for friends.” And we were great! But remote work was slowly beginning to open up new questions.

While remote work is certainly not new, what was new is the suddenly imposed absence of choice – and thus the appearance of fear and doubt whether we will see our colleagues again and be able to enjoy our work as before.

Although we are an international group, from Germany to Bosnia and Herzegovina, the virus broke through cultural and technological barriers that prevented remote work in the past, setting in motion a structural shift in which work takes place. Thus, our ICV Int WG Academy indirectly initiated one fruitful discussion: what is the relevance of the work of our group in long-term remote working? Namely, we are primarily a working group based on the promotion and exchange of controlling knowledge through socializing, friendships, and support.



**Virtual meeting of the ICV International Work Group via Zoom.**

Just as doubt and uncertainty play a huge role in Hamlet’s “To be or not to be” soliloquy, so too we have wondered full of doubt and uncertainty – what is the point of our group’s work if we continue to work remotely? At one point we wondered if we should pause the group until better times arrive. As trouble never comes alone, the “remote” rules that were now supposed to keep the group together were beginning to consume it quietly from within. “To live, or to die.”

This, however, woke us up and helped us realize how much we really enjoy our group and how much we missed our in-person work in companies. We realized that we can function remotely, but that we do not want that in the long run. As many of us have found in the last year, technology – no matter how good – can’t replace what the human interaction with colleagues and peers provides: new ideas and inspiration, shared purpose, a sense of belonging, and many other nontangible benefits.

For sure there are many groups with highly functional, productive, and motivated remote teams, but we can’t wait to start working together again – in person. ■



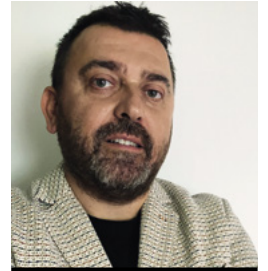


# Controlling Response during the Covid-19 Pandemic in Bosnia and Herzegovina Enterprises

In Bosnia and Herzegovina experts did some research in their country regarding Covid-19 and the controlling response in companies. The theory and practice of controlling has been on the increase, also during the Covid-19 pandemic. The aim of the study was therefore to consider the controlling function response in Bosnia and Herzegovina enterprises and its importance during the pandemic. In order to obtain relevant answers from enterprises that have a business function of controlling, questionnaires were sent to enterprises in Bosnia and Herzegovina that might have a controlling function and to alumni of CBA-Controlling Business Academy Bosnia and Herzegovina. In 53.3% of cases respondents were directors of companies in Bosnia and Herzegovina, while 13.3% were head of the controlling department, 13.3% financial managers in the companies, and in the remaining 20% of cases they were business planners, analysts, and business owners.

In this research, the authors confirmed the hypothesis that controllers in Bosnia and Herzegovina enterprises success-

fully responded to the Covid-19 pandemic. Today's conditions of work for all Bosnian and Herzegovina enterprises are extremely complex, and the Covid-19 pandemic placed additional pressure on businesses. Regardless of size and organization, all enterprises wanted to continue trading during the pandemic, so they will not hesitate to analyze possibilities to preserve existing and create new value in the business. And one of the indispensable features is certainly increased application of controlling the operations of enterprises. This will surely only succeed for those who work to increase their viability, as the basis of their ability to achieve lasting business success. Spirited companies will quickly adapt to change, so the concept of controlling the application of proven in practice as a way of solving the problems of coordination and integration will become inevitable in the enterprise business. It is expected that the number of enterprises that apply controlling will increase in the future, along with an improvement of the framework conditions and the modernization of education. ■



Prof. dr. sc. Slavko Simic

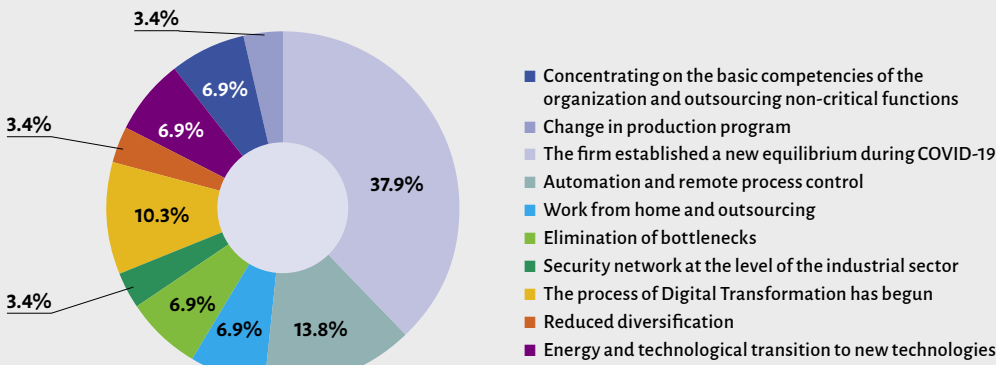
Head of ICV Work Group BiH



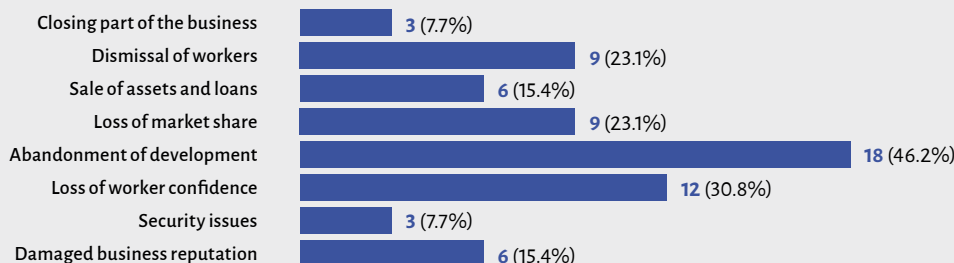
Mr. sc. Branko Markovic

BROSS Co. d.o.o. Bosnia and Herzegovina

## CONTROLLING RESPONSE TO COVID-19 PANDEMIC



## THE NEGATIVE CONSEQUENCES OF THE COVID-19 PANDEMIC ON YOUR BUSINESS





# Good Old Statistics Is Coming Back



Jasmina Očko

Controlling consultant, Head of ICV Work Group Croatia I

Despite having a long history, it seems that statistics has finally become the real star in everyday business. Experts are turning to it to get the most out of traditional statistical and mathematical models, which serve as the basis for data analytics, machine learning and artificial intelligence.

For this reason, today's controllers and business analysts also need to be top-notch experts in this classic discipline. Statistical models are increasingly used to collect data, establish behavioral patterns, or describe business events. Analysts use predictive

analyses to try to discover and apply connections between data sets coming from various sources.

Of course, the use of statistical models comes with an array of challenges. If statistical analyses are not conducted skillfully, then statistics can be nothing more than a set of incorrect data that reveals nothing. For example, a manager asking their analyst for information on sales in a particular sales region is a story that can go in different directions. The analyst must know precisely what the manager needs and for what purpose: 1. to prepare a plan for the upcoming period, 2. to decide on rewarding their team in the future, 3. to reflect on a new customer in the region, or 4. to tackle an issue related to strategy. For each of these scenarios, the analysis method may be completely different. Using statistical tools to analyze business data requires a set of particular competencies.

*“The use of statistical models comes with an array of challenges.”*

This is why WG Croatia I has prepared several workshops on statistical functions in data analytics practice.

What can we say – statistics already has everything we need; it is up to us to finally make the best of it! ■

## 5 Cost Management Elements



Dr. Mladen Meter

Controlling and Finance Consultant, Head of ICV Work Group Croatian Adriatic Region

There is obviously significant room for improvement in cost management systems in Croatian companies, since, according to the results of the European cost management study conducted in Croatia by Business Effectiveness Ltd. in May 2021, less than a quarter of the surveyed companies monitor and manage costs on a regular basis.

One of the possible concepts for more successful reporting and cost management consists of five elements:

1. Management logic of business model
2. Cost interdependence with other variables in the model
3. Causes of creating certain costs
4. Direct responsibility for cost management
5. Plan, analyze, and report costs and manage variances

The management logic of the business model (1) must be transparent, in order to see the logic of business operations and positioning the importance and interdependence of prominent costs with other variables in the model (2). For cost management in the business model, it is necessary to qualitatively identify the causes of the creation of individual costs (3) and influence them, and not focus exclusively on already achieved, consequent cost results.

In order to manage costs successfully, it is also necessary to assign direct responsibility for cost management (4) and, if possible, to establish a system of incentives and motivation. Comprehensive cost controlling must ultimately include planning, analyzing, and reporting costs as well as managing variances (5).

This basic concept can of course be further developed, but it can serve as a good starting point for establishing a logical and relevant cost management system, especially in companies that have yet to start developing it. ■



# Expected Evolution of Controlling Processes

Main Controlling Processes	STATUS IN 2021			EXPECTED IN 2026		
	High standardization	High use of SSC	High automation	High standardization	High use of SSC	High automation
Planning Budgeting and Forecasting	63%	9%	19%	88%	37%	94%
Investment Controlling	34%	4%	9%	59%	27%	59%
Cost Accounting	63%	22%	37%	96%	75%	94%
Management Reporting	58%	9%	42%	94%	59%	90%
Business Partnering	18%	3%	9%	33%	14%	31%

Figure 1: State of standardization , automation, and use of SSC in controlling processes

Changes in the business environment related to the digitization of financial processes affect the current and future shape of controlling processes. This article presents the results of a survey conducted during the webinar of the International Association of Controllers (ICV) on the future of controlling<sup>1</sup>. The aim of the study was to determine both the current state of standardization, automation, and use of SSC in controlling processes and expectations in five years' time. A similar study was conducted by Schäffer and Weber in 2018 and presented internationally<sup>2</sup>.

Responding to the questions, on a scale from 1 to 5, the respondents rated the degree of standardization, automation, and the use of SSC in controlling processes. The percentage of answers 4 and 5, i.e. indicating a high degree of application, are presented in Figure 1. On the left side, the situation in 2021 is presented, and on the right the expectations for 2026.

Future expectations regarding a high degree of standardization, automation, and the use of SSC relate to such processes as planning, budgeting and forecasting, cost accounting, and management reporting. The results of the study show that these processes are already highly standardized today; they drive automation and

efficiency in enterprises. Thus, they become suitable for relocation to the SSC.

On the other hand, the areas of controlling which today are to the least degree standardized, automated, and performed by SSC relate to direct support of managers by controllers and creative tasks of designing new business models and strategies. In the case of controlling investment and business partnering processes, the research clearly showed this. This doesn't mean that these processes should not be standardized, automated, and performed by SSC. This means that these processes are not yet completely defined, and companies are now designing and implementing them.

However, the expectations of managers regarding the role and scope of support by controlling teams clearly indicate that a business partnering process based on combined interpersonal, financial, and technological competences of controllers is the future direction of the development of controlling teams. ■

<sup>1</sup>Survey conducted during the webinar UNDER CONTROL by Malgosia i Tomek "Future of Controlling with Prof. Dr. Utz Schäffer," May 12, 2021  
<sup>2</sup>Schäffer, Utz; Weber, Jürgen (2018): Lean Controlling - Wo stehen wir? In: Controlling & Management Review 62 (8), p. 190.



Malgorzata Podskarbi

ICV Board Member



Dr. Tomasz M. Zielinski

ICV Delegate for Poland



# Pessimistic & Optimistic Trends



**Dr. Georg Schneider**

Head ICV Work Group  
Moscow

In 2021, as part of the ICV Controlling Working Group Moscow together with the AHK Moscow, we noticed controllers' interest shifting from traditional methods and forms of corporate finance management to advanced and even innovative ones.

For many companies, 2020 was literally a “shake-up,” and not always in a negative sense. We saw both pessimistic and optimistic trends in various business sectors. The common and unifying factor was the great instability and resulting great difficulty in forecasting. A specific regional risk for businesses in the Russian Federation was the weakening of the ruble by approximately 30% in 2020.

Therefore in 2020/21, controllers in Russia preferably operate in two directions:

1. Improvement of process efficiency and company control
2. Changing of planning mechanisms in an unstable environment

*“For many companies, 2020 was literally a ‘shake-up’, and not always in a negative sense.”*

Examples of the first direction are more effective management of working capital, credit management, break-even point management, and hedging currency risks.

Examples of the second are beyond-budgeting, rolling forecasts, and rapid response to changing macroeconomic conditions.

During extensive exchanges of opinions within the working group it was asserted that the role and responsibility of the controller and CFO in Russia increased during the pandemic because of the enormous rise of complexity in decision-making.

Regular meetings of the working group took place in the first half of 2021 in Moscow, hybrid format:

## February 11, 2021:

- ▶ “Separate accounting for income tax in SEZ”, Viessmann Lipetsk LLC
- ▶ “Implementation of parallel accounting principles for tax accounting purposes”, Alpe Consulting LLC
- ▶ “Provisions accounting according to international accounting standards”, Sternhoff Audit LLC

## March 25, 2021:

- ▶ “Company valuation, investment controlling, and its key indicators”, OOO Artemis Group
- ▶ “Transition from classic budgeting to management by strategic objectives: the experience of Hochland in Russia”, Hochland Russland LLC

## April 21, 2021:

- ▶ “Banking business in Russia – differences and common procedures compared to Germany using the example of financing and hedging operations”, PJSC Rosbank
- ▶ “Sell more with lower risk. Credit management, experiences, and lessons learned in 2020”, Schaeffler Rus LLC

## June 10, 2021:

- ▶ “Russia 2021 – strengths, weaknesses, opportunities, and threats”, Commerzbank AG
- ▶ “Fast closing at KOTON”, KOTON TEXTILE Ltd. ■





# Slovenia Holds EU Council Presidency: ICV Focuses on Business Location



Jan-Frederek Thiele (right), Vice President Corporate Controlling MAHLE International GmbH, and Benjamin Hödl, Director Controlling Business Unit Mechatronics and Electronics.

On July 1, 2021, Slovenia took over the EU Council Presidency. For the first time since 2008, the country between the Mediterranean and the Alps is setting priorities in the international community in this capacity. The ICV has taken this as an opportunity to focus on Slovenia's economic and working environment as well as its controlling.

In doing so, the ICV is also paying tribute to the work of its members on the ground. With the founding of the ICV Work Group Slovenia in March 2007, the foundation stone was laid for the dissemination of the understanding of controlling according to the controller model of ICV and IGC (International Group of Controlling) in Central Europe – three years after Slovenia was the first country of the former multi-ethnic state of Yugoslavia to join the European Union.

The special Slovenia page on the ICV website is dedicated to the history and work of the ICV in Slovenia with an interview with the founder of the ICV Slovenia Work Group,

Dragica Erčulj. In addition, readers gain insights into the working world of MAHLE. For the internationally leading development partner and supplier to the automotive industry with headquarters in Stuttgart, Germany, Slovenia has been “an important hub for electronics and mechatronics activities” since 2014. This is what Jan-Frederek Thiele, Vice President Corporate Controlling of MAHLE International GmbH, and Benjamin Hödl, Director Controlling Business Unit Mechatronics and Electronics, report in an interview with Annegret Glöckner, Executive Advisor for Corporate Members in the ICV.

Due to the Covid-19 pandemic, in Slovenia the long trend of economic growth came to a sudden end, like in almost every other country. Slovenia had to face a massive slump in GDP of about 6% in 2020 compared to an average growth rate of 3.9% in previous years. For the near future, the forecasts are favorable – up to 4.7% for 2021 and 5.2% for 2022, provided that the country will manage and overcome the pandemic situation as soon as possible. ■



Dragica Erčulj

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

The interviews as well as a variety of interesting data, facts, statistics, and contact addresses concerning Slovenia as the ICV focus country 2021/2022 can be found at: <https://www.icv-controlling.com/en/association/specials/slovenia.html>



# Managing in Venezuela – Learnings for a VUCA World

A look at Venezuela, a volatile and highly complex environment, with fundamental changes, provides an insight into how organizations behave successfully in such an environment and what we can learn for the management in a VUCA world. Based on our experience and a series of interviews, four principles and several applications have been identified.

## Four Management Principles

From the research results, various successful management approaches emerge, which are expressed in four principles for management in the environment of fundamental changes with a high degree of complexity.

### Create allies

In an environment of high complexity and unpredictable changes, organizations are highly exposed. Faced with risks and opportunities in an uncertain environment, allies offer support and open new business opportunities. Many Venezuelan companies have built a network of allies by personal relationships and tight relations with stakeholders. They have achieved this through long-term relationships and in-depth knowledge of their partners' needs.

#### Case “Cash for public transportation”

While society was faced with a lack of coins and bank notes, employees could not pay the bus to go to work. Having found a source of cash, the company paid its employee daily in cash for the bus. It ensured the availability of its workers and strengthened their loyalty.

### Be alert and act quickly but consciously

In a permanently changing environment,



Venezuelan organizations have been undergoing fundamental change in a VUCA environment for 20 years.

organizations must always be alert to the smallest changes. In the case of unexpected events, they must decide quickly. In a volatile environment, small changes can have significant impacts. Hence decisions and actions must be taken very consciously. Therefore, organizations need to act with foresight, be prepared for all possible eventualities, and create a sensorium for minor changes.

#### Case “Shift of sales channel”

Having established effective sensorium instruments, the company got quick information about a new public order that prices in supermarkets must be cut. With a quick shift of the sales channel to smaller stores without price dictates, turnover could be ensured.

### Create change competence

To manage in a complex and rapidly changing environment, organizations must adapt

and change permanently. However, this requires a change competence, which means willingness and the capability for change. Companies promote and demand both the cultural aspect of willingness and the ability to change with a focus on the future challenges.

#### Case “Innovation culture”

A company penetrated the organization with an innovation culture. Even in the coffee corner the staff suggested putting the company's logo on each coffee cup to strengthen the “us” feeling of the entire organization.

### Reinvent yourself permanently

Organizations must always question their business models and business areas regarding future earning potential or the way the business is conducted and must adapt or even replace them. In times of fundamental

transitions, organizations are required to make these adjustments permanently.

**Case “Changing target customers”**

Caused by a lack of spare parts, a car rental company suffered from high repair costs. Consequently, it changed its target customers from private individuals to corporate clients, as in this segment cars were treated with more care.

**Ten applications for the four principles**

Ten applications can be derived which support the four principles.

Applications of the principle Create allies

- ▶ Continuous relationships: Get connected, cultivate relationships, and cooperate with potential allies. Maintain win-win relationships and do not act opportunistically.
- ▶ Stakeholder insight management: By deeply knowing and satisfying the real needs of a stakeholder, a very specific benefit can be created, and a strong relationship can be built.

Applications of the principle Be alert and act quickly but consciously

- ▶ Preparation and reserves: Be prepared for any possible issues and have pre-evaluated possible solutions. Hold reserves of critical resources.
- ▶ 5 senses/360° principle: Be actively present in the different environment spheres and consciously absorb signals of change. The entire organization should be involved, and knowledge needs to be shared.
- ▶ Speed and substance: Take decisions and act quickly, based on well evaluated facts, requires short decisions processes.
- ▶ Stabilizers: Support employees in a changing environment by cultivating routines and by strengthening the purpose and “us” feeling.

Applications of the principle Create change competence

- ▶ Doing > Learning > Developing: Create an environment in which employees are motivated and challenged to deal permanently with new issues and tasks. The change capabilities arise through the daily practice of small and bigger changes.
- ▶ Challenge-oriented learning: Increases the technical abilities of the organization and each employee not for today’s tasks, but for managing future challenges.

Applications of the principle Reinvent yourself permanently

- ▶ Management that realizes opportunities and avoids risks: Reduce engagements in business fields which do not have future earning potentials and use the competences and resources in fields that offer future opportunities.
- ▶ Modus-operandi-oriented change management: Ensure the existing business fields by constantly adapting the way in which business is conducted with a focus on future requirements.



**Marco Betz**

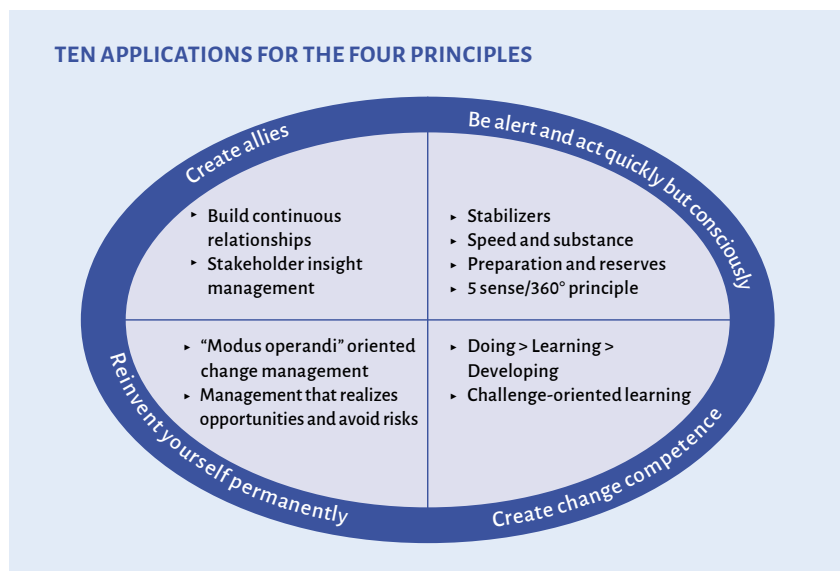
Lic. Rer. Publ., Executive MBA  
HSC, General Manager Beval  
Consult GmbH in Jona (CH)

**Learnings for Organizations in a VUCA World**

Accept that the environments are changing and that this is happening more and more rapidly!

Be open-minded, think outside the box, and get inspired by experiences and solutions of others! Seek individual and creative solutions which fit the organization!

Organizations which are faced with the challenges of a VUCA world can benefit from the experiences of management in Venezuela and by getting inspired by their creative solutions and by adapting the applications for their own business. By applying stakeholder insight management a supplier can be made an ally, for example through a reference project, which can open new markets to them. An example of modus-operandi-oriented change management could be the change of earning models in the pharmaceutical industry with payment for drugs according to the therapeutic achievements. For each of the applications, any organization can seek individual adoptions and benefit from them. ■



# Your Opinion Please!

We asked ICV regional delegates and ICV work group leaders three identical questions about controlling in and after the Covid-19 pandemic. Here are the answers from six different countries, which show a great deal of agreement



## DID CONTROLLING PROVE ITS WORTH IN THE CORONA-VIRUS CRISIS?

**“Yes, in times of crisis, controllers must increasingly assume the role of business partner. In addition to the ongoing updating of the plan values and the scenario planning, the presentation of relevant options for action that show financial effects is part of their tasks.”**

Albert Mayr, A

**“Absolutely. More than ever, controlling helped to stabilize companies with well-founded, timely information.”**

Markus Lüscher, CH

**“During the pandemic, many controlling teams worked very intensively, mainly due to the demand of managers for current management information and forecasts.**

**In many companies, controlling has certainly proved its worth.”**

Tomasz M. Zieliński, PL

**“In many companies yes – and a huge opportunity was given to controlling (controllers) as a central support center.”**

Dragica Erčulj, SLO

**“Certainly, companies that were hesitant about its development have now deeply regretted it.”**

Jasmina Očko, CRO

**“Definitely yes, but only for those companies that have had controlling introduced before, and not for those that have only now recognized its value and started project implementation.”**

Mladen Meter, CRO

**“Controlling remained invaluable but not in the old style of planning based on long-term figures. Its worth arises out of the very volatile situation and the competence of controllers to act and react quickly but based on proper data.”**

Georg Schneider, D/RU

**“The coronavirus pandemic placed extraordinary demands on business. Controlling in Bosnia and Herzegovina had a sense of loss of control that led to a high degree of disorientation because events of enormous scale and overwhelming speed were unpredictable.”**

Slavko Simić, BIH



## HAS THE CRISIS CHANGED THE STANDING OF CONTROLLING IN COMPANIES? (HOW?)

*“Yes, controlling is now even more important, managers appreciate the providing of reports, analyses, simulations, and forecasts on time.”*

Dragica Erčulj, SLO

*“Companies have become interested in analyzing new dimensions, more detailed views, and interdependencies in business variables.”*

Mladen Meter, CRO

*“The recent crisis has made controlling teams the only source of truth in many cases. This raised the rank of these teams.”*

Tomasz M. Zieliński, PL

*“As in answer one, the standing of the “old” controlling decreased and a new perception of controlling arose.”*

Georg Schneider, D/RU

*“His role as a business partner has been strengthened.”*

Albert Mayr, A

*“The coronavirus pandemic has not changed the standing of controlling in companies.”*

Slavko Simić, BHI

*“Controllers are now taken much more seriously, they are now invited to meetings, and their opinions are listened to more carefully.”*

Jasmina Očko, CRO

*“Yes. It became even more valuable as a form of in-house consulting.”*

Markus Lüscher, CH

## WHAT NEED FOR CHANGE HAS BECOME APPARENT FOR CONTROLLING?

*“Controllers are now not allowed to sleep on this glory but must continue working on new knowledge aimed at developing data analytics.”*

Jasmina Očko, CRO

*“Technology demands controlling to set the focus even more on the overall view of all aspects of the company.”*

Markus Lüscher, CH

*“What has become obvious to change is to move toward digitization and increasing the efficiency of controlling processes.”*

Tomasz M. Zieliński, PL

*“Better prediction of crises, and a new way of crisis list preparation in the future that might include the possible influence of a pandemic on all levels of business.”*

Slavko Simić, BHI

*“More intensive adaptation of controlling to new business models as well as more intensive communication and cooperation between managers and controllers.”*

Mladen Meter, CRO

*“Controllers have to be flexible and adapt their activities to the situation in terms of both content and instruments. Rigid planning instruments have to give way to more flexible tools due to the greater uncertainty. Rolling forecasts in combination with scenarios are becoming more important.”*

Albert Mayr, A

*“The importance of communication, flexibility, and the right response.”*

Dragica Erčulj, SLO

*“The consequences of volatility became everywhere very clear and therefore the need to respect more the value of good and proactive risk management.”*

Georg Schneider, D/RU



# New ICV Expert Work Group Digital Controlling Competence

A new ICV expert work group, Digital Controlling Competence (DCC), is open for the international controller community, providing discussions and presentations also in English.



**Alexander  
Hein**

is leader of the ICV Expert Work Group DCC. He is committed to using modern technologies in controlling and teaches at various universities. Alex is the founder and CEO of smartPM.solutions.



**Christian  
Bramkamp**

is delegate for the ICV Expert Work Groups. He works as Global Deliver Project Manager at Roboyo GmbH.

The DCC group supports controllers and CFOs on their way to digital competence with concrete, role-specific recommendations and the communication of modern methods and technologies. Driven by digitization, not only data availability, processes, systems, and business analytics are changing, but also the expectations toward controllers in order to exploit all of the information. This creates opportunities, but also the need for new skill sets. There is no reason for controllers to program or script, but they certainly need to adopt modern technologies. The focus is on strengthening skills in the areas of technology and analysis as well as communication and cooperation. The concept builds on learning from others and through networking in a 3D world with avatars.

Interested and open-minded controllers can look behind the scenes of pioneering companies. Real-life use cases of successfully implemented change projects – from different companies and industries, with different requirements and with different software technologies – are presented and discussed. A network of science and prac-

tice ensures the transfer of knowledge and supports the dissemination of the digital controlling concept.

There's a good atmosphere in the discussions in smaller work groups and experiences are shared openly. For quality reasons the number of participants for all DCC events is limited and the events are well booked. The materials and results of all events are exclusively shared with the members of the work group. For all non-members a management summary with impressions and key findings is provided on the ICV DCC web page.

The results of the kick-off event in March 2021? The main benefits of a professional controlling tool are not only cost and time savings but mainly more quality in processes, having time for in-depth analysis and decision support instead of preparing data. The core competencies of controllers can be exploited, the qualified specialists are more satisfied with their work, and CFOs and CEOs receive highly reliable and proactive decision support. ■

# 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.

## The ICV Work Groups outside of the German-speaking countries:

### Bosnia & Herzegovina

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### Bulgaria

Denko Yamboliev  
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### China East

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### Croatia I

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### Croatian Adriatic Region

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### Hungary

István Radó  
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### Poland

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